

ANNUAL REPORT 2018-2019



Photographs: By Camilia Zoe-Chocolate
The Salt River Business and Conference Centre (an FNFA funded project)

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

CHIEF Warren Tabobondung, ON
CHAIR

Chief Warren Tabobondung is serving his fourth consecutive two-year term as Chief of Wasauksing First Nation and also brings with him past experience serving on Council. He strives to build a unified, healthy, positive and progressive First Nation through the development of economic opportunities, increasing health services and by encouraging youth to pursue higher levels of education. Chief Tabobondung brings his business savvy and diplomatic competencies to the FNFA.



COUNCILLOR Katy Gottfriedson, BC
DEPUTY CHAIR



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. Gottfriedson's broad vision ensures that the FNFA is inclusive, fair and practical in fulfilling its mandate.

COUNCILLOR Veronica McGinnis, BC

Councillor Veronica McGinnis, Osoyoos Indian Band, is 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 des PékouakamiInuatsh (Mashteuiatsh), adds representation from the communities of Quebec. Mashteuiatsh 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. 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, Operations and Management, Drug Strategy, Human Resources, Social Development, Justice and Policing, Emergency Preparedness, Health Services, Education, Daycare, Headstart, Early Childhood Development, and Child and Family Services.



CHIEF Dean Roy, ON

Chief Dean Roy hails from Sheshegwaning First Nation, and has a background in Information Technology and Finance. Chief Dean Roy believes that through law making and stable institutions of government, First Nations can and will outperform and outcontribute Canada in the delivery of programs, services and the needs of their citizens.



Sheshegwaning, located on the western part of Manitoulin Island, is one of two First Nations in Canada that identifies as distinctly Odawa. True to its Odawa heritage, Sheshegwaning is always seeking out new partnerships and opportunities to grow in wealth and socioeconomic wellbeing for its citizens.

COUNCILLOR Steven Johnston, SK

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.



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 Alexander Cope, NS

A member of the Millbrook First Nation Councillor Alexander Cope is presently serving his 14th, 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 & Projects Committee and the Millbrook Housing Commission.



Message from the Chair



CHAIR
Chief Warren Tabobondung, ON

The fiscal year 2018/19 can be summarized as a year of steady growth and recognition for the FNFA: growth of FNFA's membership, loan portfolio, self-generated revenues that will lead to financial self-sufficiency, and staff size to accommodate the current and future growth to come. FNFA was recognized for the development of an innovative financing regime as the recipient of Governor General Innovation Award.

FNFA's primary mandate as an organization continues to be the raising of affordable financing in the Capital Markets to meet the demands from our members. To complement this savings of interest payments on their loans, in late 2018/19 FNFA started discussing how we may also leverage our growing membership into increased earnings for our members' assets. To this end, FNFA is exploring an investment vehicle where our members can earn higher interest than they may currently be experiencing. More on this will follow as the details become more established.

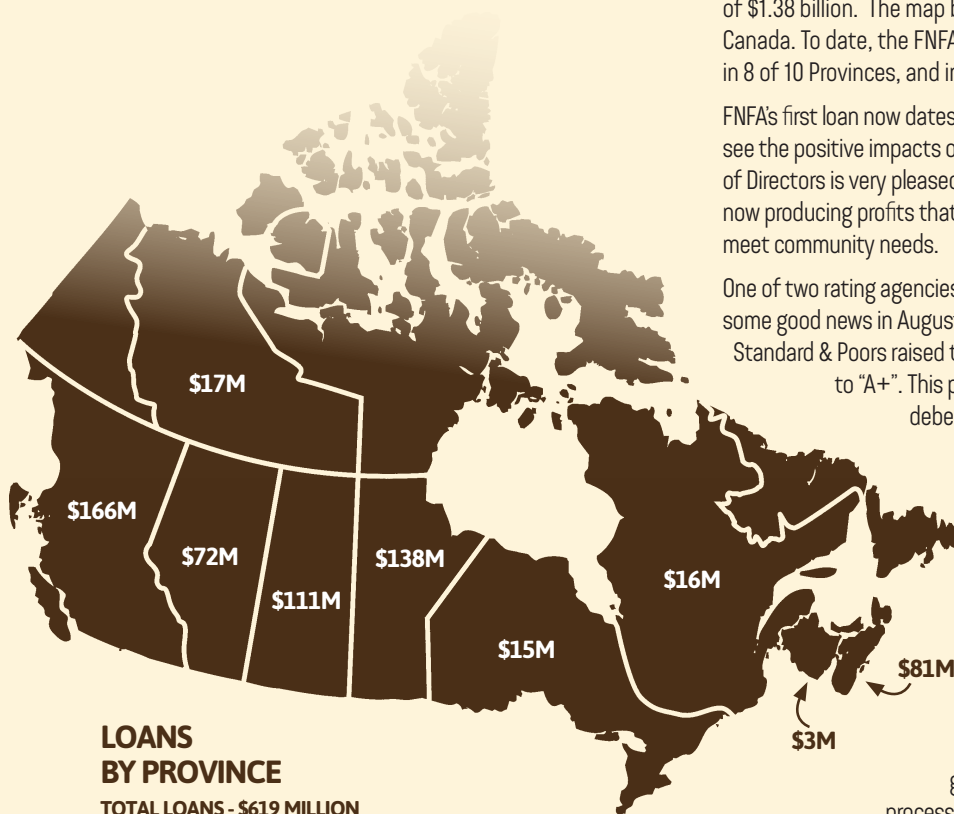
As at March 31, 2019, the FNFA had loaned approximately \$619 million to its members (\$486 million was outstanding as of March 31, 2018), resulting in the creation of over 6,600 jobs, and stimulating local economies to the tune of \$1.38 billion. The map below illustrates FNFA's loan impacts by province in Canada. To date, the FNFA has supplied financing to First Nations that reside in 8 of 10 Provinces, and in the Northwest Territories.

FNFA's first loan now dates back seven years to June 2012, and we are able to see the positive impacts of our members' economic ventures. The FNFA Board of Directors is very pleased to report that these original economic ventures are now producing profits that are being further leveraged into additional loans to meet community needs.

One of two rating agencies that rate FNFA's debenture issuances gave us some good news in August 2018. After completing their annual analysis,

Standard & Poors raised the credit rating on FNFA's debentures from "A-" to "A+". This positive credit rating action preceded FNFA's fifth debenture issuance, resulting in further interest savings for our members. The other rating agency, Moody's Investors Service, held our credit rating stable at "A2".

