



FNFA
Financing your future.



Henvey Inlet First Nation • Photo Credit: Shave Media

Stronger Together

2020/21 ANNUAL REPORT



Henvey Inlet Wind Project • Shave Media

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In 2014, Henvey Inlet First Nation - through its subsidiary Nigig Power Corporation - partnered with Pattern Canada to jointly develop the 300 MW Henvey Inlet Wind project, which generates enough clean, renewable energy to power approximately 100,000 Ontario homes.

Construction began in 2017 and employed more than 1,000 workers on site during peak activity, creating significant positive economic impacts for the Georgian Bay area's local economy and Henvey Inlet First Nation, including approximately \$25 million in direct economic activity for local First Nations businesses.

Commercial operations started in October 2019 and created more than 20 permanent, on-site jobs related to maintaining the facility, and is expected to indirectly support more than 100 additional jobs through the expansion of Henvey Inlet's programs and services.

"Henvey Inlet First Nation was able to complete the final steps of our 300-Megawatt wind project with financing from the FNFA. Having access to affordable capital and working with Indigenous professionals makes a big difference. This project has been transformational for our community and has included many partners along the way. Henvey Inlet First Nation can now move forward with other projects that positively impact our members and that is happening on our own terms, with our own revenue." Chief Wayne McQuabbie.



Our Mission

Helping First Nation communities build their own futures on their own terms.



FNFA Board of Directors

CHAIR - CHIEF **WARREN TABOBONDUNG** (Wasauksing), ON



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.

DEPUTY CHAIR - COUNCILLOR **KATY GOTTFRIEDSON**, (Tk'emlúps te Secwépemc), BC



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

COUNCILLOR **VERONICA MCGINNIS** (Osoyoos), 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** (Pekuakamiulnuatsh), QC



Councillor Patrick Courtois, la Première Nation des Pekuakamiulnuatsh (Mashteuiatsh), adds representation from the communities of Québec. Mashteuiatsh is in the Saguenay-Lac-Saint-Jean region of Québec, 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, electricians, auto mechanics, taxis, arts and handicrafts, post office, excavation, plumbing, translation, camping, hardware, convenience stores and restaurants. Mashteuiatsh has the distinction of being the first Québec 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** (Fisher River), 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** (Sheshegwaning), 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 out contribute Canada in the delivery of programs, services and the needs of their citizens.

Sheshegwaning, located on the western part of Mnídoo Mnising (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** (Mistawasis Nêhiyawak), 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.

CHIEF **DEREK EPP** (Tzeachten), BC



Ey Swayel, my XwelmeXw name is Weli'leq, my given name is Derek Epp. I have been fortunate enough to live on Tzeachten First Nation since I was two years old which has given me the ability to understand the importance of our land while having the opportunity to build strong relationships within our community.

Since I was quite young I always wrote essays for school and scholarships on how I felt the desire to serve the Tzeachten community. I felt I was bound by the policy and restrictions of Xyolhemeylh to truly make a difference in my own community and when I was asked to run in the 2017 election I was both humbled and honoured. I look forward to making our members, our ancestors and future generations proud by progressing Tzeachten through the community's vision and ensuring to continue to build a healthy community through culture and developing social services.

COUNCILLOR **ALEXANDER COPE** (Millbrook), 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.

CHIEF **ROSS PERLEY** (Tobique), NB



Chief Ross Perley has been an elected leader of Tobique (Neqotkuk) First Nation for over a decade, serving as Chief for the last 16 years. As one of six Wolastoqiyik or Maliseet communities, Chief Perley serves as President of the Maliseet Nation.

He sits on the Conservation Council, is Vice-President of Mawiw Tribal Council, Chairman of Wocawson Energy Inc., Board member of Atlantic Health Partnership and Board member of the Atlantic First Nation Water Authority. Chief Perley is committed to building safe, healthy and sustainable communities using progressive public policy, economic development and renewable energies. Chief Perley brings his trail-blazing spirit and broad-minded perspective to the FNFA.

Message From The Chair

CHAIR

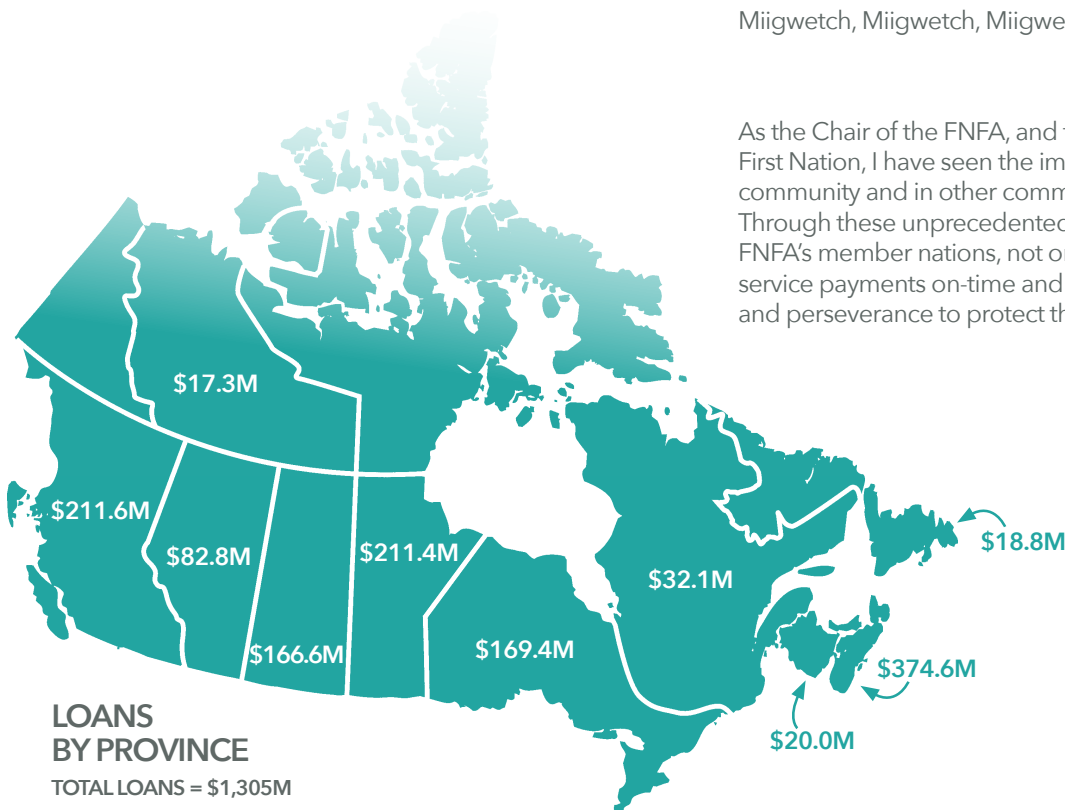
CHIEF WARREN TABOBONDUNG
(Wasauksing), ON



