

ANNUAL REPORT 2017-2018



FNFA 

FIRST NATIONS FINANCE AUTHORITY





The objective of the FNFA is to ensure continuous access to affordable financing for First Nation Governments.





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Board of Directors

DEPUTY CHAIR **Chief Warren Tabobondung, ON**

Chief Warren Tabobondung and Wasauksing First Nation, is a builder and business leader in the community. Located near Parry Sound, ON Wasauksing is the home community of legendary World War I hero Francis Pegahmagabow, previously neglected from the annals of Canadian history. The people of Wasauksing have taken great steps forward to have Pegahmagabow's rightful place as a hero and community leader restored and are having a statue dedicated in his honour. Chief Tabobondung brings his business savvy and diplomatic competencies to the FNFA.



COUNCILLOR **Cathy Hall, BC**

Councillor Cathy Hall, Tzeachten First Nation, carries expertise in Finance, Housing, Education, Youth and Land Codes. Tzeachten First Nation is located east of the Greater Vancouver/Lower Mainland Region of British Columbia; this area is also referred to as the Fraser Valley Regional District. The Tzeachten Council and their administration



strive to work with the entire community to preserve and promote their language and culture, support the educational, social and economic growth of the community so that the membership and residents can flourish and prosper. Councillor Hall has served the First Nations community for many years and sits on a wide variety of committees. She is very active in many aspects of First Nations daily life and planning for the future. Her tireless effort is to achieve self-sustainability for First Nations through good governance, financial management and responsible land use policy. Councillor Hall brings her positive outlook and vast knowledge of First Nations Administration to the FNFA.

COUNCILLOR **Veronica McGinnis, BC**

Councillor Veronica McGinnis, Osoyoos Indian Band, a staunch advocate of transparency and accountability for First Nations band members. The Osoyoos Indian Band is renowned as a leader in First Nations Economic Development and for the tenacity of its people. The Osoyoos Indian Band honours the hard working, self-supporting lifestyle of their ancestors by developing their own economy through homegrown business initiatives, including the spectacular Spirit Ridge Resort and the award winning Nk'Mip Wine Cellars. Councillor McGinnis places her focus on the stabilization of the physical, emotional and mental wellbeing of First Nations with priority on prevention methods. Councillor McGinnis brings her 25 years of experience in nurturing the social fabric of the First Nations community to the FNFA.



COUNCILLOR **Patrick Courtois, QC**

Councillor Patrick Courtois, la Première Nation de Mashteuiatsh, adds representation from the First Nations communities of Quebec. Mashteuiatsh First Nation is in the Saguenay-Lac-Saint-Jean region of Quebec, located on a headland jutting out on the western shores of Lake Saint-Jean known as Pointe-Bleue. Economically, Mashteuiatsh is



heavily involved in producing hydro-electricity and are building their third generating station. The nation is also involved in logging, construction, transport, and tourism. There are some 130 businesses on the reserve that provide services such as: food, hotel accommodations, sawmills, electrician, auto mechanics, taxi, arts and handicrafts, post office, excavation, plumbing, translation, camping, hardware, convenience stores and restaurants. Mashteuiatsh has the distinction of being the first Quebec First Nation to be certified by the First Nations Financial Management Board and to achieve Borrowing Membership in the FNFA. Councillor Courtois works with First Nations youth to preserve culture, increase sustainable employment and reduce poverty. He brings his bridge-building skills to the FNFA to open communication and create unity among nations.

CHIEF, David Crate, MB

Chief David Crate was first elected to council in 1985. He became Chief in 1989 and has continued, except for two terms. Throughout his 25 year career, he has focused on long-term planning and development. Chief Crate's portfolio includes: Finance and Policy Development, Capital Projects, Land Claims, FRCN Business Development, Housing, O and M, Drug Strategy, Human Resources, Social Development, Justice and Policing, Emergency Preparedness, Health Services, Education, Daycare, Headstart, ECD, and Child and Family Services.



COUNCILLOR Alexander Cope, NS

A member of the Millbrook First Nation Alexander Cope is presently serving his eleventh, two year term as Band Councillor. Alex graduated from the University of New Brunswick in 1987 with a Bachelor of Business Administration and currently holds the position of Band Administrator. Alex also serves on the Millbrook Gaming Commission, Millbrook Economic Development Corporation, Budget Review and Projects Committee and the Millbrook Housing Commission.



COUNCILLOR Katy Gottfriedson, BC

Councillor Katy Gottfriedson, Tk'emlúps te Secwépemc, could be described as a 'people person' who brings expertise in human resources, business and social justice to the FNFA. Tk'emlúps te Secwépemc is located east of the North Thompson River and north of the South Thompson River, adjacent to the City of Kamloops, BC. The Tk'emlúps te Secwépemc are proud caretakers who strive to protect their lands and exercise rights for the greatest good of their people and future generations. This is achieved by ensuring that all stakeholders accept individual and collective responsibility and accountability through a focused, supportive approach to service delivery. Councillor Gottfriedson's broad vision ensures that the FNFA is inclusive, fair and practical in fulfilling its mandate.



**CHIEF, Kevin Whitney, BC
(from July 20/18 to Mar. 29/2018)**

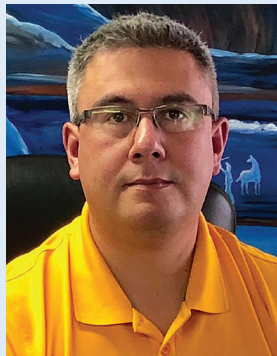


Chief Kevin Whitney has served as a council member for T'it'q'et in 2006 and 2010. During his second term he was elected as Kukwpi7 (Chief) for T'it'q'et until 2018. Chief Whitney has served on the board of St'at'imc Government Services since 2011. He was appointed to sit on the Interior Region Nation Executive

by Lillooet Tribal Council since 2013. The executive are responsible for policy development for the Health Transfer Tripartite Agreement with the federal, provincial, and Interior Region of 54 communities in British Columbia. Chief Kevin's passion has focused on food security and climate change.

**COUNCILLOR Steven Johnston, SK
(Mar. 29/2018 to present)**

Councillor Steven Johnston of Mistawasis Nêhiyawak is an undergraduate of the College of Commerce at the University of Saskatchewan. He is currently serving his third consecutive term on the Board of Directors of the Aboriginal Financial Officers Association, Saskatchewan. Involved in a number of local boards and committees with Mistawasis Nêhiyawak including Lands and Economic Development, his background also includes six years as Chief Financial Officer for Mistawasis Nêhiyawak. Prior to his election as Councillor, he was involved as a co-manager working through third party management with various communities in central Saskatchewan where he gained working knowledge of diversification while growing his skills with the communities he worked for.



Message from the Chair



Access to capital markets through the FNFA, combined with strong financial management that ensures political and financial accountability, can and is bringing about transformative change in First Nation communities.

The First Nations Finance Authority (FNFA) enjoyed several strategic achievements in fiscal year 2017-2018. This Message from the Chair will discuss these achievements, plus the results of these achievements.

Our primary mandate as an organization is the raising of financing in the capital markets. FNFA then re-lends these proceeds to its members at low-rates, with long repayment terms. This mandate allows our members to achieve their community's objectives, create jobs, and to allow long-term planning.

To March 31, 2018, the FNFA had loaned just under \$500 million to its membership, creating 4,777 jobs, and stimulating local economies to the tune of \$996 million (these figures were derived using Statistics Canada formulas for infrastructure projects). The map on the following page illustrates FNFA's loan impacts by province in Canada.

To meet our members' financing needs, the FNFA issued its fourth debenture in October 2017. This debenture, which matures on June 1, 2028, raised \$126 million for our members and had a re-lending rate of 3.41%. Our members used these proceeds for community infrastructure, land purchases, economic development opportunities, green energy participation, water treatment, road construction and housing.

The staff of the FNFA spent a great deal of time meeting with the capital market investors leading up to the October debenture, both in Canada and the U.S. And when our Banking Syndicate took "buy-orders" for the debenture we were very pleased to see that it was "two times over-subscribed" – that is, the investors wanted to lend \$278 million to our member First Nations, while FNFA's members needed \$126 million. This very strong investor support bodes well for FNFA's members as it shows Chief and Council do not need to worry about whether the financing can be raised to support their community priorities; instead, they can focus strictly on longer term community planning. The decision by Moody's Investors Service to upgrade FNFA's credit rating from "A3" to "A2" helped in creating this strong investor support. FNFA's strengthening financial numbers and our investor safeguards, backed by healthy audited financial statements of our member First Nations, led to this credit rating upgrade.

Two very positive developments also occurred at the Federal level.

Firstly, in the Federal Budget of 2018, \$50 million was allocated on a shared basis to the three institutions created under the *First Nations Fiscal Management Act*:

- the FNFA,
- the First Nations Financial Management Board, who vet each First Nation applying for FNFA membership, and
- the First Nations Tax Commission, who works with communities that choose to establish property tax regimes on their lands designed to tax the non-residents and the non-resident businesses.

These Federal monies are in addition to approved operating funding levels and are intended to allow each of the three organizations to establish satellite offices in different geographic areas of Canada. This funding is to be utilized over five years; after year five, it then becomes \$11 million per annum thereafter.

Secondly, the Governor General of Canada has awarded the FNFA the Innovation Award for Finance in the category of “Accomplished Innovator”. The award ceremony was held at Rideau Hall on May 23rd, 2018, and recognized the creation of a financing pathway that allows First Nations across Canada to participate in loan financing on the same level as provinces and municipalities. A level playing field has been achieved.

As FNFA's loan portfolio approaches the \$500 million mark, we are starting to see economies of scale in the management of our operating costs. FNFA's staff tries to ensure appropriate re-lending rates for both our Interim Loan Program and the Debenture Program. As it is FNFA's mandate to become self-sufficient, staff manages both programs to ensure appropriate recoveries of operating costs. As our client volume grows, so do the recovery amounts. I am pleased to report that FNFA's operating surplus has grown from \$580,000 in 2016, to \$878,000 in 2017, to \$1,643,000 in 2018. This growing surplus level means that FNFA is well on its way towards self-sufficiency, with the goal of removing FNFA's dependence on Federal operating support funding within four to five years.