To meet our members financing needs, the FNFA issued its fifth debenture in September 2018. This issuance marked FNFA's transition from selling its debenture on a "best-efforts" basis to a "green banner" approach whereby each banking syndicate member bought their share of the debenture, guaranteeing FNFA's members interest rates. FNFA's process now parallels industry standards. The debenture was a "re-opening" of our debenture issued in October 2017, and raised a further \$138 million for our members. This debenture now sits at \$264 million in size, and matures on June 1, 2028. The FNFA Board set the re-lending rate for



LOANS BY PROVINCE

TOTAL LOANS - \$619 MILLION AS AT MARCH 2019

TOTAL JOBS CREATED = 6,600
(Using Stats Canada employment multiplier formula)

our members at 3.65% (Chartered Bank Prime by comparison was at 3.70%). The purpose for this “re-opening” was to attract investors who like to invest in larger size debenture issuances. I am happy to report that investor “buy-orders” totalled \$275 million, which easily exceeded our members’ requirements of \$138 million. This bodes well for our members as it shows the financing is available to allow your community priorities to progress when you are ready.

Our members used these proceeds to build schools, wind farms, commercial buildings, retail outlets, gas stations, water systems, housing, roads, factory equipment and refinancing of existing debt.

During the fiscal year the Minister of Indigenous Services Canada (ISC) announced two items of interest to the FNFA:

Firstly, the willingness of Canada to replace the current 1-year and 5-year funding agreements with First Nations to a 10-Year Grant approach. At March 31, 2019, 254 communities had expressed an interest in reviewing the new funding model. Of the 254, 140 First Nations were already scheduled to FNFA’s Act, while another 114 were potential new additions to being Scheduled.

Secondly, FNFA’s Act was amended to expand our potential membership base further. Participation has been expanded beyond First Nations, and membership in the FNFA is now open to Health Authorities and other organizations that are registered as not-for-profit that provide services to First Nations communities. Prior to these organizations joining the FNFA, Canada needs to complete a Regulation that creates both the legal framework for membership, and the protection of safeguards for investors. Work in this area will continue in 2019/20.

With the growth of FNFA’s loan portfolio, we are starting to see our self-generated profits reach healthy levels. These profits occur from the small mark-ups added to both our interim financing loans and our debenture loans. I am pleased to report that FNFA’s operating surplus has grown from \$1.6 million in 2017/18 to \$2.6 million in 2018/19. 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 funding within five years. These profits are used to expand FNFA’s staff and operations, to meet growing members’ demands. With a focus on expanding FNFA’s membership in Ontario and Quebec, two new staff were hired. These two sub-offices (Ottawa and Montreal) will allow FNFA’s level of members’ service to be maintained.

In March 2019, the FNFA had a celebration for our longest-serving employee -- Pam Severson. For 27 years Pam gave her time and attention to the FNFA, and First Nations across Canada. Pam’s work at the FNFA spanned from 1992 when FNFA was just a conceptual idea, to 2019 when 269 First Nations are scheduled to FNFA’s Act. On behalf of the Board of Directors and the staff of the FNFA, we thank Pam for a job extremely well done and wish her the best in the next stage of her life’s journey!

I would like to end my message on a personal note. Thank you to FNFA’s Board of Directors for their dedication, hard work and willingness to be available on short notice to meet our members’ time requirements. During the fiscal year, the Board approved 13 new membership requests, approved 8 Borrowing Laws totalling future loan requests of \$185.7 million and approved loans issued during the year totalling \$170 million. And, finally, I would like to thank the staff who continue to grow this organization into a valuable tool for First Nations communities across Canada.

PROVINCE	SCHEDULED	PENDING	FNFA MEMBERS	FNFA MEMBERS W/LOANS	TOTAL BORROWED (\$M)	NATIONAL ECONOMIC OUTPUT (\$M)	JOBS CREATED
AB	14	4	5	3	\$72	\$158	596
BC	112	4	42	19	\$166	\$352	1,672
MB	31	0	13	9	\$138	\$361	1,850
NB	8	0	1	1	\$3	\$6	29
NL	2	0	0	0	\$0	\$0	-
NS	11	0	6	5	\$81	\$174	1,040
ON	41	3	11	5	\$15	\$32	161
PE	1	0	0	0	\$0	\$0	-
SK	34	1	8	5	\$111	\$228	976
QC	12	1	2	2	\$16	\$35	184
NWT	3	0	1	1	\$17	\$34	115
	269	13	89	50	\$619	\$1,380	6,623

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.

Representation | The FNFA is governed by a Board of Directors, elected annually at our AGM. Board eligibility, and voting, is only open to Chiefs and Councillors from amongst FNFA's borrowing members. Under the FMA, the Board of Directors can consist of 5 to 11 Directors, including a Chairperson and Deputy Chairperson. Currently, there are 9 Board members, dispersed through 7 different provinces.

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

Administration of the loan programs are prescribed under the FMA. The use of 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. Requirements have been established for property tax supported loans

including the First Nations Tax Commission (FNTC) approval processes. 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.

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 Administration Law and has passed required financial ratio tests.

Unanimous approval by FNFA's Board is required for the acceptance of applications for new borrowing memberships, and also for loan requests by each member.

LONG TERM LOANS --- The FNFA's mandate allows First Nations to support loan requests with two types of revenue streams: other revenues, and property taxation 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 revenues and might be subject to rules under which the revenues were generated or a band's own governance policies. To date, two members have requested property tax supported loans and 48 members have loans supported by other revenues.

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 3.75% (Chartered Bank prime for comparison is currently 3.95%). Interim Financing is temporary financing and has two functions:

1. To Cover Costs During Construction: A borrowing member can request Interim Loans to cover the construction costs of a project to a maximum of 5 years from the FNFA. When the project has been completed, these Interim Loans, which are of a floating rate nature, can be converted into a fixed-rate long term loan (debenture financing) which provides budget certainty.

2. Bridge Financing Until FNFA Issues its Next Debenture: 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.

How We Safeguard Our Investors

Financial Protection | The FNFA has through its Act and its contractual documents with its borrowing members created various investor safeguards. Under its Act, all FNFA debentures are *pari pasu*, forwards and backwards.