“Stronger Together” – The year 2020-21 was a very unique and challenging year for all our communities, especially our Elders and our vulnerable, and has proved this saying to our peoples in tangible ways. As First Nations we have come together in this year of pandemic by using our own medicines and our own practices, combined with modern science and health advice – social distancing, and becoming vaccinated. This is the way forward. We will continue to use our strengths grounded in stories to help our peoples in times of hardship and times of accomplishment. Just as we are guided by the braid of Sweetgrass (Wiingush) we will support each other by encouraging health measures and perseverance in the days ahead. During the past year, my community has offered our prayers and tobacco to those communities that have experienced losses.

Miigwetch, Miigwetch, Miigwetch, Miigwetch

As the Chair of the FNFA, and the Chief of Wasauksing First Nation, I have seen the impact of COVID-19 in my own community and in other communities across this country. Through these unprecedented times, I am very proud of FNFA's member nations, not only on how they made all loan service payments on-time and in-full, but also their hard work and perseverance to protect their own communities.



LOANS BY PROVINCE

TOTAL LOANS = \$1,305M

TOTAL JOBS CREATED = 14,429 (Using the Statistics Canada employment multiplier formula)

\$1,305M
FINANCING



As I write my fourth Message from the Chair report, I am reflecting on how the usage of our loan programs by our members has evolved. Prior to this fiscal year, our member First Nations requested loans from FNFA that were focused on their single community's needs and priorities.

In 2020/21, FNFA has seen a very positive change whereby our members are working together as groups to request loans. Economic opportunities too large for any individual First Nation became possible when multiple First Nations worked together. A clear example of this occurred in January 2021 when 7 Atlantic Mi'kmaq First Nations pooled

their buying power and borrowed \$250 Million from the FNFA to purchase offshore fishing licenses from the Department of Fisheries. This purchase allowed significant revenues to be realized for each community under a priority lease contract with Clearwater Seafoods Co. This license purchase was then leveraged to allow the 7 communities to also become 50% owners of Clearwater Seafoods. The social and economic benefits will occur for years to each community.

In this fiscal year, the FNFA issued \$554 Million in loans, through two debentures and multiple Interim loans, to 35 different First Nations located across 7 provinces. These loans created approximately 5,500 well-paying jobs for both Indigenous and non-Indigenous peoples in Canada. These loans helped FNFA achieve a significant milestone this fiscal year: breaking through the \$1 Billion mark in financing for FNFA members spread across 9 provinces and one territory. Loan issuance continued, and our loan portfolio, at year end, stood at \$1.3 Billion.

The purposes of these loans would be considered in the ESG categories (Environmental, Social, and Governance): housing (new and remediated), green energy (wind & solar farms), education and wellness and administration centres, school additions, community infrastructure, roads, Elders' care complexes, and broadband connectivity.

As both our membership and loan portfolio grew, the FNFA was conscious that adequate operational levels be maintained to ensure all due diligence, information gathering, financial reviews and bondholder safeguards were maintained. To this end, FNFA management began an upgrade of our financial software systems, a re-structuring of our internal departments, and a review of our staffing levels. Seven new hirings occurred: a Senior Business Analyst, a Financial Analyst, two Member Services personnel, two Business Development personnel, and a Junior Office Assistant.

PROVINCE	SCHEDULED	PENDING	FNFA MEMBERS	FNFA MEMBERS W/LOANS	TOTAL BORROWED (\$M)	NATIONAL ECONOMIC OUTPUT (\$M)	JOBS CREATED
AB	17	0	5	3	\$82.8	\$180.8	682
BC	123	2	47	23	\$211.6	\$450.2	2,140
MB	34	2	15	12	\$211.4	\$525.5	2,692
NB	10	0	2	2	\$20.0	\$42.7	200
NL	4	0	2	1	\$18.8	\$40.2	188
NS	12	0	10	9	\$374.6	\$797.5	4,771
ON	50	1	18	12	\$169.4	\$350.0	1,794
PE	1	0	0	0	\$0.0	\$0.0	-
SK	41	2	15	8	\$166.6	\$342.6	1,471
QC	13	1	6	3	\$32.1	\$70.0	372
NWT	7	0	1	1	\$17.3	\$35.1	119
	312	8	121	74	\$1,305	\$2,835	14,429

Our growth has also allowed FNFA to engage DBRS Morningstar with the goal of commencing a Commercial Paper Program (C.P. Program). A C.P. Program will lower our short-term financing rates further, providing significant cash flow savings for our membership. At the time of this Message, our short-term rate would be 1.75%.

I would like to thank the Honourable Carolyn Bennett (Minister of Crown - Indigenous Relations) whose continued support greatly helped FNFA's members. A total of \$17.1 Million was provided to FNFA this fiscal year which was distributed to its members to offset budget pressures due to COVID-19. A further \$32.5 Million was announced in the 2021 Federal Budget for FNFA for similar purposes. To further support our credit ratings the Ministry added \$2.9 Million to one of FNFA's investor safeguards, the Credit Enhancement Fund. And, the 2021 Federal Budget allocated \$925,000 to FNFA to cover the commencement costs of initiating our upcoming C.P. Program. All these support measures will ensure our low-rate loans, and capital markets access on behalf of our members, will remain strong.