The “growing” of our client-base and our loan portfolio is well monitored and will not impair any investor safeguards. The Board of Directors, needing to be unanimous in both

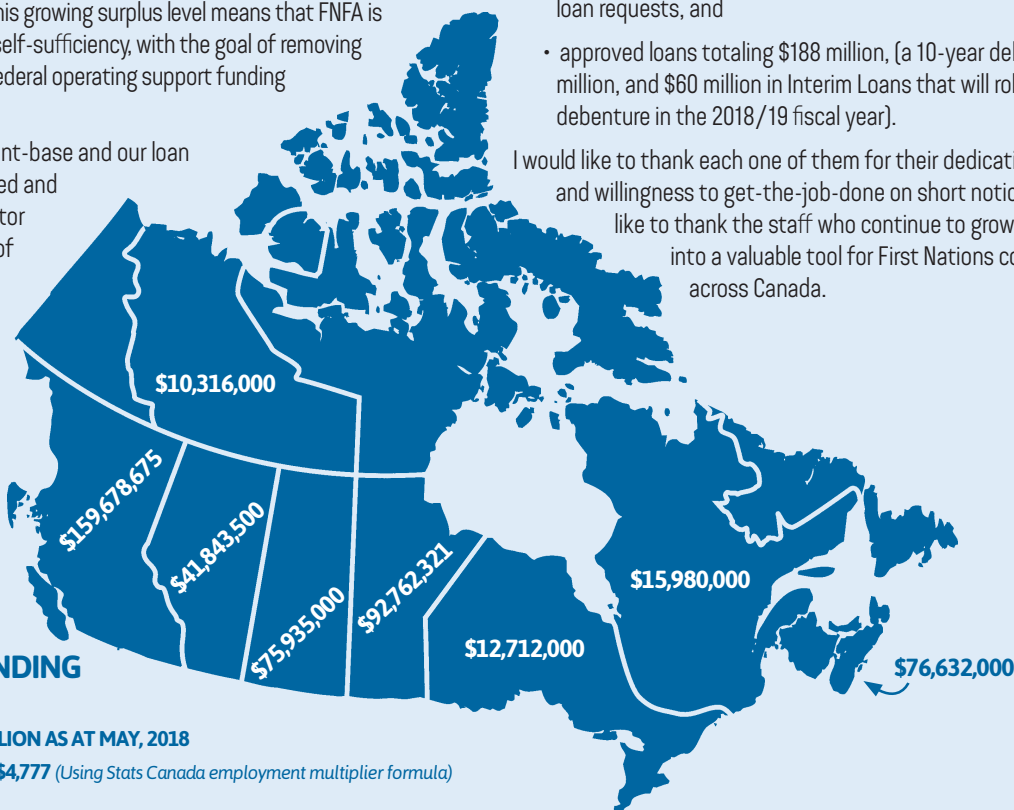
the accepting of a First Nation as a member, and then unanimous again in approving a loan request, carefully scrutinized the strength of the revenue streams supporting each loan request. As at March 31, 2018, our coverage ratios (i.e. revenues intercepted vs. annual loan service payments) were as follows:

	Debt Coverage Ratio	Interest Coverage Ratio
2017	2.77 times	5.01 times
2018	3.41 times	5.18 times

During fiscal year 2017-2018, the Board of Directors:

- approved an updated Internal Operating Policy,
- approved 16 Membership requests from First Nations across Canada,
- approved 18 Borrowing Laws that will result in \$178 million in future loan requests, and
- approved loans totaling \$188 million, (a 10-year debenture for \$126 million, and \$60 million in Interim Loans that will roll into the next debenture in the 2018/19 fiscal year).

I would like to thank each one of them for their dedication, hard work and willingness to get-the-job-done on short notice. And, I would like to thank the staff who continue to grow this organization into a valuable tool for First Nations communities across Canada.



LOANS OUTSTANDING BY PROVINCE

TOTAL LOANS - \$485 MILLION AS AT MAY, 2018

TOTAL JOBS CREATED = \$4,777 (Using Stats Canada employment multiplier formula)

PROV.	SCHEDULED & PENDING	FNFA MEMBERS	FNFA MEMBERS W/LOANS	TOTAL BORROWED	NATIONAL ECONOMIC OUTPUT	JOBS CREATED
AB	12	3	3	\$41,843,500	\$93M	331
BC	110	41	20	\$159,678,674	\$348M	1,613
MB	28	10	6	\$92,762,321	\$174M	817
NB	8	0	0	0	0	0
NS	10	6	5	\$76,632,000	\$159M	972
ON	32	8	5	\$12,712,000	\$26M	133
SK	28	5	4	\$75,935,000	\$160M	661
QC	7	2	2	\$15,980,000	\$35M	173
NWT	3	1	1	\$10,316,000	\$22M	77
NFL	1	0	0	0	0	0
	239	76	46	\$485,859,495	\$996M	4,777

How We Operate

Legal Authority | Under Part 4 of the *First Nations Fiscal Management Act* (FMA) which came into force on April 1st 2006, the First Nations Finance Authority (the FNFA) is established as a non-profit corporation without share capital. The FNFA is not an agent of Her Majesty or a Crown corporation. The FNFA is governed by the First Nations that join as borrowing members.

Representation | The FNFA has two types of members: borrowing members and investing members. Borrowing members are First Nations that have applied to and have been accepted by the FNFA's Board as a borrowing member. Investing members are First Nations that have invested in the FNFA's Pooled Investment Funds. The FNFA is managed by a Board of Directors, consisting of 5 to 11 directors, including a Chairperson and Deputy Chairperson. These Directors are elected by the borrowing members from amongst the borrowing members on an annual basis.

Mandated Areas

The purposes of the FNFA are to:

- (a) secure for its borrowing members, through the use of property tax revenues,
 - (i) long-term financing of capital infrastructure for the provision of local services on reserve lands,
 - (ii) lease financing of capital assets for the provision of local services on reserve lands; or
 - (iii) short-term financing to meet cash flow requirements for operating or capital purposes under a law made under paragraph 5(1)(b) or to refinance a short-term debt incurred for capital purposes;
- (b) secure for its borrowing members, through the use of other revenues prescribed by regulation, financing for any purpose prescribed by regulation;
- (c) secure the best possible credit terms for its borrowing members;
- (d) provide investment services to its members and First Nations organizations; and
- (e) provide advice regarding the development of long-term financing mechanisms for First Nations.

Our Capital Financing Programs

LONG TERM LOANS ... The FNFA's mandate allows First Nations to support loan requests with two types of revenue streams: property taxation revenues, and other revenues. Other revenues are defined in the Financing Secured by Other Revenues Regulations and are revenue streams other than property tax. This distinction is made since property

tax revenues are almost exclusively collected from ratepayers that are non-band members, and rules are established to protect their rights since they are non-voting. Other revenues are a First Nation's own monies, and might be subject to rules under which the revenues were generated or a band's own governance policies.

INTERIM FINANCING LOANS ... The FNFA offers all First Nations that become FNFA borrowing members access to Interim Financing. The current FNFA Interim Loan rate is 3.35% (Chartered Bank prime for comparison is currently 3.45%).

Interim Financing is temporary financing and has two functions:

1. To Cover Costs During Construction: A borrowing member can request Interim Loans, to a maximum of five years from the FNFA to cover the construction costs of a project. When the project has been completed, these Interim Loans which are floating can be converted into a fixed-rate long term loan called a debenture which provides budget certainty.

2. Bridge Financing Until FNFA Issues its Next Debenture: Or, where FNFA does not plan to issue a debenture for a few months, but the borrowing member wants financing now to start a project, FNFA will lend monies from its Interim Loan program. When the debenture is issued, the borrowing member will have their Interim Loan rolled into a fixed-rate long term debenture loan.

The size of the loans a community may request is determined by the type and size and stability of the revenue stream that will be used to service the debt. Communities may use various revenue streams available to them to access the loans as long as FNFA's due diligence shows them to be stable, of duration similar to the loan repayment term, and of sufficient size. Revenue interception occurs prior to loan advance. All borrowing member communities receive the same rates.

OVERSIGHT ... Appropriate oversight has been established for property tax revenues in the FMA, and incorporates the First Nations Tax Commission (FNTC) approval process. The FNTC represents the collective interests of First Nations and ratepayers and promotes the fairness of the First Nation's property tax system, which safeguards ratepayer interests. Oversight processes regarding other revenues including the eligible revenue streams to support financing from the FNFA and the eligible uses of the financing are set in the FMA and in the Financing Secured by Other Revenues Regulations.

Regardless of which revenue stream the First Nation chooses to support its loan, they must receive certification from the First Nations Financial Management Board (FMB) prior to requesting borrowing member status in the FNFA. Certification is intended to provide comfort that a First Nation has implemented appropriate elements of a financial management system and has passed stringent financial ratio tests.

Acceptance of applications for both borrowing membership and loan requests must be by unanimous approval of FNFA's Board.

How We Safeguard Our Investors

Financial Protection | The FNFA has structured various investor safeguards. Firstly, borrowing factors, developed through banking syndicate feedback, are applied to each revenue stream. Under this approach a borrowing member's revenues must at a minimum be a certain prescribed amount greater than the annual debt service requirement on the loan.

Secondly, prior to the release of any loan to a borrower, the FNFA establishes for other revenues borrowers an irrevocable intercept mechanism (i.e. Trust Account arrangement) whereby the other revenues stream supporting a loan flows from the payor into the trust account, bypassing the First Nation. Under an agreement the FNFA has contracted with Computershare to act as trustee of these accounts, who firstly allocates out of the trust account the debt service payments to the FNFA, and secondly the remaining balance to the borrowing member. In 2017-2018, the FNFA's intercepted revenues had an interest rate coverage ratio of 5.18 times (revenues intercepted were 5.18 times greater than the debenture's interest liability). Approximately 80% of these revenues were from Federal/ Provincial revenue sharing agreements; the balance being contractual revenues, lease agreements and established Band businesses.