Firstly, minimum debt coverage ratios are applied to each revenue stream designated to support annual loan service. Under this approach a borrowing member's intercepted revenues must at a minimum be a certain prescribed amount greater than the annual debt service.

Secondly, prior to the release of any loan 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. 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. Approximately 82% 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). Should a revenue source supporting a loan payment be interrupted, the FNFA will pull sufficient funds from the DRF to fully cover its loan obligation to the lenders. The defaulting member must find an alternate revenue source to 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. 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. A review of FNFA's members' 2018 audited statements showed there were in excess of \$615 million in non-intercepted revenues that could be substituted for an interrupted

stream. FNFA members have never experienced a late or insufficient loan service payment.

When a borrowing member has repaid its loan in full, the FNFA refunds back its 5% DRF deposit 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 in the intervention area. FMB has the authority to act as the treasurer of the First Nation's finances (sections 51, 52 and 53 of the FMA; Section 14 of the Regulations).

Fifthly, in addition to the DRF, the FNFA contracted an agreement with Canada and received \$30 million in Credit Enhancement Fund (CEF) monies. This CEF is a secondary investor safeguard whose purpose is to support the DRF.

Lastly, FNFA operates mandatory sinking funds for each debenture issuance. Members annual loan service payments include both principal and interest. Principal payments are retained by FNFA and deposited into the appropriate sinking fund.

Legislative Protection

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

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

COMMUNITY HALL

The FNFA provides First Nations access to the 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 COVER PROFILE: SALT RIVER FIRST NATION

Salt River First Nation in the Northwest Territories (NWT) leveraged their own annual revenues to borrow just under \$17 Million from the FNFA to finance the building of a Multi-Purpose Facility. The facility is to be used by the local community and the people of the Northwest Territories. It includes: a Cultural Center to be used for language and cultural programs, education, and events, a Community Hall to be a gathering place for community, and the Justice Center which houses a Court House leased to the Government of the NWT. This magnificent, iconic facility provides both an area for community to come together as well as an economic opportunity for the community.



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.



#1: Salt River Multi-Purpose Facility

#2: Première Nation des Pekuakamiulnuatsh (Mashteuiatsh)

#3: Siksika – Chief Crowfoot School



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

FNFA loans can be used to provide better access to transportation through revitalization, repairs and building of transportation infrastructure including roads, bridges and public transit routes.



DEVELOPING MULTI-PURPOSE INFRASTRUCTURE

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

#4: Peter Ballantyne Cree Nation - housing project

#5 Paqtnkek Mi'kmaw Nation – Highway Interchange project

#6 Songhees Wellness Centre

Scheduled First Nations

(269 communities across 10 provinces and 1 territory.)

?Akisq'nuk First Nation	Esquimalt	Madawaska Maliseet	Pictou Landing	Sts'ailes
?Esdilagh	Fisher River	Makwa Sahgaiehan	Pine Creek	Sturgeon Lake
Acadia First Nation	Flying Dust	Malahat	Popkum	Stz'uminus
Adams Lake	Fort McMurray #468	Matsqui	Poplar River First Nation	Sumas
Ahousaht	Fort Nelson	M'Chigeeng	Potlotek	Sunchild
Aitchelitz	Fort William	McLeod Lake	Premiere Nation des Abenakis de	Sweet Grass
Algonquins of Pikwakanagan	Frog Lake	Membertou	Wol	Taku River Tlingit
Anishnaabeg of Naongashiing	Gambler	Metepenaigiag Mi'kmaq	Qalipu Mi'kmaq First Nation	Tataskweyak Cree
Annapolis Valley	Garden Hill	Metlakatla	Quatsino	Taykwa Tagamou
Atikameksheng Anishnawbek	George Gordon	Miawpukek	Rainy River	Temagami
Atikamekw de Wemotaci	Gitga'at	Micmacs of Gesgapegiag	Red Pheasant	The Key
Atikamekw d'Opitciwan	Gitsegukla	Millbrook	Red Sucker Lake	Thunderchild First Nation
Bande des Innus de Pessamit	Gitwangak	Misipawistik Cree Nation	Rolling River	Timiskaming
Bear River	Glooscap	Mississaugas of Scugog Island	Roseau River Anishinabe	Tit'q'et
Beardy's and Okemasis	Halalt	Mistawasis Nehiyawak	Sagamok Anishnawbek	Tk'emlups te Secwepemc (Kamloops)
Beausoleil	Heiltsuk	Mohawks of Akwesasne	Saik'uz	Tla'amin Nation
Beaver Lake Cree	Henvey Inlet	Mohawks of the Bay of Quinte	Sakimay	Tla-o-qui-aht
Beecher Bay	Indian Island	Montagnais du Lac St.-Jean	Salt River #195	Tobacco Plains
Behdzi Ahda"	Innue Essipit	Moosomin	Sandy Bay	Tobique
Berens River First Nation	Iskatewizaagegan #39 Independent	Mosquito, Grizzly Bear's Head, Lean Man	Saugeen	Ts'alalh
Bigstone Cree	Jean Marie River	Munsee-Delaware	Saulteau	Tsartlip
Bingwi Neyaashi Anishinaabek	Kahkewistahaw	Muskeg Lake Cree Nation #102	Saulteaux	Tsawout
Black River	Kanaka Bar	Muskoday	Semiamhoo	Tseycum
Brokenhead Ojibway	Katzie	Muskowekwan	Serpent River	Ts'kw'aylaxw
Brunswick House	Kehewin Cree	Nadleh Whuten	Shackan	Tsleil-Waututh
Buctouche	Kingfisher	Nak'azdli	Shawanaga	T'Sou-ke
Buffalo Point	Kinistin	Namgis	Sheguiandah	Tsuu T'ina
Canoe Lake	Kispiox	Nanoose	Sheshewaning	Tzeachten
Carry The Kettle	Kitselas	Nazko	Shoal Lake No. 40	Upper Nicola
Cat Lake	K'omoks First Nation	Neskonlith	Shuswap	Wagmatcook
Cayoose Creek	Kwadacha	Nipissing	Shxw'ha:y Village	Wahgoshig
Chapleau Cree	Kwantlen	Norway House Cree	Shxw'owhamel	Wasagamack
Chawathil	Kwaw-kwaw-Apilt	N'Quatqua	Siksika	Wasauksing
Cheam	Kwikwetlum	Obashkaandagaang	Simpcw	Waywayseecappo
Cheslatta Carrier	Lac La Ronge	Ocean Man	Sipekne'katik	We Wai Kai Nation
Chippewas of Georgina Island	Lac Seul	Ochapowace	Skatin	Wei Wai Kum First Nation
Chippewas of Kettle & Stony Point	Lake Cowichan	O'Chiese	Skawahlook	Wet'suwet'en
Chippewas of Rama	Lake Manitoba	Ochiichagwe'babig'ining	Skeetchestn	Whispering Pines/Clinton
Chippewas of the Thames	Lake St. Martin	Okanese	Skidegate	White Bear
Cold Lake	Lax Kw'alaams	Onion Lake Cree Nation	Skin Tyee	Whitecap Dakota
Coldwater	Lennox Island	Opaskwayak Cree Nation	Skowkale	Whitefish River
Consiel de la Abitibiwinni	Leq'a:mel	Oromocto	Skownan	Wikwemikong
Cook's Ferry	Lheidli T'enneh	Osoyoos	Skwah	Williams Lake
Cowichan	Lhtako Dene Nation	Pacheedaht	Snuneymuxw	Witset First Nation
Cross Lake	Lil'Wat Nation	Paq'tnkek Mi'kmaw Nation	Songhees	Woodstock
Dakota Tipi	Listuguj Mi'gmaq Government	Paungassi	Soowahlie	Wunnumin
Doig River	Little Red River Cree	Paul	Splatsin	Wuskwi Sipihk
Douglas	Little Saskatchewan	Peepeekisis Cree Nation No. 81	Sq'ewlets	Xaxli'p
Driftpile	Little Shuswap Lake	Peguis	Squamish	Yakweakwoose
Eagle Lake	Long Plain First Nation	Penticton	Squiala	Yale
Ebb and Flow	Long Point	Peter Ballantyne Cree	St. Mary's First Nation	Yellow Quill Band
Ehattesaht	Lower Kootenay	Peters	St. Theresa Point	
Elsipogtog	Lower Nicola	Pheasant Rump Nakota	Standing Buffalo	
English River	Lower Similkameen	Pic Mobert	Stellat'en	
Enoch Cree #440	Lytton			