Staff at the FNFA have spent significant time with Canada focusing on amendments to our Act, with the objective of ensuring we adapt with changes to the capital markets, and also fit within the policies of Canada. To this end, two regulations are being developed. The first will allow entry of Treaty and Self-Governing First Nations into



Red Pheasant Cree Nation Centex Gas Bar
Photo Credit: Martin Martinson

FNFA membership; the second will further expand our membership by inviting non-profit Authorities (water, housing, education, health, etc.) to join. These expansions will add further strength to the borrowing pool.

Discussions with Canada are also continuing regarding the monetization of annual Federal dollars into much needed First Nations infrastructure. The annual service payments on current FNFA loans are 100% supported by our members' own-source revenues, not Federal dollars. But even at this level of loans the infrastructure gap remains considerable. To further close the remaining gap, that has built-up over generations, support from Canada will be needed.

To this end, the FNFA staff have engaged in presentations to Government representatives, Members of Parliament, and Senators. These discussions have focused on the four-step monetization plan that FNFA is endorsing that will have a significant impact in the areas of housing, health, water, education, etc., at today's costs, not tomorrow's inflated costs.

I would also like to personally thank our Board members (see pages 2 through 4). Throughout the year, they reviewed and approved 28 Borrowing Laws, 16 new membership applications, \$554 Million in loan requests, and diligently applied their time to meet the needs of our membership.

Lastly, I would like to thank our growing staff who manage the day-to-day operations of this unique Authority. I am pleased to see every year the benefits of being an FNFA member being realized by an ever-expanding number of First Nations. Our services are now supplied in both official languages, and with FNFA sub-offices in each regional area of Canada our expanding member base has a representative in their geographic backyard. Miigwetch.



121
MEMBERS



\$2,835M
ECONOMIC OUTPUT



8
DEBENTURES



14,429
JOBS CREATED



87+
PRESENTATIONS

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.

FNFA's loan portfolio is supported by Other Revenues, mandated in the Financing Secured by Other Revenues Regulations.

Representation

The FNFA is governed by a Board of Directors, elected annually at our AGM by our membership. Board eligibility, and voting, is open to representatives (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 10 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. No property tax supported loans are yet included in FNFA's debentures.

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 for loan requests by each member.

REVENUES SUPPORTING LONG TERM LOANS

The FNFA's mandate allows First Nations to support loan requests with two types of revenue streams: other revenues, or 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 First Nation's own governance policies.

To date, two members have requested property tax supported loans and 74 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 Financing rate is 2.40% (Chartered Bank prime for comparison is currently 2.45%). Interim Financing is temporary financing and has two functions:

1. To Cover Costs During Construction: A borrowing member can request Interim Financing to cover the construction costs of a project to a maximum of 5 years from the FNFA. When the project has been completed, the interim financing must be converted into a fixed-rate debenture financing loan or it must be paid off. Debenture financing gives stability of payments and rates.
2. Short-term 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 Financing program. When the debenture is issued, the borrowing member will have their Interim Financing loan rolled into a fixed-rate long term debenture loan.



How We Safeguard Our Investors



4.06

INTEREST COVERAGE RATIO

Financial Protection

FNFA creates various investor safeguards through its Act and contractual documents with its borrowing members. Under its Act, all FNFA debentures are pari passu, forwards and backwards.

Firstly, minimum debt coverage ratios are applied to each members' 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. All loans are annually monitored to ensure coverage ratios are maintained.

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 directly into the trust account. The FNFA has contracted with Computershare to act as trustee of these accounts, who allocates out of the trust account the debt service payments to the FNFA, and directs the remaining balance to the borrowing member. Approximately 71% of these revenues are 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), which could service the borrowing members interest payments for approximately 24 months. Should a revenue source supporting a loan payment be interrupted, the FNFA can 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.

In an unlikely circumstance where 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' 2020 audited statements showed there were in excess of \$1 Billion 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 returns the member's 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 \$45.5 Million in Credit Enhancement Fund (CEF) monies. This CEF is a secondary investor safeguard whose purpose is to support the DRF.

Lastly, FNFA operates a mandatory Sinking Fund 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 First Nations Fiscal Management Act (FMA; the Act) 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.