Thirdly, when a borrowing member requests a loan, the FNFA withholds 5% and deposits into a Debt Service Reserve Fund (DRF). A separate DRF is operated for property tax supported loans, and a separate DRF for loans supported by other revenues. Should a borrowing member default on its loan payment to the FNFA, the FNFA will pull sufficient funds from the appropriate DRF to fully cover its loan obligation to the bondholders. The defaulting member must replenish their DRF within a reasonable period. If this does not occur, the FNFA's Board may then require the full borrowing membership to proportionally replenish the DRF. If the loan default is related to a property tax supported loan then those borrowing members with property tax loans outstanding will replenish the property tax DRF and vice versa for borrowing members with other revenues supported loans. These members will be reimbursed their replenishment monies when the defaulting member covers its default. The Board is obligated to

initiate DRF replenishment should the value of the DRF fall below 50% of its intended value.

When a borrowing member has repaid its loan in full, the FNFA refunds back its 5% plus net interest earnings.

Fourthly, both the FMA and the Regulations provide the FNFA with the power of intervention through Third Party Management or Co-Management, should a First Nation default on its loan payments, or appear imminent of default. The FNFA works with the FMB (Financial Management Board) in the intervention area. FMB has the authority to act as the treasurer of the First Nation's finances.

Fifthly, in addition to the DRF, the FNFA contracted an agreement with Canada in March 2011, and received \$10 million in Credit Enhancement Fund monies (CEF) on April 1, 2011. An amendment to the previous agreement was signed December 2016 granting FNFA a further \$20 million over two years. This money was fully received by April 4, 2017.

This CEF is a secondary investor safeguard whose purpose is to support the DRF.

Sixthly, the FNFA has an agreement with Computershare to secure all FNFA debentures on a *pari passu* basis with its credit facility.

Legislative Protection | The FNFA operates under a Federal Act, and so has both contractual law and Federal legislation as supporting strengths. The FMA and the Regulations establish a strict regulatory system that ensures borrowing members are certified and meet specific borrowing standards that ensure safeguards on indebtedness are maintained. The FNFA shall only accept a First Nation as a borrowing member where the FNFA is of the opinion that the loan will be repaid. A First Nation may cease to be a borrowing member after all their outstanding loans have been repaid in full, and only with the consent of the other borrowing members.

Our Pooled Investment Funds Program

Organization | The FNFA has established short-term pooled investment funds. These Funds are operated by the Municipal Finance Authority of BC, and are governed by the Investment Advisory Board which sets parameters around eligible investment purchases.

What We Do

The FNFA provides First Nations access to the large amounts of capital required to finance social projects, economic ventures, community-owned housing, land purchases, infrastructure on reserve, equity participation and equipment. All FNFA loans are supported by qualified existing revenue streams.

COMMUNITY INFRASTRUCTURE

The FNFA can open doors for development partnerships by providing First Nation governments with access to long-term loans that enable the development of infrastructure like water and sewer, sidewalks and street lighting.



DEVELOPMENT OF SUSTAINABLE POWER SOURCES

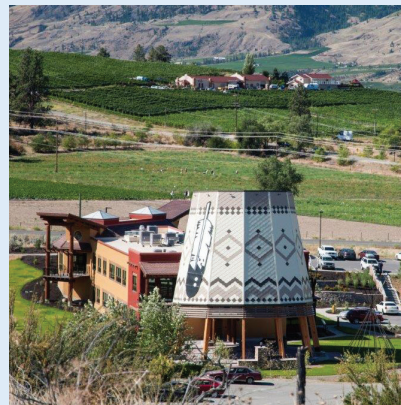
Independent power projects are an excellent example of First Nations leading the way on sustainable and green energy development.

Several FNFA borrowing members have received FNFA loans to participate as equity holders in energy projects. Projects include run-of-river, solar and wind.



INFRASTRUCTURE FOR PUBLIC USE

Rehabilitation, renovation, or expansion of existing infrastructure for public use or benefit such as community centres, recreational facilities, local arenas and community and cultural facilities.



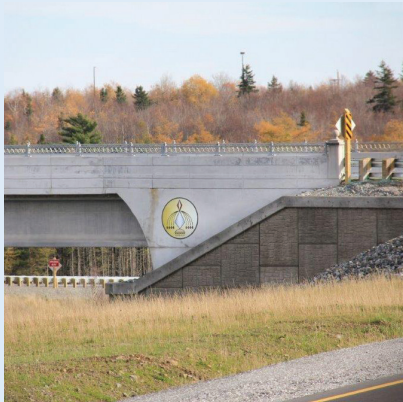
Projects

- #1: Membertou Road Work and Training Program
- #2: Membertou Solar Project
- #3: "The Hat" Community Gathering Place, Osoyoos



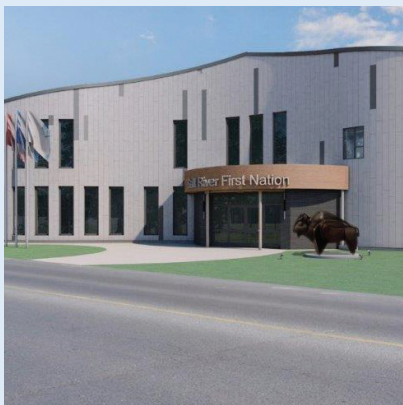
HOUSING DEVELOPMENT PROJECTS

First Nations communities don't have to start big. Many started small with sustainable housing developments. The FNFA can help your community develop the infrastructure needed to support housing developments.



TRANSPORTATION SYSTEMS

Revitalization and repair of roads, bridges and other critical infrastructures. Streets and highways will remain critical transportation conduits, so their maintenance and improvement will remain an important challenge. But the greater challenge will be engineering integrated transportation systems, making individual vehicle travel, mass transit, bicycling, and walking all as easy and efficient as possible. An increasingly important question is the need to provide better access to transportation for the elderly and disabled.



DEVELOPING SOFT INFRASTRUCTURE

Many communities request FNFA loans for infrastructure projects related to facilities providing enjoyment and recreation opportunities for their members.

Projects

- #4: Tzeachten 7 plex
- #5 Membertou Overpass Project
- #6 Salt River Multi Purpose Facility (concept drawing)

Scheduled First Nations

(239 communities across 8 provinces and 1 territory.)

Acadia	Halalt First Nation	Muskowekwan	Skatin Nations
Adams Lake Indian Band	Heiltsuk	Nadleh Whut'en Band	Skawahlook First Nation
Aitchelitz First Nation	Indian Island First Nation	Nak'azdli	Skeetchestn Indian Band
?Akisq'nuk First Nation	Innu Essipit	Namgis First Nation	Skidegate First Nation
Algonquins of Pikwakanagan First Nation	Bande des Innus de Pessamit	Nanoose First Nation	Skin Tyee Nation
Anishnaabeg of Naongashiing	Iskatewizaagegan #39 Independent First Nation	Nazko First Nation	Skowkale First Nation
Atikameksheng Anishnawbek	Jean Marie River First Nation	Neskonlith Indian Band	Skownan First Nation
Beardy's and Okemasis	Kahkewistahaw First Nation	Nipissing First Nation	Skwah
Bear River First Nation	Kanaka Bar	Norway House Cree Nation	Sliammon First Nation
Beaver Lake Cree Nation	Kehewin Cree Nation	N'Quatqua	Snuneymuxw First Nation
Beecher Bay	The Key First Nation	Obashkaandagaang	Songhees First Nation
Behdzi Ahda" First Nation	Kingfisher	Ochapowace	Soowahlie
Berens River	Kinistin Saulteaux Nation	O'Chiese	Splatsin First Nation
Bigstone Cree Nation	Kitselas First Nation	Okanagan Indian Band	Squamish Nation
Bingwi Neyaashi Anishinaabek	K'ómoks First Nation	Onion Lake Cree Nation	Squiale First Nation
Black River First Nation	Kwadacha	Opaskwayak Cree Nation	Stellat'en First Nation
Brokenhead Ojibway Nation	Kwantlen First Nation	Oromocto	St. Mary's First Nation
Buctouche Mic Mac Band	Kwaw-Kwaw-Apilt First Nation	Osoyoos Indian Band	Sts'ailes
Buffalo Point First Nation	Kwikwetlem First Nation	Paqtnkek Mi'kmaw Nation	St. Theresa Point
Campbell River Indian Band	Lac La Ronge Indian Band	Pauingassi First Nation	Sturgeon Lake First Nation
Cayoose Creek Indian Band	Lake Cowichan First Nation	Paul First Nation	Stz'uminus First Nation
Chapleau Cree First Nation	Lake St. Martin	Peepeekisis Cree Nation No. 81	Sumas First Nation
Chawathil First Nation	Lax Kw'alaams	Peguis	Sunchild First Nation
Cheam	Leq'á:mel First Nation	Penticton Indian Band	Sweetgrass
Chippewas of Georgina Island First Nation	Lheidli T'enneh	Peter Ballantyne Cree Nation	Taku River Tlingit First Nation
Chippewas of Kettle and Stony Point First Nation	Lhtako Dene Nation	Peters	Taykwa Tagamou Nation
Chippewas of Rama First Nation	Listuguj Mi'gmaq Government	Pheasant Rump Nakota	Thunderchild First Nation
Chippewas of the Thames First Nation	Little Saskatchewan	Pic Mobert	Timiskaming First Nation
Cold Lake First Nations	Little Shuswap Lake Indian Band	Pictou Landing First Nation	Tit'q'et
Coldwater Indian Band	Long Plain First Nation	Pine Creek	Tk'emlúps te Secwépemc
Conseil de la Première Nation Abitibiwinni	Lower Kootenay Indian Band	Popkum First Nation	Tla-o-qui-aht First Nations
Conseil des Montagnais du Lac Saint-Jean	Lower Nicola Indian Band	Poplar River First Nation	Tobacco Plains Indian Band
Cook's Ferry	Lower Similkameen	Quatsino	Tobique First Nation
Cowichan Tribes First Nation	Lytton	Rainy River First Nations	Tsartlip First Nation
Cross Lake First Nation	Madawaska Maliseet First Nation	Red Pheasant Cree Nation	Tsawout First Nation
Dakota Tipi	Makwa Sahgaiehcán First Nation	Red Sucker Lake First Nation	Tseycum First Nation
Doig River First Nation	Malahat First Nation	Rolling River First Nation	Ts'kw'aylaxw First Nation
Douglas	Matsqui First Nation	Roseau River Anishinabe First Nation Government	Tsleil-Waututh Nation
Driftpile Cree Nation	M'Chigeeng First Nation	Saik'uz First Nation	T'Sou-ke First Nation
Ebb and Flow	McLeod Lake Indian Band	Sakimay First Nations	Tsuu T'ina Nation
Ehattesaht	Membertou First Nation	Salt River First Nation #195	Tzeachten First Nation
Elsipogtog First Nation	Metepenagiag Mi'kmaw Nation	Sandy Bay Ojibway First Nation	Upper Nicola Indian Band
Enoch Cree Nation #440	Metlakatla First Nation	Saugeen	Wahgoshig
Esdilagh First Nation	Micmacs of Gesgapegiag	Saulteau First Nations	Wasagamack First Nation
Esquimalt Nation	Millbrook Band	Saulteaux First Nation	Wasauksing First Nation
Fisher River	Misipawistik Cree Nation	Scowlitz	Waywayseecappo First Nation Treaty 4-1874
Flying Dust First Nation	Mississaugas of Scugog Island First Nation	Seabird Island Band	Wet'suwet'en First Nation
Fort William	Mistawasis	Semiahmoo First Nation	We Wai Kai Nation
Gamblers	Mohawks of Akwesasne	Serpent River First Nation	Whispering Pines / Clinton Indian Band
Garden Hill First Nation	Mohawks of the Bay of Quinte	Seton Lake	White Bear First Nation
George Gordon First Nation	Moosomin	Shackan First Nation	Whitecap Dakota First Nation
Gitga'at First Nation	Moricetown Indian Band	Sheguiandah First Nation	Whitefish River First Nation
Gitsegukla First Nation	Mosquito, Grizzly Bear's Head, Lean Man First Nations	Sheshegwaning First Nation	Williams Lake
Gitwangak First Nation	Mount Currie	Shuswap First Nation	Wunnumin
Glooscap First Nation	Munsee-Delaware First Nation	Shxwhá:y Village First Nation	Wuskwi Sipihk First Nation
	Muskeg Lake Cree Nation	Shxw'ow'hamel First Nation	Xaxli'p
	Muskoday First Nation	Siksika Nation	Yakweakwoose First Nation
		Simpchw First Nation	Yellow Quill Band
		Sipekne'katik	