Audited Financial Statements

Statement of Management Responsibility

The financial statements of First Nations Finance Authority (the "FNFA") for the year ended March 31, 2019 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, consisting of several loops and a long horizontal stroke at the end.

Chief Executive Officer

May 23, 2019



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Independent Auditors' Report

To the Members of First Nations Finance Authority

OPINION

We have audited the financial statements of First Nations Finance Authority ("FNFA"), which comprise:

- the statement of financial position as at March 31, 2019
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of remeasurement gains and losses for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of FNFA as at March 31, 2019, and its results of operations, its remeasurement gains and losses, its changes in net financial assets and its cash flows year then ended in accordance with Canadian public sector accounting standards.

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of FNFA in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE 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.

In preparing the financial statements, management is responsible for assessing FNFA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate FNFA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing FNFA's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 FNFA's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on FNFA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause FNFA's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants

May 23, 2019 | Kelowna, Canada

Statement of Financial Position

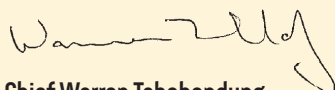
FIRST NATIONS FINANCE AUTHORITY

March 31, 2019 with comparative figures for March 31, 2018

	2019	2018
Financial Assets		
Cash and cash equivalents	\$ 9,258,743	\$ 6,356,469
Debt Reserve Funds investments (note 2(a))	32,609,591	24,495,847
Sinking Funds investments (note 3)	34,084,008	19,101,403
Loans to members (note 4)	585,976,984	453,503,952
Restricted cash and cash equivalents (note 5):		
Funds held for members	22,149,371	-
Principal and interest payments received in advance	8,313,115	8,093,328
Other	324,035	427,457
	692,715,847	511,978,456
Liabilities		
Accounts payable and accrued liabilities	253,089	184,540
Accrued interest payable	5,276,925	3,646,164
Deferred contributions (note 12)	609,655	605,663
Due to members (note 2(b))	32,609,591	24,495,847
Funds held due to members	22,149,371	-
Principal and interest payments received in advance	8,313,115	8,093,328
Interim financing (note 6)	104,470,416	92,663,483
Debenture financing (note 7):		
Principal	515,000,000	377,000,000
Unamortized premium (discount)	2,982,127	6,715,253
Unamortized debenture issuance costs	(4,048,137)	(3,829,318)
	687,616,152	509,574,960
Net Financial Assets	5,099,695	2,403,496
Non-Financial Assets		
Credit Enhancement Fund assets (note 8)	30,529,075	30,000,000
Capital assets (note 9)	178,346	85,437
Prepaid expenses	482,699	408,616
	31,190,121	30,494,053
Commitments and contingencies (note 10)		
Accumulated surplus	\$ 36,289,816	\$ 32,897,549
Accumulated surplus is comprised of:		
Accumulated surplus (note 11)	\$ 36,548,214	\$ 33,433,245
Accumulated remeasurement loss	(258,398)	(535,696)
	\$ 36,289,816	\$ 32,897,549

See accompanying notes to the 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

March 31, 2019 with comparative figures for March 31, 2018

	2019 Budget (note 1(g))	2019	2018
Revenue			
Grants and contributions (note 12):			
Funding and grant arrangements	\$ 4,290,850	\$ 4,264,803	\$ 3,535,722
Deferred contributions	-	(609,655)	(605,663)
Interest from members	18,473,190	18,603,120	12,402,868
Debenture issuance premium amortization	1,182,000	1,181,789	1,190,319
Investment	1,614,000	1,712,082	1,014,698
Management fees	304,500	385,732	205,000
Goods and services tax recovery	-	-	103,422
	25,864,540	25,537,871	17,846,366
Expenses (note 1(h))			
Interest on financing	17,594,590	17,538,371	12,263,111
Debenture issuance discount amortization	98,100	214,183	56,251
Debenture issuance costs amortization	613,900	609,181	523,352
Interim financing fees amortization	233,017	264,398	248,765
Financing fees	652,216	691,355	527,256
Professional fees	357,075	367,758	386,215
Travel and workshops	563,970	354,988	271,864
Salaries and benefits	1,889,811	1,579,096	1,140,907
Operations and management	516,007	408,372	276,244
Investment revenue due to members	797,750	873,296	490,337
Amortization of capital assets	42,960	50,978	19,208
	23,359,396	22,951,977	16,203,510
Annual surplus	\$ 2,505,144	\$ 2,585,894	\$ 1,642,856
Credit Enhancement Fund contribution (note 8)	-	529,075	10,000,000
	2,505,144	3,114,969	11,642,856
Accumulated surplus, beginning of year	33,433,245	33,433,245	21,790,389
Accumulated surplus, end of year	\$ 35,938,389	\$ 36,548,214	\$ 33,433,245

See accompanying notes to the financial statements.