Scheduled First Nations

312 Communities Across
10 Provinces And
1 Territory

?Akisq'nuk First Nation	Ebb and Flow	Little Red River Cree	Peguis	Stellat'en
?Aqam (St. Mary's)	Eel River Bar	Little Saskatchewan	Penticton	Stoney
?Esdilagh	Ehattesaht	Little Shuswap Lake	Peter Ballantyne Cree	Sts'ailes
Acadia First Nation	Elsipogtog	Long Plain First Nation	Peters	Sturgeon Lake
Adams Lake	English River	Long Point First Nation	Pheasant Rump Nakota	Stz'uminus
Ahousaht	Enoch Cree #440	Lower Kootenay	Piapot	Sumas
Ahtahkakoop	Esquimalt	Lower Nicola	Pic Mobert	Sunchild
Aitchelitz	Fisher River	Lower Similkameen	Pictou Landing	Swan River
Algonquins of Pikwakanagan	Flying Dust	Lytton	Pine Creek	Sweet Grass
Animakee Wa Zing #37	Fort McMurray #468	Madawaska Maliseet First Nation	Popkum	Takla Nation
Animbiigoo Zaagi'igan Anishinaabek	Fort Nelson	Makwa Sahgaiehcan	Poplar River First Nation	Taku River Tlingit
Anishnaabeg of Naongashiing	Fort William	Malahat	Potlotek First Nation	Tataskweyak Cree
Annapolis Valley	Frog Lake	Matsqui	Première Nation des Abénakis de Wôlinak	Taykwa Tagamou
Atikameksheng Anishnawbek	Gambler	M'Chigeeng	Première Nation des Pekuakamiulnuatsh	Teet'it Gwich'in
Atikamekw d'Opitciwan	Garden Hill	McLeod Lake	Première Nation Wolastoqiyik Wahsipekuk	Temagami
Bande des Innus de Pessamit	George Gordon	Membertou	Qalipu Mi'kmaq First Nation	The Key
Bear River	Gitga'at	Metepenagiag Mi'kmaq Nation	Quatsino	Thunderchild First Nation
Beardy's and Okemasis	Gitsegukla	Metlakatla	Rainy River	Timiskaming First Nation
Beausoleil	Gitwangak	Miawpukek	Red Pheasant	T'it'q'et
Beaver Lake Cree	Gitxaala Nation	Micmacs of Gesgapegiag	Red Sucker Lake	Tk'emlups te Secwepemc (Kamloops)
Beecher Bay	Glooscap	Millbrook	Rolling River	Tla'amin Nation (Final Agreement)
Behdzi Ahda"	Gwa'Sala-Nakwaxda'xw	Misipawistik Cree Nation	Roseau River Anishinabe	Tla-o-qui-aht
Berens River First Nation	Hagwilget Village	Mississauga of Scugog Island	Sagamok Anishnawbek	Tobacco Plains
Big Island Lake Cree	Halalt	Mistawasis Nehiyawak	Saik'uz	Tobique
Bigstone Cree	Halfway River	Mitaanjigamiing	Sakimay	Tsal'alh
Biinjitiwaabik Zaaging Anishinaabek	Heiltsuk	Mohawks of the Bay of Quinte	Salt River #195	Tsartlip
Bingwi Neyaashi Anishinaabek	Henvey Inlet	Montana	Sandy Bay	Tsawout
Black River	High Bar	Moosomin	Sapotaweyak Cree	Tsay Keh Dene
Brokenhead Ojibway	Homalco	Mosquito, Grizzly Bear's Head, Lean	Saugeen	Tseycum
Brunswick House	Indian Island	Munsee-Delaware	Saulteau	Ts'kw'aylaxw
Buctouche	Innu Essipit	Mushuau Innu First Nation	Saulteaux	Tsleil-Waututh
Buffalo Point	Inuvik Native	Muskeg Lake Cree Nation #102	Seabird Island	T'Sou-ke
Caldwell	Iskatewizaagegan #39 Independent	Muskoday	Semiahmoo	Tsuu T'ina
Canoe Lake	Jean Marie River	Muskowekwan	Serpent River	Tzeachten
Carry The Kettle	Kahkewistahaw	Nadleh Whuten	Shackan	Upperc Nicola
Cat Lake	Kanaka Bar	Nak'azdli	Shawanaga	Wagmatcook
Cayoose Creek	K'atl'odeeche	Namgis	Sheguiandah	Wahgoshig
Chapleau Cree	Katzie	Nanoose	Sheshatshiu Innu First Nation	Wahnapiatae
Chawathil	Kawacatoose	Naotkamegwanning	Sheshegwaning	Wasagamack
Cheam	Kehewin Cree	Nazko	Shoal Lake No. 40	Wasauksing
Cheslatta Carrier	Kingfisher	Neskonlith Indian Band	Shuswap	Waywayseecappo
Chippewas of Georgina Island	Kingsclear	Nipissing	Shxwha'y Village	We Wai Kai Nation
Chippewas of Kettle & Stony Point	Kinistin	Nisichawayasihk Cree	Shxw'owhamel	Wei Wai Kum First Nation
Chippewas of Rama	Kispiox	Norway House Cree	Siksika	We'koqma'q First Nation
Chippewas of the Thames	Kitigan Zibi Anishinabeg	N'Quatqua	Simpcw	West Moberly
Cold Lake	Kitselas	Obashkaandagaang	Sipekne'katik	Wet'suwet'en
Coldwater	K'omoks First Nation	Ochapowace	Skatin	Whispering Pines/Clinton
Conseil de la Première Nation Abitibiwinni	Kwadacha	O'Chiese	Skawahlook	White Bear
Conseil des Atikamekw de Wemotaci	Kwantlen	Ochiichagwe'babigo'ining	Skeetchestn	Whitecap Dakota
Cook's Ferry	Kwaw-kwaw-Apilt	Okanese	Skidegate	Whitefish River
Cote 366	Kwikwetlum	Opaskwayak Cree Nation	Skin Tyee	Wikwemikoong
Cowichan	Lac Des Mille Lacs	Oromocto	Skowkale	Williams Lake
Cross Lake	Lac La Ronge	Osoyoos	Skownan	Witset First Nation
Cumberland House Cree	Lac Seul	Pacheedaht	Snuneymuxw	Woodstock
Curve Lake	Lake Babine	Paq'tnkek Mi'kmaw Nation	Songhees	Wunnumin
Dakota Tipi	Lake Cowichan (Ts'uubaa-asatx)	Paungassi	Soowahlie	Wuskwi Sipihk
Doig River	Lake Manitoba	Paul	Splatsin	Xaxli'p
Driftpile	Lake St. Martin	Peepeekisis Cree Nation No. 81	Sq'ewlets	Xa'xtsa (Douglas)
Eagle Lake	Lax Kw'alaams		Squamish	Yakweakwioose
	Lennox Island		Squiala	Yale
	Leq'a'mel		St. Theresa Point	Yekooche
	Lheidli T'enneh		Standing Buffalo	Yellow Quill Band
	Lhtako Dene Nation		Star Blanket	Yellowknives Dene
	Lil'wat Nation			York Factory
	Listuguj Mi'gmaq Government			

What We Do

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.

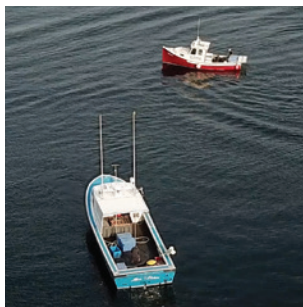
FNFA was created to provide First Nation governments with access to the same types of affordable financing that all other local and regional governments in Canada use to ensure equitable quality of life for their citizens. FNFA was formed by a group of successful and forward-thinking First Nations' leaders in 1993 in order to respond to this challenge.

FNFA is a First Nations owned and operated, not-for-profit, pooled-borrowing institution. Our goal is to provide First Nation governments with loans at the most advantageous rates for their chosen projects. FNFA, with its two investment-grade credit ratings, raises these monies by issuing debentures or short-term borrowings in the financial markets. FNFA is modeled after tried and tested pooled government borrowing authorities. Our mandate as set out in the First Nations Fiscal Management Act and related Regulations, is to provide financing, investment, and advisory services for those First Nation governments across Canada that voluntarily schedule to our Act.