Financial Statements

Statement of Management Responsibility

The financial statements of First Nations Finance Authority (the "FNFA") for the year ended March 31, 2018 have been prepared by management in accordance with Canadian public sector accounting standards ("PSAS"). The integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises this responsibility through the Audit Committee. The Audit Committee meets with management no fewer than four times a year and the external auditors a minimum of two times a year.

The external auditors, KPMG LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. Their examination considers internal control relevant to management's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purposes of expressing an opinion on the effectiveness of the FNFA's internal control. The external auditors have full and free access to the Audit Committee.

On behalf of First Nations Finance Authority

A handwritten signature in black ink, appearing to be a stylized name.

Chief Executive Officer

June 1, 2018



KPMG LLP

200-3200 Richter Street
Kelowna BC V1W 5K9
Canada

Telephone 250-979-7150
Fax 250-763-0044
www.kpmg.ca

Independent Auditors' Report

TO THE MEMBERS OF FIRST NATIONS FINANCE AUTHORITY

We have audited the accompanying financial statements of First Nations Finance Authority, which comprise the statement of financial position as at March 31, 2018, the statements of operations and accumulated surplus, changes in net financial assets, cash flows, and remeasurement gains and losses for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of First Nations Finance Authority as at March 31, 2018 and its results of operations, its changes in net financial assets, its cash flows and its remeasurement gains and losses for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants

June 1, 2018
Kelowna, Canada

Statement of Financial Position

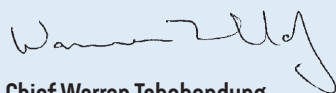
FIRST NATIONS FINANCE AUTHORITY

March 31, 2018 with comparative figures for March 31, 2017

	2018	2017
Financial Assets		
Cash and cash equivalents	\$ 6,356,469	\$ 4,815,732
Accounts receivable	1,168	25,000
Debt Reserve Funds investments (note 2(a))	24,495,847	16,267,238
Sinking Funds investments (note 3)	19,101,403	10,720,144
Loans to members (note 4)	453,503,952	308,569,191
Restricted cash and cash equivalents (note 5)	8,520,785	7,491,379
	511,979,624	347,888,684
Liabilities		
Accounts payable and accrued liabilities	185,708	198,656
Accrued interest payable	3,646,164	2,243,531
Deferred contributions (note 12)	605,663	330,652
Principal and interest payments received in advance	8,093,328	7,167,344
Due to members (note 2(b))	24,495,847	16,267,238
Interim financing (note 6)	92,663,483	64,977,997
Debenture financing: (note 7)		
Principal	377,000,000	251,000,000
Unamortized net premium	6,715,253	8,084,941
Unamortized debenture issuance costs	(3,829,318)	(3,596,670)
	509,576,128	346,673,689
Net Financial Assets	2,403,496	1,214,995
Non-Financial Assets		
Credit Enhancement Fund assets (note 8)	30,000,000	20,000,000
Tangible capital assets (note 9)	85,437	37,830
Prepaid expenses	408,616	280,800
	30,494,053	20,318,630
Commitments and contingencies (note 10)		
Accumulated surplus	\$ 32,897,549	\$ 21,533,625
Accumulated surplus is comprised of:		
Accumulated surplus (note 11)	\$ 33,433,245	\$ 21,790,389
Accumulated remeasurement loss	(535,696)	(256,764)
	\$ 32,897,549	\$ 21,533,625

See accompanying notes to financial statements.

On behalf of the Board:



Chief Warren Tabobondung
CHAIR



Ernie Daniels
CHIEF EXECUTIVE OFFICER

Statement of Operations and Accumulated Surplus

FIRST NATIONS FINANCE AUTHORITY

Year ended March 31, 2018, with comparative figures for 2017

	2018 Budget (note 1(g))	2018	2017
Revenue			
Grants and contributions (note 12)	\$ 2,925,000	\$ 2,930,059	\$ 2,878,968
Interest from members	11,965,000	12,402,868	8,773,199
Debenture issuance premium amortization	1,190,000	1,190,319	1,042,140
Investment	585,000	1,014,698	474,107
Management fees	158,000	205,000	138,344
Goods and services tax recovery	-	103,422	-
Net realized gain on derivative contracts	-	2,402	-
	16,823,000	17,848,768	13,306,758
Expenses (note 1(h))			
Interest on financing	11,888,000	12,263,111	8,868,146
Debenture issuance discount amortization	80,000	56,251	47,224
Debenture issuance costs amortization	531,000	523,352	476,481
Interim financing fees amortization	203,000	248,765	202,779
Financing fees	770,000	529,658	467,893
Professional fees	470,000	386,215	532,274
Travel and workshops	420,000	271,864	299,318
Salaries and benefits	1,110,000	1,140,907	997,646
Operations and management	307,000	276,244	270,374
Investment income due to members	441,000	490,337	249,049
Amortization of tangible capital assets (note 9)	23,000	19,208	17,539
	16,243,000	16,205,912	12,428,723
Annual surplus	580,000	1,642,856	878,035
Credit Enhancement Fund contribution (note 8)	10,000,000	10,000,000	10,000,000
	10,580,000	11,642,856	10,878,035
Accumulated surplus, beginning of year	21,790,389	21,790,389	10,912,354
Accumulated surplus, end of year	\$ 32,370,389	\$ 33,433,245	\$ 21,790,389

See accompanying notes to financial statements.

Statement of Cash Flows

FIRST NATIONS FINANCE AUTHORITY

Year ended March 31, 2018, with comparative figures for 2017

	2018	2017
Cash provided by (used in):		
Operating transactions:		
Annual surplus	\$ 1,642,856	\$ 878,035
Investment income due to members	319,686	147,057
Debenture issuance premium amortization	(1,190,319)	(1,042,140)
Debenture issuance discount amortization	56,251	47,224
Debenture issuance costs amortization	523,352	476,481
Interim financing fees amortization	248,765	202,779
Amortization of tangible capital assets	19,208	17,539
Net change in non-cash assets and liabilities:		
Accounts receivable	23,832	(25,000)
Accounts payable and accrued liabilities	(12,948)	(83,923)
Accrued interest payable	1,402,633	1,028,185
Deferred contributions	275,011	330,652
Prepaid expenses	(127,816)	(13,657)
	3,180,511	1,963,232
Investing transactions:		
Acquisition of investments	(16,609,868)	(12,314,068)
Increase in amounts due to members	8,228,609	3,723,548
Increase in restricted cash	(1,029,406)	(1,321,855)
Principal and interest payments received in advance	925,984	1,321,855
	(8,484,681)	(8,590,520)
Financing transactions:		
Loans to members issued	(153,667,400)	(73,549,500)
Repayment of loans to members	8,134,020	10,598,825
Debenture financing issued, principal	126,000,000	111,000,000
Premium (discount) on debenture issuance	(235,620)	6,925,290
Debenture issuance costs	(756,000)	(610,500)
Proceeds from interim financing	92,896,500	65,349,887
Repayment of interim financing	(65,349,887)	(110,412,471)
Interim financing fees paid	(109,891)	(2,317)
	6,911,722	9,299,214
Capital transactions:		
Purchase of tangible capital assets	(66,815)	(21,499)
Increase in cash and cash equivalents	1,540,737	2,650,427
Cash and cash equivalents, beginning of year	4,815,732	2,165,305
Cash and cash equivalents, end of year	\$ 6,356,469	\$ 4,815,732
Supplemental cash flow information:		
Interest paid	\$ 11,469,241	\$ 7,333,757
Non-cash activities:		
Net remeasurement loss in loans to members (note 10 (b))	\$ 278,932	\$ 256,764
See accompanying notes to financial statements.		