Statement of Changes in Net Financial Assets

FIRST NATIONS FINANCE AUTHORITY

Year ended March 31, 2019 with comparative figures for 2018

	2019 Budget (note 1(g))	2019	2018
Annual surplus	\$ 2,505,144	\$ 2,585,894	\$ 1,642,856
Changes to non-financial assets			
Acquisition of capital assets	-	(143,888)	(66,815)
Amortization of capital assets	42,960	50,978	19,208
	42,960	(92,910)	(47,607)
Net change in prepaid expenses	-	(74,083)	(127,817)
	42,960	(166,993)	(175,424)
Remeasurement gains (losses) on derivative financial instruments	-	277,298	(278,932)
Increase in net financial assets	2,548,104	2,696,199	1,188,501
Net financial assets, beginning of year	2,403,496	2,403,496	1,214,995
Net financial assets, end of year	\$ 4,951,600	\$ 5,099,695	\$ 2,403,496

See accompanying notes to the financial statements.

Statement of Cash Flows

FIRST NATIONS FINANCE AUTHORITY

Year ended March 31, 2019 with comparative figures for 2018

	2019	2018
Cash provided by (used in):		
Operating transactions:		
Annual surplus	\$ 2,585,894	\$ 1,642,856
Investment revenue due to members	535,697	319,686
Debenture issuance premium amortization	(1,181,789)	(1,190,319)
Debenture issuance discount amortization	214,183	56,251
Debenture issuance costs amortization	609,181	523,352
Interim financing fees amortization	264,398	248,765
Amortization of capital assets	50,978	19,208
Net change in non-cash assets and liabilities	1,629,219	1,560,712
	4,707,762	3,180,511
Investing transactions:		
Acquisition of investments	(23,096,349)	(16,609,868)
Increase in amounts due to members	8,113,744	8,228,609
Net increase in restricted cash	(22,265,736)	(1,029,406)
Increase in funds held due to members	22,149,371	-
Increase in principal and interest payments received in advance	219,787	925,984
	(14,879,183)	(8,484,681)
Financing transactions:		
Loans to members issued	(171,526,600)	(153,667,400)
Repayment of loans to members	38,795,170	8,134,020
Debenture financing issued, principal	138,000,000	126,000,000
Premium (discount) on debenture issuance	(2,765,520)	(235,620)
Debenture issuance costs	(828,000)	(756,000)
Proceeds from interim financing	104,519,000	92,896,500
Repayment of interim financing	(92,896,500)	(65,349,887)
Interim financing fees paid	(79,968)	(109,891)
	13,217,582	6,911,722
Capital transactions:		
Purchase of capital assets	(143,887)	(66,815)
Increase (decrease) in cash and cash equivalents	2,902,274	1,540,737
Cash and cash equivalents, beginning of year	6,356,469	4,815,732
Cash and cash equivalents, end of year	\$ 9,258,743	\$ 6,356,469
Supplemental cash flow information:		
Interest paid	\$ 17,778,688	\$ 11,469,241

See accompanying notes to the financial statements.

Statement of Remeasurement Gains and Losses

FIRST NATIONS FINANCE AUTHORITY

Year ended March 31, 2019 with comparative figures for 2018

	2019	2018
Accumulated remeasurement losses, beginning of year	\$ (535,696)	\$ (256,764)
Net remeasurement gains (losses) realized and reclassified to the statement of operations from:		
Derivative contracts	(174,212)	2,402
Unrealized gains (losses) generated during the year from:		
Derivative contracts	451,510	(281,334)
Net remeasurement gains (losses)	277,298	(278,932)
Accumulated remeasurement losses, end of year	\$ (258,398)	\$ (535,696)

See accompanying notes to the financial statements.

Notes to Financial Statements

FIRST NATIONS FINANCE AUTHORITY | Year ended March 31, 2019

First Nations Finance Authority ("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 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 revenue is recorded 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.

1. Significant accounting policies (continued):

(e) Capital assets:

Tangible and intangible capital assets are recorded at cost, net of accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution and are also recorded as revenue. When management determines that an asset no longer contributes to FNFA's operations, the 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, once the asset is available for use:

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, the fair value of derivative instruments 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, 2018. 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, 2019. 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, 2019 consist of the following:

	2019	2018
Cash and cash equivalents	\$ 25,671,170	\$ 4,885,336
Government and corporate bonds	6,938,421	19,610,511
	\$ 32,609,591	\$ 24,495,847

Government and corporate bonds include bonds with maturities from June 2026 to October 2028, with coupon rates from 2.40% to 4.95% and have a total par value of \$6,175,000 (2018 - \$18,950,000). The market value as at March 31, 2019 was approximately \$7,050,600.

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, 2019, 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, 2019 consist of the following:

	2019	2018
Cash and cash equivalents	\$ 17,221,421	\$ 2,065,049
Government and corporate bonds	16,862,587	17,036,354
	\$ 34,084,008	\$ 19,101,403

Government and corporate bonds include bonds with maturities from April 2024 to June 2028, with coupon rates from 2.15% to 3.45% and have a total par value of \$16,578,799 (2018 - \$17,215,000). The market value as at March 31, 2019 was approximately \$17,023,000.

4. Loans to members:

	2019	2018
Debenture financing loans	\$ 481,805,861	\$ 361,155,334
Interim financing loans	104,429,521	92,884,314
	586,235,382	454,039,648
Unrealized loss on derivative contracts	(258,398)	(535,696)
	\$ 585,976,984	\$ 453,503,952

The aggregate maturity of loans to members as at March 31, 2019 are as follows:

2020	\$ 112,605,044
2021	12,943,044
2022	13,455,495
2023	13,455,495
2024	13,455,495
Thereafter	420,320,809
	\$ 586,235,382

(a) Debenture financing loans:

Debenture financing loans to members consists of loans to forty five (2018 – forty one) borrowing members. The loans, documented by way of a promissory note, are repayable in annual principal payments to maturity, with interest payable semi-annually at 2.90% to 3.79%.