ECONOMIC DEVELOPMENT

Clearwater Seafoods is one of the largest fully integrated seafood companies in North America and is now owned by the Mi'kmaq. This major acquisition has developed a path, through the FNFA, for groups of First Nations to participate in similar investments of this nature. The Mi'kmaq Coalition comprised of seven Mi'kmaq communities from across NS and NL have become 50% owners of Clearwater Seafoods, in partnership with Premium Brands (based in BC). The Mi'kmaq Coalition will have 100% ownership of all Clearwater Canadian lobster fishing quotas by securing a \$250 million loan through FNFA. Participating First Nations were Membertou, Potlotek, Pictou Landing, Sipekne'katik, Miawpukek, Paqtnkek and We'kowma'q.

CLEARWATER SEAFOODS (NS/NL)



SUPPORTING INDIGENOUS BASED TOURISM



FNFA members across the Nation are active participants in Indigenous Based Tourism as a way to entwine the unique culture into the growing industry as well as for economic inclusion. It is vital that the narrative be told by those that live it. Long Plain First Nation in Manitoba and Snuneymuxw First Nation on Vancouver Island BC are doing just that. Long Plain has built Microtel and is in its first year of operation. Snuneymuxw has invested in the Courtyard of Marriot hotel being built on a site of a historic village in Nanaimo and is across the street from the Vancouver Island Convention Centre.

LONG PLAIN FIRST NATION (MB) AND
SNUNEYMUXW FIRST NATION (BC)

MULTI-USE FACILITY

Temagami First Nation's Administration Office is located on the Bear Island Indian Reserve, which is one square mile of land, in the middle of Lake Temagami. The requirement for a new band office and community centre has been on the community agenda for the past 30 years. With the planning of the community and financial assistance of FNFA, this has finally come to fruition. Temagami embarked on a plan to build a multi-use facility that not only houses offices for its administration, but it also serves as a community centre, community kitchen and gathering place for its members. At the same time, the community also built a beautiful 12-unit elders complex. Both buildings overlooking Lake Temagami and the territory of their people.

"This new building is very accessible and meets my disability needs by being wheelchair accessible inside and out. I am also able to spend a lot more time, in normal circumstances, with my family and friends because of the central location." Elder Cathy Metcalfe

TEMAGAMI FIRST NATION (ON)



INFRASTRUCTURE FOR PUBLIC USE

Kahkewistahaw First Nation is investing in their Governance and Administration Centre using the most up to date building techniques and creating a centre of excellence for their Leadership and work force. An exciting feature will be a museum area that includes a repository for the community artifacts. This construction is on schedule to open in late September and is only one of the projects that are currently being done. It will be named Chief Joseph Crow Governance Centre.

KAHKEWISTAHAW FIRST NATION (SK)



COMMUNITY INFRASTRUCTURE



Neskonlith First Nation is a member that joined FNFA in 2020 to finance the building and outfitting of the Switzmalph Daycare Centre located in Salmon Arm BC. The new daycare offers Secwepemc cultural activities as its core programming and is open to all children. The circular design is like a winter

house - Kekuli but also points to how our people put the children in the middle to nurture and raise in a good way.

NESKONLITH FIRST NATION (BC)

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. The Beausoleil First Nation is completing a Wharf Reconstruction on both the Christian Island

and Cedar Point sides. The work included access to site, removal of existing structures, supply and installation of anchored steel sheet pile walls, supply and placement of rip rap, armour stone and geotextile, site grading, lighting improvements and restoration of the sites.

BEAUSOLEIL FIRST NATION (ON)

DEVELOPMENT OF SUSTAINABLE POWER SOURCES



Ocean Man First Nation became a member in 2020 with the clear vision of developing sustainable power sources from their lands. They worked to connect to the power grid with SaskPower and between the two sites they are harnessing solar power to supply over 200 homes. They

are working to create opportunities for self sufficiency and have more projects in the future.

OCEAN MAN FIRST NATION (SK)

First Nations Leading the Way

National Meeting

FNFA, along with the other FMA institutions, the First Nations Financial Management Board (FMB) and the First Nations Tax Commission (FNTC), and the Lands Advisory Board (LAB) presented the third annual meeting, focusing on the topic of “First Nations Economic Resilience”. The two-day event included presentations and panel discussions, short videos, a documentary film premiere and entertainment on the themes of “First Nations Success Stories” and “First Nations Economic Resilience in Action.” This year’s virtual event had 260 participants.

Event Details

First Nations across Canada are exercising their jurisdiction and striving to move beyond the Indian Act with First Nation-led initiatives that enhance the growth and sustainability of First Nations, ultimately supporting higher standards of community well-being.

The main objectives of the meeting were to:

- **Learn about successes First Nations are experiencing as a result of working outside of the Indian Act;**
- **Share institutional tools and support services;**
- **Unify a collective voice for First Nations led initiatives and innovations; and**
- **Set a clear path forward for building prosperous and vibrant First Nation communities.**

The event had welcoming remarks by the Honourable Carolyn Bennett, Minister of Crown Indigenous Relations, and Pam Damoff, Parliamentary Secretary to the Minister of Indigenous Services. First Nations at the forefront of expanding jurisdiction highlighted their achievements in using First Nation-led agreements and legislation to improve their economies through greater fiscal independence, improved financial management, debenture financing, and sound land governance. It also provided an opportunity for First Nations to learn more about how the other First Nation Institutions and the Lands Advisory Board can support and enhance innovations in First Nations fiscal relations with the Crown.

Our Team Focus

Our President/CEO, Ernie Daniels, spoke on the benefits of FNFA financing: how accessing the capital markets and pooled financing offers lower interest rates and more long-term budget certainty for our member communities. He highlighted a group of seven First Nations that came together to borrow from FNFA for a major equity purchase in Clearwater Seafoods that will economically benefit all of their communities. Further, he spoke to FNFA’s initiative of financing the infrastructure gap between First Nations and the rest of Canada.

Jody Anderson, Director of Business Development, hosted a panel featuring two FNFA members and highlighted their success with FNFA financing for their community projects. Vicky Blake, Finance Manager, Temagami First Nation and their new Multi-use facility (governance, admin, cultural and community centre) as well as hearing from Chief Misel Joe from Miawpukek First Nation in Newfoundland and Labrador and their experience as a small community involved in the larger \$250 Million Clearwater Seafoods transaction.