Statement of Changes in Net Financial Assets

FIRST NATIONS FINANCE AUTHORITY

Year ended March 31, 2018, with comparative figures for 2017

	2018 Budget (note 1(g))	2018	2017
Annual surplus	\$ 580,000	\$ 1,642,856	\$ 878,035
Changes to non-financial assets			
Acquisition of tangible capital assets	-	(66,815)	(21,499)
Amortization of tangible capital assets	23,000	19,208	17,539
	23,000	(47,607)	(3,960)
Net change in prepaid expenses	-	(127,816)	(13,657)
	23,000	(175,423)	(17,617)
Remeasurement loss on derivative financial instruments (note 10)	-	(278,932)	(256,764)
Increase in net financial assets	603,000	1,188,501	603,654
Net financial assets, beginning of year	1,214,995	1,214,995	611,341
Net financial assets, end of year	\$ 1,817,995	\$ 2,403,496	\$ 1,214,995

See accompanying notes to financial statements.

Statement of Remeasurement Gains and Losses

FIRST NATIONS FINANCE AUTHORITY

Year ended March 31, 2018, with comparative figures for 2017

	2018	2017
Accumulated remeasurement gains and losses, beginning of year	\$ (256,764)	\$ -
Net remeasurement gains (losses) realized and reclassified to the statement of operations from:		
Derivative contracts	2,402	-
Unrealized gains (losses) generated during the year from:		
Derivate contracts (note 10)	(281,334)	(256,764)
Net remeasurement gains (losses)	(278,932)	(256,764)
Accumulated remeasurement losses, end of year	\$ (535,696)	\$ (256,764)

See accompanying notes to financial statements.

Notes to Financial Statements

FIRST NATIONS FINANCE AUTHORITY | Year Ended March 31, 2018

First Nations Finance Authority ("FNFA") was announced April 1, 2006 as a result of Bill C20 and operates under the *First Nations Fiscal Management Act* (the "Act") as a not for profit corporation without share capital to develop borrowing capacity for First Nations governments and to provide investment pooling arrangements for its investing members. FNFA, through an agreement with the Municipal Finance Authority of British Columbia ("MFA"), acts as a non assignable corporate investment vehicle with MFA for the provision of investment services for FNFA unit holders. FNFA is exempt from income taxes pursuant to Section 149 (1)(c) and 149 (1)(d.5) of the Income Tax Act (Canada).

1. Significant accounting policies:

The financial statements of FNFA have been prepared by management in accordance with Canadian Public Sector Accounting Standards, applying the following significant accounting policies.

(a) Basis of presentation:

These financial statements reflect the assets, liabilities, revenues and expenses of FNFA's Operating, Credit Enhancement, Sinking and Debt Reserve Funds. All transactions and balances between the funds have been eliminated upon combination. Descriptions of FNFA's funds are as follows:

OPERATING FUND:

FNFA's Operating Fund includes revenue and expenses for all aspects of operations, including corporate administration and finance.

CREDIT ENHANCEMENT FUND:

Under the Act, FNFA is required to establish a Credit Enhancement Fund for the enhancement of FNFA's credit rating.

SINKING FUNDS:

Under the Act, FNFA is required to establish Sinking Funds to fulfill its repayment obligations to the holders of each debenture security issued by FNFA. Sinking Fund payments are required as a condition of loan agreements with members and are invested by FNFA, and occur based upon the frequency of FNFA intercepting the revenues supporting the loans. Sinking Funds are not required for interim financing loans to members.

DEBT RESERVE FUNDS:

Under the Act, FNFA is required to establish Debt Reserve Funds. FNFA withholds 5% of the loan amount requested under a member's borrowing law. If at any time, FNFA lacks sufficient funds to meet the principal, interest or sinking fund payments due on its obligations because of a default in payment by the payor of the intercepted revenue stream or from a borrowing member using its own source business revenues, the FNFA can utilize the Debt Reserve Funds to satisfy these obligations. Upon extinguishment of a member's loan, the Debt Reserve Fund contributed by the member and net earnings on investment of the funds are repaid to the member. The Debt Reserve Fund terms do not provide for an accumulated surplus or deficit.

FNFA follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and measurable (note 1(b)). Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(b) Revenue recognition:

Transfers from governments are recognized as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made. Transfers which include stipulations that give rise to an obligation are recognized as revenue in the period the stipulations giving rise to the obligation have been met.

Interest on loans to members is recorded as revenue in accordance with FNFA's loan agreements with its members. Investment income is recorded as revenue in the period earned.

(c) Cash and cash equivalents:

Cash and cash equivalents includes cash and investments in highly liquid money market funds, with a term to maturity of 90 days or less and are readily convertible to cash.

(d) Financial instruments:

Financial instruments are initially classified upon initial recognition as a fair value or an amortized cost instrument. The fair value category includes investments in equity instruments that are quoted in an active market, freestanding derivative instruments that are not in a qualifying hedging relationship and any other items elected by FNFA to be recorded at fair value. All other financial instruments, including cash and cash equivalents and government and corporate bonds, are recorded at amortized cost. Corporate bonds held by FNFA are chartered bank investments as consistent with investment requirements under the Act. Transaction costs directly attributable to the acquisition or issuance of a financial instrument are added to the amortized cost or expensed if related to instruments recorded on a fair value basis. The effective interest rate method is used to measure interest for financial instruments recorded at amortized cost.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss, calculated as the excess of the net recoverable amount of the asset and its carrying value, is reported in the statement of operations. Any unrealized gain or loss for financial assets or liabilities measured at fair value is recorded through the statement of remeasurement gains and losses. When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and the realized gain or loss is recognized in the statement of operations.

(e) **Tangible capital assets:**

Tangible capital assets are recorded at cost, net of accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution and are also recorded as revenue. When management determines that a tangible capital asset no longer contributes to FNFA's operations, the tangible capital asset's net book value is written down to its net realizable value. Amortization is provided over the asset's estimated useful life at the following bases and annual rates:

Asset	Basis	Rate
Furniture and equipment	Declining balance	20%
Computer equipment	Declining balance	30-45%
Leasehold improvements	Straight-line	lease term

(f) **Use of estimates:**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates. Significant areas requiring management estimates include the net recoverable amount and any impairment of financial assets, the fair value of financial liabilities on issuance and the effective interest rate of financial assets and liabilities measured at amortized cost. Actual amounts can differ from these estimates.

(g) **Budget data:**

The budget data presented in these financial statements have been derived from the budget approved by the Board of Directors on May 25, 2017. The budget is reflected in the statement of operations and accumulated surplus and the statement of changes in net financial assets.

(h) **Segmented disclosure:**

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. FNFA has determined that it had only one operating segment for the year ended March 31, 2018. Accordingly, segmented disclosures have not been presented in these financial statements.

2. Debt Reserve Funds:

(a) **Investments:**

The Debt Reserve Funds investments are held by FNFA as security for debenture payments to bondholders and interim financing providers. If, at any time, FNFA does not have sufficient funds to meet payments or sinking fund contributions due on its obligations, the payments or sinking fund contributions will be made from the Debt Reserve Funds.

The Debt Reserve Fund assets, as at March 31, 2018 consist of the following:

	2018	2017
Cash and cash equivalents	\$ 4,885,336	\$ 11,207,097
Government and corporate bonds	19,610,511	5,060,141
	\$ 24,495,847	\$ 16,267,238

Government and corporate bonds include bonds with maturities from June 2026 to December 2027, with coupon rates from 2.35% to 4.95% and have a total par value of \$18,950,000 (2017 - \$5,000,000). The market value as at March 31, 2018 was approximately \$19,503,000.

b) **Due to members:**

Amounts due to members in the Debt Reserve Fund will be repaid to a member when the member has satisfied all obligations related to the applicable loan agreement. The balance owing to members as at March 31, 2018, is due upon extinguishment of the underlying loan, consistent with the term of the financing agreements.

3. Sinking Funds:

The Sinking Funds assets are held to fulfill the repayment obligations of the debentures. Funds included in the Sinking Fund may be invested only in securities, investments or deposits specified under the Act.

The Sinking Fund assets, as at March 31, 2018 consist of the following:

	2018	2017
Cash and cash equivalents	\$ 2,065,049	\$ 6,482,529
Government and corporate bonds	17,036,354	4,237,615
	\$ 19,101,403	\$ 10,720,144

Government and corporate bonds include bonds with maturities from May 2024 to September 2024, with coupon rates from 3.05% to 3.4% and have a total par value of \$17,215,000 (2017 - \$4,000,000). The market value as at March 31, 2018 was approximately \$16,953,000.

4. Loans to members:

	2018	2017
Debenture financing loans	\$ 361,155,334	\$ 243,476,068
Unrealized loss on derivative contracts	(535,696)	(256,764)
Interim financing loans	92,884,314	65,349,887
	\$ 453,503,952	\$ 308,569,191

The aggregate maturity of loans to members as at March 31, 2018 are as follows:

2019	\$ 103,039,427
2020	10,155,113
2021	10,155,113
2022	10,155,113
2023	10,155,113
Thereafter	309,844,073
	\$ 453,503,952

(a) Debenture financing loans:

Debenture financing loans to members consists of loans to forty one (2017 – twenty eight) borrowing members. The loans, documented by way of a promissory note, are repayable in annual principal payments to maturity, with interest payable semiannually at 2.90% to 3.79%.

(b) Interim financing loans to members:

Interim financing loans to members as at March 31, 2018, consists of loans to fifteen (2017 – ten) borrowing members. The loans bear interest at 3.35% to 3.48%, payable monthly, and are due on the earlier of demand or the expiry of FNFA's interim financing credit facility described in note 6. The interim financing loans have been issued by FNFA in anticipation of a bond issuance. The interim financing loans will be replaced by long term financing agreements upon the issuance of such securities and the earlier of five years from the date of the issuance of the interim financing or the completion by the member of the purpose, as defined in their borrowing agreement, for the FNFA financing.