(b) Interim financing loans to members:

Interim financing loans to members as at March 31, 2019, consists of loans to seventeen (2018 - fifteen) borrowing members. The loans bear interest at 3.41% to 3.75%, payable monthly. Loans to fifteen borrowing members are due the earlier of demand or the expiry of FNFA's interim financing credit facility described in note 6. Loans to two borrowing members are due in June 2028. 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, 2019 (2018 - \$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:

	2019	2018
Funds held for members	\$ 22,149,371	\$ -
Principal and interest payments received in advance	8,313,115	8,093,328
Other		
Members capital (note 11(b))	324,035	324,035
GST recovery held for capital improvements	-	103,422
	\$ 30,786,521	\$ 8,520,785

6. Interim financing:

	2019	2018
Bankers acceptance liabilities, bearing interest at an average rate of 2.9782% (2018 - 2.7561%)	\$ 104,519,000	\$ 92,896,500
Deferred interim financing fees	(48,584)	(233,017)
	\$ 104,470,416	\$ 92,663,483

The interim financing credit facility is available up to a maximum aggregate amount of \$220 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 stand-by fees are based on the credit rating of FNFA. Based on the credit rating as at March 31, 2019 the margins and rates are as follows: Bankers Acceptance Liabilities as at March 31, 2019 bear interest at the lender's 30 to 60 day bankers' acceptance fee plus a stamping fee of 1.0%. Prime Rate Loans as at March 31, 2019 bears interest at the lender's prime rate with interest-only payments on a monthly basis. The undrawn portion of the revolving credit facility is subject to a standby fee of 0.175%. 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 October 9, 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 semi-annual interest payments at 3.40% 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% (2018 - 3.131%) and 3.268% (2018 - 3.138%) respectively.

8. Credit Enhancement Fund assets:

FNFA entered into an agreement with Indigenous Services Canada ("ISC"), on March 24, 2011 and amended on December 6, 2016 and March 27, 2019 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, 2019, FNFA obtained Credit Enhancement Fund contributions of \$529,075 (2018 - \$10.0 million), which were received in April 2019. The Credit Enhancement Fund assets, as at March 31, 2019 consist of the following:

	2019	2018
Cash and cash equivalents	\$ 15,325,268	\$ 323,979
Government and corporate bonds	16,666,699	30,779,118
Contribution receivable	529,075	-
Due to Operating Fund	(1,991,967)	(1,103,097)
	\$ 30,529,075	\$ 30,000,000

Government and corporate bonds include bonds with maturities of April 2020 to December 2027, coupon rates of 2.15% to 4.95% and have a total par value of \$16,300,000 (2018 - \$30,300,000). The market value as at March 31, 2019 was approximately \$16,728,600.

9. Capital assets:

March 31, 2019	Furniture and equipment	Computer equipment	Leasehold improvements	Computer Software	Total
Cost:					
Balance, beginning of year	\$ 19,328	\$ 101,625	\$ 13,416	\$ -	\$ 134,369
Additions	42,395	3,019	64,709	33,764	143,887
Disposals	(12,031)	(15,662)	-	-	(27,693)
Balance, end of year	49,692	88,982	78,125	33,764	250,563
Accumulated amortization:					
Balance, beginning of year	13,035	35,673	224	-	48,932
Amortization	7,106	25,395	13,455	-	45,956
Disposals	(9,712)	(12,959)	-	-	(22,671)
Balance, end of year	10,429	48,109	13,679	-	72,217
Net book value, end of year	\$ 39,263	\$ 40,873	\$ 64,446	\$ 33,764	\$ 178,346

9. Capital assets (continued):

March 31, 2018	Furniture and equipment	Computer equipment	Leasehold improvements	Computer Software	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

Computer software costs consists of costs incurred for internally developed software that was not available for use as at March 31, 2019. As a result, no amortization was recorded to March 31, 2019.

Amortization expense for the year ended March 31, 2019 includes amortization of \$45,956 plus loss on disposal of tangible capital assets of \$5,022 (2018 - \$17,651 plus loss on disposal of tangible capital assets of \$1,557).

10. Commitments and contingent liabilities:

(a) Commitments:

The FNFA entered into a lease agreement for office space in Westbank First Nation, which expires February 2023, office space in Montreal, which expires November 2019, and various office equipment leases expiring in January 2021 and March 2023. Total estimated operating lease commitments to maturity are as follows:

2020	\$ 148,937
2021	140,857
2022	135,721
2023	113,385
	\$ 538,900

(b) Derivative financial instruments:

At March 31, 2019, the FNFA had the following outstanding derivative financial instruments:

- Interest rate swap contract with a notional value of \$6.59 million (2018 - \$ 6.59 million) whose settlement extends to June 1, 2035.

The contract was entered into as a device to control interest rate risk. It was entered into on behalf of a borrowing member 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 contract 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 contract is considered a level 2 financial instrument.

During the year ended March 31, 2019 two bond forward contracts entered into on behalf of a borrowing member were settled for a net realized loss of \$174,212. The contracts were settled upon the member's debenture financing issuance in September 2018; the realized loss has been allocated to financing fees.

The unrealized loss at March 31, 2019, of \$258,398 (2018 - \$535,696) 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:

	2019	2018
Credit Enhancement Fund	\$ 30,529,075	\$ 30,000,000
Operating Fund:		
Invested in capital assets	178,346	85,437
Unrestricted	5,840,793	3,347,808
	6,019,139	3,433,245
	\$ 36,548,214	\$ 33,433,245

(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 capital assets	Unrestricted	
Balance, March 31, 2017	\$ 20,000,000	\$ 37,830	\$ 1,752,559	\$ 21,790,389
Annual surplus (deficit)	550,288	(19,208)	1,111,776	1,642,856
CEF Contribution	10,000,000	-	-	10,000,000
Acquisition of capital assets	-	66,815	(66,815)	-
Transfers	(550,288)	-	550,288	-
Balance, March 31, 2018	\$ 30,000,000	\$ 85,437	\$ 3,347,808	\$ 33,433,245
Annual surplus (deficit)	917,325	(50,978)	1,719,547	2,585,894
CEF Contribution	529,075	-	-	529,075
Acquisition of capital assets	-	143,887	(143,887)	-
Transfers	(917,325)	-	917,325	-
Balance, March 31, 2019	\$ 30,529,075	\$ 178,346	\$ 5,840,793	\$ 36,548,214

12. Grants and contributions:

During the year, FNFA received the following funding arrangements from ISC:

	2019	2018
Comprehensive Funding Arrangement Grant Agreement	\$ 3,764,803	\$ 3,035,722
	500,000	500,000
	\$4,264,803	\$3,535,722
Deferred contributions	(609,655)	(605,663)
	\$ 3,655,148	\$ 2,930,059

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, 2019 and has been renewed for the 2020 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, 2019, 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.