Don Morin, Senior Business Analyst, participated in the Education and Capacity Development Panel, focusing on capacity development, economic decolonization, training, and support to achieve financial independence.

We look forward to future events as we continue, with the other institutions, to support First Nations Leading the Way.

For more information and for future events go to fnleadingtheway.com





Audited Financial Statements

Statement of Management Responsibility

The financial statements of First Nations Finance Authority (the “FNFA”) for the year ended March 31, 2021 have been prepared by management in accordance with Canadian public sector accounting standards (“PSAS”). The integrity and objectivity of these statements are management’s responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

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

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

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

On behalf of First Nations Finance Authority

A handwritten signature in black ink, appearing to read 'Ernie Daniels'.

ERNIE DANIELS

President & CEO

May 20, 2021



KPMG LLP

200 - 3200 Richter Street

Kelowna BC, V1W 5K9

Canada

Tel 250-979-7150

Fax 250-763-0044

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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, 2021
- 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 cash flows for the year then ended
- the statement of remeasurement gains and losses 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, 2021, and its results of operations, its changes in net financial assets, its cash flows and its remeasurement gains and losses for the year then ended in accordance with Canadian public sector accounting standards.

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.



KPMG LLP

Chartered Professional Accountants

May 20, 2021 | Kelowna, Canada

Statement of Financial Position

March 31, 2021 with comparative figures for 2020
(in thousands)

	2021	2020
Financial Assets		
Cash and cash equivalents	\$ 20,555	\$ 14,348
Debt Reserve Funds investments (note 2(a))	68,535	40,853
Sinking Funds investments (note 3)	73,179	49,517
Loans to members (note 4)	1,234,793	711,000
Restricted cash and cash equivalents: (note 5)		
Funds held due to members	16,589	15,829
Principal and interest payments received in advance	13,866	9,409
Other	324	324
	1,427,841	841,280
Liabilities		
Accounts payable and accrued liabilities	380	306
Accrued interest payable	9,411	6,475
Deferred contributions (note 12)	115	199
Due to members (note 2(b))	68,535	40,853
Funds held due to members	16,589	15,829
Principal and interest payments received in advance	13,866	9,409
Interim financing (note 6)	31,239	74,803
Debenture financing: (note 7)		
Principal	1,272,000	678,000
Unamortized premium (discount)	14,951	10,679
Unamortized debenture issuance costs	(7,158)	(4,326)
	1,419,928	832,227
Net Financial Assets	7,913	9,053
Non-Financial Assets		
Credit Enhancement Fund assets (note 8)	45,500	42,529
Capital assets (note 9)	1,047	234
Prepaid expenses	342	306
	46,889	43,069
Subsequent event (note 6)		
Commitments and contingencies (note 10)		
Accumulated surplus	\$ 54,802	\$ 52,122
Accumulated surplus is comprised of:		
Accumulated surplus (note 11)	\$ 54,722	\$ 53,173
Accumulated rereasurement gain (loss) (note 10 (b))	80	(1,051)
	\$ 54,802	\$ 52,122

See accompanying notes to the financial statements.

On Behalf of the Board:



CHIEF WARREN TABOBONDUNG
Chair



ERNIE DANIELS
President & CEO

Statement of Operations and Accumulated Surplus

Year ended March 31, 2021 with comparative figures for 2020
(in thousands)

	2021 Budget (note 1(g))	2021	2020
Revenue			
Grants and contributions: (note 12)			
Funding and grant arrangements	\$ 3,911	\$ 4,054	\$ 4,346
Deferred contributions	-	(115)	(199)
Interest from members	28,468	28,672	22,932
Debenture issuance premium amortization	2,231	2,351	1,622
Investment income	2,130	1,276	2,937
Management fees	355	381	441
Other	21	23	20
	37,116	36,642	32,099
Expenses (note 1(h))			
Interest on financing	26,610	26,891	21,677
Debenture issuance discount amortization	373	353	354
Debenture issuance costs amortization	857	924	700
Interim financing fees amortization	110	110	104
Financing fees	688	820	541
Professional fees	430	496	395
Travel and workshops	442	100	512
Salaries and benefits	2,368	2,302	1,984
Operations and management	538	475	507
Investment revenue due to members	1,558	1,535	1,089
Amortization of capital assets	122	104	43
	34,096	34,110	27,906
Annual operating surplus	\$ 3,020	\$ 2,532	\$ 4,193
Credit Enhancement Fund contribution (note 8)	-	2,970	12,000
Net realized remeasurement gains (losses) (note 10 (b))	-	(3,953)	432
Surplus	3,020	1,549	16,625
Accumulated surplus, beginning of year	53,173	53,173	36,548
Accumulated surplus, end of year	\$ 56,193	\$ 54,722	\$ 53,173

See accompanying notes to the financial statements.

Statement of Changes in Net Financial Assets

Year ended March 31, 2021 with comparative figures for 2020
(in thousands)

	2021 Budget (note 1(g))	2021	2020
Surplus	\$ 3,020	\$ 1,549	\$ 16,625
Changes to non-financial assets			
Increase in Credit Enhancement Fund assets	-	(2,970)	(12,000)
Acquisition of capital assets	-	(917)	(99)
Amortization of capital assets	122	104	43
	122	(3,783)	(12,056)
Net change in prepaid expenses	-	(36)	176
	122	(3,819)	(11,880)
Net remeasurement gains (losses)	-	1,130	(792)
Increase (decrease) in net financial assets	3,142	(1,140)	3,953
Net financial assets, beginning of year	9,053	9,053	5,100
Net financial assets, end of year	\$ 12,195	\$ 7,913	\$ 9,053

See accompanying notes to the financial statements.