(c) Secured Revenues Trust Account:

FNFA determines, after reviewing contractual and other supporting revenue stream documents, which of the member's revenue streams are to be intercepted. These revenues are intercepted directly from the payor, and are specified in the member's Borrowing Law. Each revenue stream must maintain a minimum debt service coverage ratio established by FNFA's Board. These intercepted revenues cover both interest and principal payments and are deposited by the payor into a Secured Revenues Trust Account ("SRTA"), as governed by a Secured Revenues Trust Account Management Agreement between the member and FNFA. As directed by FNFA, the following amounts are withdrawn from the SRTA:

- Scheduled principal and interest payments to FNFA in accordance with the terms and timing outlined in the respective promissory notes and borrowing agreements; and
- The excess in the SRTA may be paid to the member based on the terms of their respective promissory note or borrowing agreement.

(d) Loan impairment:

FNFA conducts periodic evaluations of its loans to members to determine if the loans are impaired. No impairment provision has been recorded to March 31, 2018 (2017 – \$nil). A reduction in the carrying value of a loan may be recovered by a transfer from the applicable Debt Reserve Fund and, ultimately, intervention with the First Nations Financial Management Board on eligible revenue streams if it is believed that payments under the loan agreements may not be recovered within a reasonable period of time.

5. Restricted cash and cash equivalents:

	2018	2017
Members capital (note 11(b))	\$ 324,035	\$ 324,035
Principal and interest payments received in advance	8,093,328	7,167,344
GST recovery held for capital improvements	103,422	-
	\$ 8,520,785	\$ 7,491,379

6. Interim financing:

	2018	2017
Bankers acceptance liabilities, bearing interest at an average rate of 2.7561% (2017 - 2.1374%)	\$ 92,896,500	\$ 65,349,887
Deferred interim financing fees	(233,017)	(371,890)
	\$ 92,663,483	\$ 64,977,997

The interim financing credit facility is available up to a maximum aggregate amount of \$175 million. The credit facility is available through the issuance of bankers acceptances ("Bankers Acceptance Liabilities") or the issuance of loans bearing interest calculated in relation to the lender's prime rate ("Prime Rate Loans"). The applicable margin and standby fees are based on the credit rating of FNFA. Based on the credit rating as at March 31, 2018 the margins and rates are as follows. Bankers Acceptance Liabilities as at March 31, 2018 bear interest at the lender's 30 to 60 day bankers' acceptance fee plus a stamping fee of 1.125%. Prime Rate Loans as at March 31, 2018 bears interest at the lender's prime rate plus 0.125% with interest only payments on a monthly basis. The undrawn portion of the revolving credit facility is subject to a standby fee of 0.20%. Amounts borrowed under the revolving credit facility are due the earlier of the terms of FNFA's interim financing loans to members (note 4(b)) and February 23, 2019.

The interim financing is secured, ranking pari passu with the debenture financing, by liens on all real and personal, corporeal and incorporeal, present and future assets, including on all of the accounts of FNFA and the debt accounts of members with outstanding loans and the rights of FNFA in the Secured Revenues Trust Accounts.

7. Debenture financing:

The debenture financing consists of secured and unsubordinated bonds issued by FNFA. Security is pari passu between the FNFA debentures and the interim financing facility. The bonds provide for semiannual interest payments at 3.4% and 3.05% and payment of the principal at maturity on June 26, 2024 and June 1, 2028 respectively. Debenture discounts or premium and debenture issuance costs including bond forward fees are amortized over the debenture term using the effective interest method. The resulting effective interest rate for the debenture financing is 3.131% (2017 - 3.118%) and 3.138% respectively.

8. Credit Enhancement Fund assets:

FNFA entered into an agreement with Department of Indigenous Services Canada ("ISC"), on March 24, 2011 and amended on December 6, 2016 to transfer funds to FNFA for deposit into the Credit Enhancement Fund. Funds included in the Credit Enhancement Fund may be invested only in securities, investments or deposits specified under the Act. Investment income from the Credit Enhancement Fund may be used to temporarily offset shortfalls in the Debt Reserve Funds, to defray FNFA's costs of operation, and for any other purpose prescribed by regulation. The capital of the Credit Enhancement Fund may be used to temporarily offset shortfalls in the Debt Reserve Funds and for any other purpose prescribed by regulation. During the year, no transfers were made to the Debt Reserve Fund.

During the year ended March 31, 2018, FNFA received Credit Enhancement Fund contributions of \$10.0 million (2017 - \$10.0 million).

The Credit Enhancement Fund assets, as at March 31, 2018 consist of the following:

	2018	2017
Cash and cash equivalents	\$ 323,979	\$ 11,310,609
Government and corporate bonds	30,779,118	9,108,808
Due to Operating Fund	(1,103,097)	(419,417)
	\$ 30,000,000	\$ 20,000,000

Government and corporate bonds include bonds with maturities of April 2018 to December 2027, coupon rates of 2.1% to 4.95% and have a total par value of \$30,300,000 (2017 - \$9,000,000). The market value as at March 31, 2018 was approximately \$28,225,000.

9. Tangible capital assets:

March 31, 2018	Furniture and equipment	Computer equipment	Leasehold improvements	Total
Cost:				
Balance, beginning of year	\$ 23,063	\$ 64,542	\$ -	\$ 87,605
Additions	-	53,399	13,416	66,815
Disposals	(3,735)	(16,316)	-	(20,051)
Balance, end of year	19,328	101,625	13,416	134,369

Accumulated amortization:

Balance, beginning of year	14,645	35,130	-	49,775
Amortization	1,684	15,743	224	17,651
Disposals	(3,294)	(15,200)	-	(18,494)
Balance, end of year	13,035	35,673	224	48,932
Net book value, end of year	\$ 6,293	\$ 65,952	\$ 13,192	\$ 85,437

March 31, 2017	Furniture and equipment	Computer equipment	Leasehold improvements	Total
Cost:				
Balance, beginning of year	\$ 50,165	\$ 80,459	\$ 115,709	\$ 246,333
Additions	2,802	18,697	-	21,499
Disposals	(29,904)	(34,614)	(115,709)	(180,227)
Balance, end of year	23,063	64,542	-	87,605

Accumulated amortization:

Balance, beginning of year	38,709	58,045	115,709	212,463
Amortization	2,391	9,500	-	11,891
Disposals	(26,455)	(32,415)	(115,709)	(174,579)
Balance, end of year	14,645	35,130	-	49,775
Net book value, end of year	\$ 8,418	\$ 29,411	\$ -	\$ 37,830

Amortization expense for the year ended March 31, 2018 includes amortization of \$17,651 plus loss on disposal of tangible capital assets of \$1,557 (2017 - \$11,891 plus loss on disposal of tangible capital assets of \$5,648).

10. Commitments and contingent liabilities

(a) Commitments

The FNFA entered into a lease agreement for office space, which expires February 2023 and various office equipment leases expiring in January 2021. Total estimated operating lease commitments to maturity are as follows:

2019	\$ 138,424
2020	138,930
2021	143,212
2022	139,360
2023	116,133
	\$ 676,059

(b) Derivative financial instruments

At March 31, 2018, the FNFA had the following outstanding derivative financial instruments:

- Interest rate swap contract with a notional value of \$6.59 million (2017 – \$ 6.59 million) whose settlement extends to June 1, 2035.
- Bond forward contract with a notional value of \$20.38 million (2017 - \$ nil) whose settlement extends to October 31, 2018.

The contracts were entered into as devices to control interest rate risk. They were entered into on behalf of borrowing members to provide a fixed lending rate for a predetermined period of time, commencing at the specified future date. At the specified future dates, the FNFA will cash settle the derivative contracts with the financial institution, realizing either gains or losses dependent upon movements in interest rates, and attribute or recover these settlement gains or losses to or from the borrowing member over the remaining term of the loan.

The FNFA categorizes its fair value measurements for derivative contracts according to a three-level hierarchy based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety. The three levels of the fair value hierarchy based on the reliability of inputs are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

The derivative contracts are all considered level 2 financial instruments.

During the year ended March 31, 2018 a bond forward contract was settled for a net realized gain of \$2,402, which has been reflected in the statement of operations.

The unrealized loss at March 31, 2018, of \$535,696 (2017 – \$256,764) has been reflected in the statement of remeasurement gains and losses and as an offset to loans to members.

11. Accumulated surplus:

(a) Accumulated surplus consists of the individual fund surpluses and reserves as follows:

	2018	2017
Credit Enhancement Fund	\$ 30,000,000	\$ 20,000,000
Operating Fund:		
Invested in tangible capital assets	85,437	37,830
Unrestricted	3,347,808	1,752,559
	<u>3,433,245</u>	<u>1,790,389</u>
	\$ 33,433,245	\$ 21,790,389

(b) Members capital:

On April 1, 2006, assets and liabilities of the FNFA Inc., a predecessor organization which was controlled by the same Board as the FNFA, were transferred to the FNFA. The FNFA's Board of Directors has resolved by way of a bylaw that, upon dissolution of the FNFA, the total contribution to the FNFA of \$324,035, being tangible capital assets and retained earnings of the FNFA Inc. on April 1, 2006, shall be first distributed to the public bodies having an interest in members' capital. The members' capital has been recorded as restricted cash and cash equivalents.

(c) Change in accumulated surplus is calculated as follows:

	Credit Enhancement Fund	Operating Fund		Total
		Invested in tangible capital assets	Unrestricted	
Balance, March 31, 2016	\$ 10,000,000	\$ 33,870	\$ 878,484	\$ 10,912,354
Annual surplus (deficit)	358,292	(17,539)	537,282	878,035
CEF Contribution	10,000,000	-	-	10,000,000
Acquisition of tangible capital assets	-	21,499	(21,499)	-
Transfers	(358,292)	-	358,292	-
Balance, March 31, 2017	20,000,000	37,830	1,752,559	21,790,389

11. Accumulated surplus:

(c) Change in accumulated surplus is calculated as follows: (continued)

	Credit Enhancement Fund	Operating Fund		Total
		Invested in tangible capital assets	Unrestricted	
Annual surplus (deficit)	550,288	(19,208)	1,111,776	1,642,856
CEF Contribution	10,000,000	-	-	10,000,000
Acquisition of tangible capital assets	-	66,815	(66,815)	-
Transfers	(550,288)	-	550,288	-
Balance, March 31, 2018	\$ 30,000,000	\$ 85,437	\$ 3,347,807	\$ 33,433,245

12. Grants and contributions:

During the year, FNFA received the following funding arrangements from the ISC:	2018	2017
Comprehensive Funding Arrangement	\$ 3,035,722	\$ 2,709,620
Grant Agreement	500,000	500,000
Deferred contributions	(605,663)	(330,652)
	\$ 2,930,059	\$ 2,878,968

ISC provided a Comprehensive Funding Arrangement, for delivery of specific programs, services and activities as set out in the arrangement. This funding agreement is reviewed annually based on the needs and the financial results of the FNFA.