13. Financial instruments (continued):

FNFA is subject to non-financial covenants and restrictions in relation to its interim financing (note 6) and Credit Enhancement Fund (note 8). As at March 31, 2019, 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				2019
	On demand	Within 1 year	Greater than 1 year	Total
<i>Non-derivative financial liabilities</i>				
Accounts payable and accrued liabilities	\$ -	\$ 254	\$ -	\$ 254
Accrued interest payable	-	5,276	-	5,276
Deferred contributions	-	610	-	610
Principal and interest received in advance	-	8,313	-	8,313
Funds held for members	22,149	-	-	22,149
Due to members	32,610	-	-	32,610
Interim financing	104,470	-	-	104,470
Debenture financing	-	-	515,000	515,000
<i>Derivative financial liabilities</i>				
Derivative contracts	-	-	258	258
	\$ 159,229	\$ 14,453	\$ 515,258	\$ 688,940

In thousands of dollars				2018
	On demand	Within 1 year	Greater than 1 year	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

(b) Credit risk:

Credit risk refers to the risk that a counterparty 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 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 \$48,600 (2018 - \$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

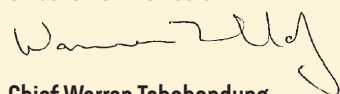
Statement of Net Assets (unaudited)

December 31, 2018, with comparative information for 2017

	Money Market Fund		Intermediate Fund		Bond Fund		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Assets								
Cash	\$ 79	347	37	136	4,433	8	\$ 4,549	\$ 491
Unitholder receivable	-	-	28,016	62,344	99,510	62,527	127,526	124,871
Investments (note 3)	14,452,812	13,407,957	835,658	2,608,523	2,501,780	2,433,388	17,790,250	18,449,868
	\$ 14,452,891	13,408,304	863,711	2,671,003	2,605,723	2,495,923	\$ 17,922,325	\$ 18,575,230
Liabilities, Net Assets and Unitholders' Equity								
Accrued management fees	\$ 1,960	1,801	151	465	428	435	\$ 2,539	\$ 2,701
Bank overdraft	-	-	-	-	-	-	-	-
Unitholder payable	13,062	112	-	-	15,814	-	28,876	112
	15,022	1,913	151	465	16,242	435	31,415	2,813
Net assets and unitholders' equity	14,437,869	13,406,391	863,560	2,670,538	2,589,481	2,495,488	17,890,910	18,572,417
	\$ 14,452,891	13,408,304	863,711	2,671,003	2,605,723	2,495,923	\$ 17,922,325	\$ 18,575,230

See accompanying notes to the financial statements.

On behalf of the Board:



Chief Warren Tabobondung
CHAIR

Pooled Investments

Statement of Earnings and Unitholders' Equity (unaudited)

December 31, 2018, with comparative information for 2017

	Money Market Fund		Intermediate Fund		Bond Fund		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Investment income:								
Interest income	\$ 253,358	153,462	34,415	26,458	44,348	2,937	\$ 332,121	\$ 182,857
Less management fees	21,845	21,007	2,383	2,019	3,637	274	27,865	23,300
	231,513	132,455	32,032	24,439	40,711	2,663	304,256	159,557
Gain (loss) on investments:								
Net realized gain (loss)	-	-	(21,685)	(12,705)	(40,340)	(825)	(62,025)	(13,530)
Net unrealized gain (loss)	-	-	22,675	13,093	42,953	863	65,628	13,956
Net gain (loss) on investments	-	-	990	388	2,613	38	3,603	426
Net earnings distributed	\$ 231,513	132,455	33,022	24,827	43,324	2,701	\$ 307,859	\$ 159,983
Net assets and unit-holders' equity:								
Units outstanding, beginning 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
Units subscribed	906,009	-	-	-	105,909	67,263	1,011,918	67,263
Distributions reinvested	231,513	132,455	33,022	24,827	43,324	2,701	307,859	159,983
Units redeemed	(106,044)	(551,202)	(1,840,000)	(1,600,000)	(55,240)	(58,568)	(2,001,284)	(2,209,770)
Units outstanding, end of the year	\$ 14,437,869	13,406,391	863,560	2,670,538	2,589,481	2,495,488	\$ 17,890,910	\$ 18,572,417

See accompanying notes to the financial statements.

Pooled Investments

NOTES TO FINANCIAL STATEMENTS (UNAUDITED) | Year ended December 31, 2018

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 unitholders.

Under the Act the FNFA may establish short-termed pooled investment funds. Funds in FNFA shortterm 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 unitholders 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 unitholders 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 unitholders 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 unitholder receivables, accrued management fees and unitholder 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 unitholders' equity in the period incurred.

Investments are designated as held for trading and recorded at market value measured at midmarket 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 unitholder. 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, 2018 the duration of the funds was 47 days for Money Market Fund, 1.1 years for the Intermediate Fund and 2.8 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 counterparty 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, 2018.

(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 unitholders' 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:

	2018			2017		
	Money Market Fund	Intermediate Fund	Bond Fund	Money Market Fund	Intermediate Fund	Bond Fund
Bankers' acceptance	7.84%	-	-	6.27%	-	-
Corporate bonds	2.64%	69.84%	44.70%	8.19%	69.91%	32.51%
Commercial paper	89.52%	0.07%	-	85.54%	-	-
Federal bonds	-	-	37.39%	-	-	47.34%
Provincial bonds	-	30.09%	10.07%	-	30.09%	12.34%
Municipal bonds	-	-	0.76%	-	-	-
Mortgages	-	-	5.40%	-	-	6.46%
Pooled funds	-	-	1.68%	-	-	1.35%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

The investments of the FNFA unit holders represent approximately 1.31% (2017 - 1.12%) of the Money Market Fund, 0.32% (2017 - 0.77%) of the Intermediate Fund, and 0.46% (2017 - 0.31%) of the Bond Fund administered by the MFA's Pooled Investment Funds.