Statement of Cash Flows

Year ended March 31, 2021 with comparative figures for 2020
(in thousands)

	2021	2020
Cash provided by (used in):		
Operating transactions:		
Annual operating surplus	\$ 2,532	\$ 4,193
Debenture issuance premium amortization	(2,351)	(1,622)
Debenture issuance discount amortization	353	354
Debenture issuance costs amortization	924	700
Interim financing fees amortization	110	104
Amortization of capital assets	104	43
Net realized remeasurement gains (losses)	(3,953)	432
Net change in non-cash assets and liabilities	2,890	1,016
	609	5,220
Investing transactions:		
Acquisition of investments	(51,344)	(23,676)
Increase in amounts due to members	27,682	8,243
Net (increase) decrease in restricted cash	(5,217)	5,225
Increase (decrease) in funds held due to members	760	(6,321)
Increase in principal and interest payments received in advance	4,457	1,096
	(23,662)	(15,433)
Financing transactions:		
Loans to members issued	(553,665)	(141,378)
Repayment of loans to members	31,002	15,563
Debenture financing issued, principal	594,000	163,000
Premium (discount) on debenture issuance	6,270	8,965
Debenture issuance costs	(3,756)	(978)
Proceeds from interim financing	31,294	74,968
Repayment of interim financing	(74,968)	(104,519)
Interim financing fees paid	-	(220)
	30,177	15,401
Capital transactions:		
Purchase of capital assets	(917)	(99)
Increase in cash and cash equivalents	6,207	5,089
Cash and cash equivalents, beginning of year	14,348	9,259
Cash and cash equivalents, end of year	\$ 20,555	\$ 14,348
Supplemental cash flow information:		
Interest paid	\$ 23,955	\$ 21,509
Credit Enhancement Fund contributions	2,970	12,000

See accompanying notes to the financial statements.

Statement of Remeasurement Gains and Losses

Year ended March 31, 2021 with comparative figures for 2020
(in thousands)

	2021	2020
Accumulated remeasurement losses, beginning of year	\$ (1,051)	\$ (258)
Net remeasurement gains (losses) realized and reclassified to the statement of operations from:		
Derivative contracts	(3,953)	432
Unrealized gains (losses) generated and reversed during the year from:		
Derivative contracts	5,083	(1,224)
Net remeasurement gains (losses)	1,130	(792)
Accumulated remeasurement gains (losses), end of year	\$ 80	\$ (1,051)

See accompanying notes to the financial statements.



Notes to Financial Statements

Year ended March 31, 2021 | (all tabular figures reported in thousands of dollars)

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).

In March, 2020, the World Health Organization (WHO) declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic. This has resulted in governments worldwide, including the Canadian government, to enact emergency measures to combat the spread of the virus. The FNFA Board of Directors have approved and instructed FNFA staff to work with the impacted members by restructuring loan payments, when deemed necessary, to ensure the safe functioning of the member community. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy is not known at this time.

1. Significant accounting policies:

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

(a) Basis of presentation:

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

Operating Fund:

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

Credit Enhancement Fund:

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

Sinking Funds:

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

Debt Reserve Funds:

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

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

(b) Revenue recognition:

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

Interest on loans to members is recorded as revenue in accordance with FNFA's loan agreements with its members.

Investment income is recorded as revenue in the period earned.

Transfers from governments which FNFA collects as an agent on behalf of its members are recorded on a net basis.

Notes to Financial Statements (continued)

Year ended March 31, 2021 | (all tabular figures reported in thousands of dollars)

1. Significant accounting policies (continued):

(c) Cash and cash equivalents:

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

(d) Financial instruments:

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

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

(e) Capital assets:

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. 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 28, 2020. 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, 2021. Accordingly, segmented disclosures have not been presented in these financial statements.

Notes to Financial Statements (continued)

Year ended March 31, 2021 | (all tabular figures reported in thousands of dollars)

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, 2021 consist of the following:

	2021	2020
Cash and cash equivalents	\$ 66,593	\$ 38,911
Government and corporate bonds	1,942	1,942
	\$ 68,535	\$ 40,853

Government and corporate bonds include bonds with maturities from June 2026 to October 2028, with coupon rates from 2.40% to 3.05% and have a total principal of \$1.9 million (2020 - \$1.9 million). The market value as at March 31, 2021 was approximately \$2.0 million.

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, 2021, 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 fulfil 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, 2021 consist of the following:

	2021	2020
Cash and cash equivalents	\$ 61,868	\$ 43,289
Government and corporate bonds	11,311	6,228
	\$ 73,179	\$ 49,517

Government and corporate bonds include bonds with maturities from April 2024 to June 2030, with coupon rates from 1.25% to 3.40% and have a total principal of \$10.9 million (2020 - \$5.9 million). The market value as at March 31, 2021 was approximately \$10.6 million.

The Sinking Fund investment portfolio includes FNFA issued bonds. At March 31, 2021, the book value of these investments was \$5.7 million (2020 - \$5.8 million) and related investment income during the year was \$0.2 million (2020 - \$0.3 million).

4. Loans to members:

	2021	2020
Debenture financing loans	\$ 1,203,728	\$ 637,386
Interim financing loans	30,985	74,665
	1,234,713	712,050
Unrealized gain (loss) on derivative contracts	80	(1,051)
	\$ 1,234,793	\$ 711,000

Notes to Financial Statements (continued)

Year ended March 31, 2021 | (all tabular figures reported in thousands of dollars)

4. Loans to members (continued):

The aggregate maturity of loans to members as at March 31, 2021 are as follows:

2022	\$ 65,522
2023	34,537
2024	34,537
2025	34,537
2026	34,537
Thereafter	1,031,043

\$ 1,234,713

(a) Debenture financing loans:

Debenture financing loans to members consists of loans to seventy-four (2020 - fifty-four) 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 1.90% to 3.79%.

(b) Interim financing loans to members:

Interim financing loans to members as at March 31, 2021, consists of loans to eight (2020 - sixteen) borrowing members. The loans bear interest at 2.40% to 3.65%, payable monthly. Loans to six borrowing members are due on 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 debenture 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, 2021 (2020 - \$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:

	2021	2020
Funds held due to members	16,589	15,829
Principal and interest payments received in advance	13,866	9,409
Members capital (note 11(b))	324	324
	\$ 30,779	\$ 25,562

Notes to Financial Statements (continued)

Year ended March 31, 2021 | (all tabular figures reported in thousands of dollars)

6. Interim financing:

	2021	2020
Bankers acceptance liabilities, bearing interest at an average rate of 1.42% (2020 - 2.5777%)	\$ 31,294	\$ 74,968
Deferred interim financing fees	(55)	(165)
	\$ 31,239	\$ 74,803

The interim financing credit facility is available up to a maximum aggregate amount of \$220.0 million. Subsequent to year-end, the credit facility was increased to \$300.0 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, 2021 the margins and rates are as follows. Bankers Acceptance Liabilities as at March 31, 2021 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, 2021 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, 2021.