Under the terms of the Grant Agreements, which is for the purpose of covering costs associated with the FNFA's core business, the FNFA is to receive an annual maximum of \$500,000. This arrangement expires on March 31, 2018 and has been renewed for the March 31, 2019 fiscal year.

13. Financial instruments:

(a) Liquidity risk:

Liquidity risk is the risk that FNFA will not be able to meet its financial obligations as they become due. For the year ended March 31, 2018, each interim financing loan to members was funded through interim financing with the same term. FNFA maintains Sinking Funds (note 3) to assist with managing its liquidity risk with respect to its debenture financing. FNFA monitors the maturity of its financial liabilities and assesses whether it has sufficient cash to settle these financial obligations when due.

FNFA is subject to nonfinancial covenants and restrictions in relation to its interim financing (note 6) and Credit Enhancement Fund (note 8). As at March 31, 2018, FNFA was in compliance with these covenants and restrictions.

The following table summarizes the remaining contractual maturities of FNFA's financial liabilities:

In thousands of dollars	On demand	Within 1 year	Greater than 1 year	2018 Total
<i>Non-derivative financial liabilities</i>				
Accounts payable and accrued liabilities	\$ -	\$ 185	\$ -	\$ 185
Accrued interest payable	-	3,646	-	3,646
Deferred contributions	-	606	-	606
Principal and interest received in advance	-	8,093	-	8,093
Due to members	24,496	-	-	24,496
Interim financing	92,663	-	-	92,663
Debenture financing	-	-	377,000	377,000
<i>Derivative financial liabilities</i>				
Derivative contracts	-	346	189	535
	\$ 117,159	\$ 12,876	\$ 377,189	\$ 507,224

In thousands of dollars	On demand	Within 1 year	Greater than 1 year	2017 Total
<i>Non-derivative financial liabilities</i>				
Accounts payable and accrued liabilities	\$ -	\$ 198	\$ -	\$ 198
Accrued interest payable	-	2,244	-	2,244
Deferred contributions	-	331	-	331
Principal and interest received in advance	-	7,167	-	7,167
Due to members	16,267	-	-	16,267
Interim financing	64,978	-	-	64,978
Debenture financing	-	-	251,000	251,000
<i>Derivative financial liabilities</i>				
Derivative contracts	-	147	109	256
	\$ 81,245	\$ 10,087	\$ 251,109	\$ 342,441

(b) Credit risk:

Credit risk refers to the risk that counter party may default on its contractual obligations resulting in a financial loss. FNFA holds its cash and cash equivalents, Credit Enhancement Fund assets and investments with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation.

FNFA's investment policies for its Credit Enhancement Fund, Debt Reserve Funds, and Sinking Funds are governed by the Act, which specifies eligible investments. FNFA's investment policy for other cash and investments is monitored by management and the Board, consistent with its mandate.

(c) Interest rate risk:

Interest rate risk relates to the impact of changes in interest rates on FNFA's future cash inflows from its investments and loans to member and future cash outflows on its interim financing. FNFA's cash and cash equivalents, Credit Enhancement Fund assets and investments are held in cash, short term money market instruments, or corporate and government bonds. FNFA is subject to significant interest rate risk in regards to its corporate and government bonds. FNFA manages this interest rate risk through its contractual lending documents which allows it to re-set its members' loan rates, from time to time, as FNFA deems necessary.

FNFA is subject to interest rate risk with respect to its interim financing, which bears interest at variable rates based on the lenders' prime rate and 30-60 day bankers' acceptance rates. FNFA monitors interest rate risk on interim financing borrowing and negotiates and renegotiates interest rates on interim financing loans to members in relation to these rates.

FNFA periodically enters into derivative financial instruments (note 10(b)) to manage certain interest rate exposure.

Fair value sensitivity analysis for fixed rate instruments

The Authority does not account for any fixed rate financial assets and liabilities at fair value through profit or loss therefore a change in interest rates at the reporting date would not affect profit or loss.

A 100 basis point change in interest rates would have a parallel change in annual surplus, at the reporting date, by \$214,800.

14. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Pooled Investments Financial Statements

FIRST NATIONS FINANCE AUTHORITY


Statement of Net Assets (unaudited)

December 31, 2017, with comparative information for 2016

	Money Market Fund		Intermediate Fund		Bond Fund		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Assets								
Cash	\$ 347	\$ -	136	75	8	18	\$ 491	\$ 93
Unit-holder receivable	-	-	62,344	161,668	62,527	21,284	124,871	182,952
Investments (note 3)	13,407,957	13,900,425	2,608,523	4,216,620	2,433,388	2,463,232	18,449,868	20,580,277
	\$ 13,408,304	\$ 13,900,425	2,671,003	4,378,363	2,495,923	2,484,534	\$ 18,575,230	\$ 20,763,322
Liabilities, Net Assets and Unit-holders' Equity								
Accrued management fees	\$ 1,801	\$ 1,863	465	776	435	442	\$ 2,701	\$ 3,081
Bank overdraft	-	202	-	-	-	-	-	202
Unit-holder payable	112	73,222	-	131,876	-	-	112	205,098
	1,913	75,287	465	132,652	435	442	2,813	208,381
Net assets and unit-holders' equity	13,406,391	13,825,138	2,670,538	4,245,711	2,495,488	2,484,092	18,572,417	20,554,941
	\$ 13,408,304	\$ 13,900,425	2,671,003	4,378,363	2,495,923	2,484,534	\$ 18,575,230	\$ 20,763,322

See accompanying notes to financial statements.

On behalf of the Board:



Ernie Daniels
CEO/President

POOLED INVESTMENTS

Statement of Earnings and Unit-holders' Equity (unaudited)

Year ended December 31, 2017, with comparative information for 2016

	Money Market Fund		Intermediate Fund		Bond Fund		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Investment income:								
Interest income	\$ 153,462	122,743	26,458	64,973	2,937	38,344	182,857	\$ 226,060
Less management fees	21,007	20,031	2,019	5,462	274	3,278	23,300	28,771
	132,455	102,712	24,439	59,511	2,663	35,066	159,557	197,289
Gain (loss) on investments:								
Net realized gain (loss)	-	-	(12,705)	(31,158)	(825)	(3,785)	(13,530)	(34,943)
Net unrealized gain (loss)	-	-	13,093	18,374	863	3,633	13,956	22,007
Net gain (loss) on investments	-	-	388	(12,784)	38	(152)	426	(12,936)
Net earnings distributed	\$ 132,455	102,712	24,827	46,727	2,701	34,914	159,983	\$ 184,353
Net assets and unit-holders' equity:								
Units outstanding, beginning of the year	\$ 13,825,138	13,660,142	4,245,711	4,215,918	2,484,092	1,901,905	20,554,941	\$ 19,777,965
Units subscribed	-	4,096,782	-	-	67,263	596,752	67,263	4,693,534
Distributions reinvested	132,455	102,712	24,827	46,727	2,701	34,914	159,983	184,353
Units redeemed	(551,202)	(4,034,498)	(1,600,000)	(16,934)	(58,568)	(49,479)	(2,209,770)	(4,100,911)
Units outstanding, end of the year	\$ 13,406,391	13,825,138	2,670,538	4,245,711	2,495,488	2,484,092	18,572,417	\$ 20,554,941

See accompanying notes to financial statements.

POOLED INVESTMENTS

Notes to Financial Statements (unaudited)

Year ended December 31, 2017

First Nations Finance Authority (the "FNFA") was announced April 1, 2006 as a result of Bill C-20 and operates under the *First Nations Fiscal Management Act* (the "Act") as a non-profit corporation without share capital to provide investment pooling arrangements and to develop borrowing capacity for First Nations governments. The FNFA acts as a non-assignable corporate investment vehicle with the MFA for the provision of investment services for FNFA unit-holders.

Under the Act the FNFA may establish short-termed pooled investment funds. Funds in FNFA short-term pooled investment funds may be invested only in:

- a) securities issued or guaranteed by Canada, a province or the United States;
- b) fixed-term deposits, notes, certificates or other short-term paper of, or guaranteed by, a bank, trust company or credit union, including swaps in United States currency;
- c) securities issued by the Authority or by a local, municipal or regional government in Canada;
- d) commercial paper issued by a Canadian company that is rated in the highest category by at least two recognized security-rating institutions;
- e) any class of investments permitted under an Act of a province relating to trustees; or
- f) any other investments or class of investments prescribed by regulation.

In accordance with the Pooled Investment Regulation made under the First Nations Fiscal Management Act, the Authority has arranged to continue to participate in the short to intermediate term investment pools established by the Municipal Finance Authority of British Columbia (the "MFA"). These funds are the Money Market Fund, the Intermediate Fund and the Bond Fund.

1. Significant accounting policies:

Monies received from unit-holders are invested in three pooled investment funds administered by the MFA:

- Money Market Fund;
- Intermediate Fund; and
- Bond Fund.

These funds are authorized to issue an unlimited number of units, each of which represents an equal undivided interest in the net assets of the respective funds, pro rata, with all other units from time to time issued and outstanding. Units are issued or redeemed at \$10 per unit. Under Section 149(1)(c) of the Income Tax Act, the funds are exempt from income taxes.

The following is a summary of the significant accounting policies used in the preparation of the financial statements.

(a) Money Market Fund:

- (i) Investments are carried at market value.
- (ii) Interest income is recognized as earned.
- (iii) Management fees are accrued daily at the rate of 0.15% per annum of the net assets of the fund and are paid monthly to the MFA.
- (iv) Net earnings from operations are distributed to unit-holders daily as additional units of the fund.