Ernie Daniels CPA, CGA, 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 AFOA-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

As CFO, Rachel provides oversight over the accounting and finance operations of the FNFA including financial reporting, investment portfolio management and member reviews. In addition, Rachel is responsible for development of internal controls, processes, and policies. Rachel previously worked in public practice as an Assurance Manager for a Big Four accounting firm – a position that developed her skill set in analytics and project and team management. In her previous role, she worked with clients across many industries including First Nation governments and organizations. Rachel draws upon her experience to guide staff in implementing best practices for both internal and external financial reporting and analytical review.



Shannon Jenner

EXECUTIVE ASSISTANT / CORPORATE CLERK

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. As the Corporate Clerk Shannon is responsible to the Board of Directors, Committees and Senior Management for organizing and managing activities and records. She maintains all external contacts, records organizational activities and controls purchasing for the organization. Shannon's name in the Okanagan language is x^wnam xⁿam which translates as "Hummingbird".



Frank Busch

COMMUNITY OUTREACH

Frank is a member of the Nisichawayasihk Cree Nation and grew up in Northern Manitoba. He received his Bachelor of Arts degree in Indigenous Studies at the University of Manitoba and spent his professional life in the Finance Sector. He holds 5 certificates from the Canadian Securities Institute in securities, derivatives, technical analysis and fixed income trading and sales. In addition to working with large corporations in Canada, he also has previous experience with First Nations business, non-profit organizations and governments. He is an award-winning author and studied with the first ever Indigenous Executive Education cohort at Harvard Business School in Cambridge, Massachusetts through AFOA Canada, and is currently enrolled in graduate studies through Harvard Extension School. As Director of Community Engagement, Frank is responsible for building and maintaining relationships with First Nations and providing information and advice to First Nation Councils, Staff and Membership that increases awareness of the FNFA Financing, Investment and Advisory Services.



Jo-Ann Derrickson

DIRECTOR OF MEMBER SERVICES

As Director of Member Services, 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.



Jayne Fosbery

MEMBER SERVICES SUPPORT

Jayne's role is to support the members in working with FNFA to achieve their goals – whether it is maintaining and understanding current financial commitments or creating a new membership. She is also responsible for document management and supporting the growth of the new team. Her education and experience from both Local Government Management and Economic Development within First Nations is beneficial in this role.

Jayne is an active member of Westbank First Nation (WFN) and prior to accepting the position within FNFA, worked for several years in various areas of WFN including Economic Development Management, Taxation, and Utilities. She is a proud wife and a mother of three young adults.



Stephen Blancher

TECHNICAL COORDINATOR

As Technical Coordinator, 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.



FNFA Staff

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.



Sybil Campbell

MEMBER SERVICES SUPPORT

Sybil's role is to support the Staff in communicating with members and the membership process. She is a member of the Musqueam Indian Band, a Coast Salish Community located in Vancouver, BC. She attained her post-secondary education at Okanagan College, Kelowna, BC in the Business Administration Program. Sybil has

experience working with the BC AFN Vice-Chief's office, Musqueam Indian Band Land Management Office and Chief and Councils. She has experience in policy development, human resources and finance, and possesses strong leadership qualities. She is committed to the advancement of First Nations independence and self-sufficiency.

Nathalie Castonguay

BUSINESS DEVELOPMENT MANAGER - QUEBEC

Nathalie, who is a member of the Innu Nation of Uashat mak Mani-utenam, speaks many languages such as French, English and Spanish. Her university studies in finance and business administration enabled her to pursue a career in economic development and commercial banking. For over a decade, she occupied the

position of Executive Director of the Corporation de développement économique montagnaise (CDEM). This position allowed her to be actively involved in First Nations community economic development and she had the privilege of contributing in the creation and expansion of many aboriginal businesses in Quebec. Her involvement in several important boards of key regional organizations helped shape the economic development of the North Shore of Quebec. She acted as Vice-president of the Pension Fund Board of the Native Benefits Plan (NBP) for many years and she participated in the creation of the First Nations Venture Capital of Quebec (FNVCQ).



Jody Anderson

BUSINESS DEVELOPMENT MANAGER - ONTARIO

Jody is responsible for building and maintaining relationships with First Nations and other stakeholders. She provides information to First Nation Councils, Finance Staff and Members that increases awareness of the FNFA Financing, Investment and Advisory Services. She is a proud Indigenous woman, born and raised in Sioux

Lookout, ON but currently resides in Ottawa with her family.

Jody holds her CAPA designation (Certified Aboriginal Professional Administrator), she has attended Harvard Business School's Executive Education Program and is a Business graduate from Fleming College.

Prior to joining the FNFA, Jody worked with AFOA Canada for 13 years building and maintaining relationships in a Public Relations role. She has a keen interest in the growth, advancement and recognition of Indigenous communities. Jody recognizes the importance of responsiveness to address current and future economic needs for communities.

Shelley Mills

MEMBER SERVICES SUPPORT

Shelley possesses an outgoing and energetic personality which she uses to ease FNFA members' workloads as she supports them through the membership process. Shelley's resume is full of experience from small and medium sized business and understands how a helping hand can alleviate the many demands put on First Nations staff.

She is happy to navigate new members through the completion of loan documentation and assisting members in identifying eligible sources of revenue and to calculate their borrowing capacity. Her work helps to ensure that community priorities can be achieved, regardless of the project they wish to undertake. Shelley is a valuable resource to FNFA members in ensuring that First Nations accounting cycles and work flows see minimal disruption through the borrowing process.



Pam Severson

CLIENT SERVICES COORDINATOR/ CORPORATE CLERK

For 27 years, Pam has given her time and attention to the FNFA, the organization having become a great part of her life. It was with a mixture of joy and sadness that Pam retired on March 31, 2019 leaving behind a legacy of hard-work, dedication, and attention to detail that will forever

remain in the fabric of our corporate culture. On behalf of the Board and staff of the FNFA, we thank Pam for a job well done and wish her the best in the next stage of her life's journey!



FIRST NATIONS FINANCE AUTHORITY

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