(b) Intermediate Fund and Bond Fund:

- (i) Investments are carried at market value.
- (ii) Investment transactions are accounted for on the trade date and gains/losses from such transactions are calculated on an average cost basis.
- (iii) Interest income is recognized as earned.
- (iv) Management fees are accrued daily at the rate of 0.20% per annum of the net assets of the fund and are paid monthly to the MFA.
- (v) Net earnings from operations are distributed to unit-holders weekly and at month end as additional units of the fund.
- (vi) Accretion of discounts and premiums are amortized on a straight line rate basis over the term of the investment.

2. Financial instruments:

All unit-holder receivables, bank overdraft, accrued management fees and unit-holder payables have been classified as loans and receivables or other liabilities and are recorded at amortized cost using the effective yield basis.

Transaction costs are expensed and included in the statement of earnings and unit-holders' equity in the period incurred.

Investments are designated as held for trading and recorded at market value measured at mid-market prices which approximate bid values.

(a) Risk management:

Risk management is achieved through segregation of duties whereby the investment management decisions are undertaken by a professional fund manager (Phillips Hager North Investment Management Ltd.), custody of the assets and accounting functions undertaken by a professional custodian (CIBC Mellon Trust Company), and overall governance of the funds monitored by the Investment Advisory Committee comprised of Trustees of the MFA.

The Investment Advisory Committee establishes the investing guidelines and reviews the fund manager's compliance and assesses performance in comparison to the FTSE TMX 30-Day Treasury Bill Index, the FTSE TMX 365-Day Treasury Bill Index, and the FTSE TMX Short Term Index.

(b) **Liquidity risk:**

Liquidity risk arises from the risk that a portfolio may not be able to settle or meet its obligation on time or at a reasonable price.

Each portfolio is exposed to daily cash redemptions of units at the current Net Assets Value per unit at the option of the unit-holder. The funds invest the majority of their assets in securities that are traded in an active market and can be readily disposed of. In addition each Fund retains sufficient cash and cash equivalent positions to maintain liquidity.

As of December 31, 2017 the duration of the funds was 63 days for Money Market Fund, 0.8 years for the Intermediate Fund and 2.9 years for the Bond Fund.

(c) **Interest rate risk:**

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments.

The funds invest primarily in interest bearing securities and are therefore susceptible to market rate fluctuations. The short duration of the investments lessens the affect of changes in interest rates.

(d) **Credit risk:**

Credit risk is the risk that a counter party to a financial instrument will fail to discharge its obligation or commitment.

The fund manager moderates risk through a conservative selection of securities and diversification within the parameters of the investment policy.

The investment portfolio is carried at fair value and represents the maximum credit risk exposure as at December 31, 2017.

(e) **Currency risk:**

The funds are not subject to currency risk. The functional currency is the Canadian dollar and all transactions are denominated in Canadian dollars.

3. Investments:

The investments held by the FNFA represent their unit-holders proportionate share of securities invested in the Money Market Fund, Intermediate Fund and Bond Fund administered by the MFA's Pooled Investment Funds.

As at December 31 the Money Market Fund, Intermediate Fund and Bond Fund of the MFA held the following securities:

	2017			2016		
	Money Market Fund	Intermediate Fund	Bond Fund	Money Market Fund	Intermediate Fund	Bond Fund
Bankers' acceptance	6.27%	-	-	14.76%	-	-
Corporate bonds	8.19%	69.91%	32.51%	8.72%	69.86%	37.79%
Treasury bills and term deposits	-	-	-	-	7.51%	-
Commercial paper	85.54%	-	-	76.52%	-	-
Federal bonds	-	-	47.34%	-	-	31.50%
Provincial bonds	-	30.09%	12.34%	-	22.63%	14.40%
Mortgages	-	-	6.46%	-	-	11.35%
Pooled funds	-	-	1.35%	-	-	4.96%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

The investments of the FNFA unit holders represent approximately 1.12% (2016 - 1.12%) of the Money Market Fund, 0.77% (2016 - 1.20%) of the Intermediate Fund, and 0.31% (2016 - 0.29%) of the Bond Fund administered by the MFA's Pooled Investment Funds.

FNFA Staff

Ernie Daniels CPA, CAFM

PRESIDENT / CEO

As a First Nations CPA and a CAFM, Ernie is well equipped to navigate the organization and execute its mandate. As President / CEO he has been delegated the authority by the Board of Directors to manage the business affairs of the FNFA. Previous roles include President / COO of the Aboriginal Financial Officers Association of Canada and Director of Assessment and Finance Operations at the Aboriginal Healing Foundation. Ernie has a lifetime of experience with Aboriginal development corporations and non-profit organizations in leadership and management positions. He is a recipient of the AFDA-Xerox Excellence in Aboriginal Leadership Award. Ernie is a member of the Salt River First Nation in the Northwest Territories.



Steve Berna CPA, CA

CHIEF OPERATING OFFICER

As COO, Steve is responsible for operating the loan programs of the FNFA, as well as managing the rating agency and banking syndicate relationships that lead to debenture issuances. Steve also manages FNFA's internal investment portfolios.



Steve spent 17 years, seven as CEO, developing the cooperative borrowing / investing model used in British Columbia, where all 210 local governments, regardless of size, received the benefits of a "AAA" credit rating (Municipal Finance Authority of BC). Debenture issuance was international in scope, and included complex Public Private Partnerships in Metro Vancouver area. Steve is a Chartered Professional Accountant (CPA) and has successfully completed the Canadian Securities Course with honours.

Rachel McAllister CPA, CA

CHIEF FINANCIAL OFFICER

Rachel joined the FNFA team in 2016, accepting the challenge of managing the financial operations of a national non-profit organization. Rachel is a Chartered Professional Accountant (CPA, CA) obtaining her experience in public practice as an Assurance Manager at KPMG. In her prior role, she worked with clients from different industries/segments, including First Nations and First Nations organizations. She also enjoys mentoring aspiring CPAs, helping them foster new skills and grow in their careers.



Pam Severson

CLIENT SERVICES COORDINATOR /
CORPORATE CLERK

As Client Services Coordinator, Pam works very closely with the First Nations to assist them through the FNFA Membership and Borrowing processes.



As Corporate Clerk, Pam is responsible to the Board of Directors, Committees and Senior Management for organizing and managing activities and records.

Pam has been with the FNFA since it started in the mid 1990's.

Jo-Ann Derrickson

CLIENT SERVICES COORDINATOR

As Client Services Coordinator, Jo-Ann works very closely with the First Nations to assist them through the FNFA Membership and Borrowing processes. Her knowledge and experience in the area of First Nations business administration and governance provides an extensive skill set in leadership, managing both people and systems with a strong focus on organizational excellence.

Jo-Ann is a member of the Westbank First Nation (WFN) and contributed to her community through her various roles over the past twenty years as Health Care Administrator, Director of Operations, Residential Care Facility Administrator and Manager of Community Services.



Frank Busch

DIRECTOR OF INFORMATION AND MARKETING

As Director of Information and Marketing, Frank is responsible for building and maintaining relationships with First Nations and providing information to First Nation Councils, Finance Staff and Members that increases awareness of the FNFA Financing, Investment and Advisory Services.

Frank is a member of the Nisichawayasihk Cree Nation and grew up in Northern Manitoba. He was educated at the University of Manitoba and has spent his professional life in the Finance Sector. In addition to working with large corporations in Canada, he also has previous experience with First Nations business, non-profits and government at the band, regional tribal council, provincial, national and international levels.

Shannon Jenner

OFFICE MANAGER

Shannon is a member of the Westbank First Nation (WFN) and prior to helping establish FNFA's offices, she worked 15 years for the WFN in Membership, Employment and Training and as Executive Assistant to Chief and Council. Shannon manages FNFA's main office, co-ordinates all staff and board member travel, prepares external communications design/layout, and organizes workshops, conferences and our Annual General Meeting. Shannon maintains all external contacts, records organizational activities and controls purchasing for the organization. Shannon's name in the Okanagan language is ǰʷnam ǰnəm which translates as "Hummingbird".



Stephen Blancher

SYSTEMS ANALYST

As Systems Analyst, Stephen monitors and manages many aspects of the FNFA's information technology systems. He performs various tasks under a multitude of studies which include Linux Administration, Oracle Database Administration, Application Development, and offers expert IT advice and troubleshooting.

Hailing from Prince Albert, SK, Stephen moved to the beautiful Kelowna, BC ten years ago. He graduated high school and quickly went on to post-secondary at Okanagan College. Obtaining his Bachelor's Degree in 2014, Stephen is fresh out of the oven with a vast set of skills and expertise under his belt.



Jayne Fosbery

CLIENT SERVICES SUPPORT

Jayne is an active member of Westbank First Nation (WFN) and prior to accepting the position with FNFA, worked for several years in various areas of WFN including Economic Development Management, Taxation, and Utilities. Jayne joined FNFA to help manage the increased volume resulting from the recent growth in FNFA's membership. Her role is to support the staff in maintaining the financial communications with members on a day-to-day basis as well as document management. Her education and experience with Local Government Management and Economic Development in First Nations will prove beneficial in this role. Her interest is in creating, maintaining and improving systems and policies to maximize value to FNFA's members.



Darryn Melchart

FINANCIAL CONTROLLER

As the Financial Controller, Darryn ensures that the FNFA is operating effectively and efficiently.

Darryn is responsible for maintaining all necessary third party compliance reporting, preparation of the annual budget and corporate plan, aiding in management of the investment portfolio, and oversight of all



accounting operations and internal controls.

Darryn is a recent successful writer of the Comprehensive Final Exam (CFE) and is awaiting experience verification prior to receiving his Chartered Professional Accountant (CPA) designation.





FIRST NATIONS FINANCE AUTHORITY

202-3500 Carrington Road
Westbank, British Columbia V4T 3C1

OFFICE HOURS
8:00am-4:00pm
Monday to Friday

Telephone 250-768-5253
Fax 250-768-5258
Toll Free 866-575-3632
www.fnfa.ca

EMAIL CONTACTS

Senior Management

Ernie Daniels, President/CEO
edaniels@fnfa.ca

Steve Berna, COO
sberna@fnfa.ca

GENERAL INQUIRIES
info@fnfa.ca

INDEPENDENT AUDITORS
KPMG LLP, Kelowna, BC