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%, 3.05% and 1.71% and payment of the principal at maturity on June 26, 2024, June 1, 2028 and June 16, 2030 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%, 2.941% and 1.66% respectively.

The maturity of debenture financing as at March 31, 2021 are as follows:

2024	\$ 251,000
2028	427,000
2030	594,000
	\$ 1,272,000

8. Credit Enhancement Fund assets:

FNFA entered into an agreement with Crown-Indigenous Relations and Northern Affairs Canada ("CIRNAC"), on March 24, 2011 and amended on December 6, 2016, March 27, 2019, March 20, 2020, March 31, 2020 and March 29, 2021 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, 2021, FNFA received Credit Enhancement Fund contributions of \$2.97 million (2020 - \$12.0 million).

Notes to Financial Statements (continued)

Year ended March 31, 2021 | (all tabular figures reported in thousands of dollars)

8. Credit Enhancement Fund assets (continued):

The Credit Enhancement Fund assets, as at March 31, 2021 consist of the following:

	2021	2020
Cash and cash equivalents	\$ 29,992	\$ 41,465
Government and corporate bonds	12,602	2,000
Contribution receivable	2,970	2,500
Due to Operating Fund	(64)	(3,436)
	\$ 45,500	\$ 42,529

Government and corporate bonds include bonds with maturities of April 2021 to June 2030, a coupon rates of 1.25% to 2.30% and have a total principal of \$12.0 million (2020 - \$2.0 million). The market value as at March 31, 2021 was approximately \$11.9 million.

9. Capital assets:

March 31, 2021	Furniture and equipment	Computer equipment	Leasehold improvements	Computer Software	Total
Cost:					
Balance, beginning of year	\$ 59	\$ 91	\$ 78	\$ 111	\$ 339
Additions	117	26	623	151	917
Disposals	(6)	(13)	(1)	-	(20)
Balance, end of year	170	104	700	262	1,236
Accumulated amortization:					
Balance, beginning of year	19	59	27	-	105
Amortization	19	16	63	-	98
Disposals	(4)	(10)	-	-	(14)
Balance, end of year	34	65	90	-	189
Net book value, end of year	\$ 136	\$ 39	\$ 610	\$ 262	\$ 1,047

March 31, 2020	Furniture and equipment	Computer equipment	Leasehold improvements	Computer Software	Total
Cost:					
Balance, beginning of year	\$ 50	\$ 89	\$ 78	\$ 34	\$ 251
Additions	12	10	-	77	99
Disposals	(3)	(8)	-	-	(11)
Balance, end of year	59	91	78	111	339
Accumulated amortization:					
Balance, beginning of year	10	48	14	-	72
Amortization	10	16	13	-	39
Disposals	(1)	(5)	-	-	(6)
Balance, end of year	19	59	27	-	105
Net book value, end of year	\$ 40	\$ 32	\$ 51	\$ 111	\$ 234

Computer software consist of costs incurred for internally developed software that was not available for use as at March 31, 2021. As a result, no amortization was recorded to March 31, 2021.

Notes to Financial Statements (continued)

Year ended March 31, 2021 | (all tabular figures reported in thousands of dollars)

10. Commitments and contingent liabilities:

(a) Commitments:

The FNFA entered into a lease agreement for office space, which expires February 2023 and various office equipment leases expiring October 2025. Total estimated operating lease commitments to maturity are as follows:

2022	\$ 168
2023	165
2024	5
2025	5
2026	3

\$ 346

(b) Derivative financial instruments

At March 31, 2021, the FNFA had the following outstanding derivative financial instruments:

- Interest rate swap contract with a notional value of \$6.6 million (2020 - \$ 6.6 million) whose settlement extends to June 1, 2035.
- Interest rate swap contract with a notional value of \$2.3 million whose settlement extends to June 18, 2040.

The contracts were entered into as devices to control interest rate risk. It was entered into at the request 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 a receipt of cash or a payment of cash dependent upon movements in interest rates. The amount of cash received or paid upon contract unwind is calculated using a present value formula at the benchmark yield upon settlement.

Under PSAS, these cash settlements are recorded as either a gain or a loss in the year of contract unwind. FNFA is cash neutral, except for the contract fee, as it recovers or attributes these cash settlement amounts to its member(s) over the contract term.

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, 2021, three bond forward contracts were settled for a net cash payment of \$3.95 million. Two contracts were settled as a result of the debenture issuance in June 2020 and one contract was settled as a result of the debenture issuance in January 2021; a net cash payment, recorded as a net remeasurement loss, has been recognized on the statement of operations.

The unrealized gain (loss) on outstanding derivative contracts at March 31, 2021, of \$0.08 million (2020 - (\$1.1 million)) has been reflected in the statement of remeasurement gains and losses and as an offset to loans to members.

Notes to Financial Statements (continued)

Year ended March 31, 2021 | (all tabular figures reported in thousands of dollars)

11. Accumulated surplus:

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

	2021	2020
Credit Enhancement Fund	\$ 45,500	\$ 42,529
Operating Fund:		
Invested in tangible capital assets	1,047	234
Unrestricted	8,175	10,410
	9,222	10,644
	\$ 54,722	\$ 53,173

(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:

	Operating Fund			Total
	Credit Enhancement Fund	Invested in tangible capital assets	Unrestricted	
Balance, March 31, 2019	\$ 30,529	\$178	\$ 5,841	\$ 36,548
Annual operating surplus (deficit)	1,546	(43)	2,690	4,193
CEF Contribution	12,000	-	-	12,000
Net realized remeasurement loss	-	-	432	432
Acquisition of capital assets	-	99	(99)	-
Transfers	(1,546)	-	1,546	-
Balance, March 31, 2020	\$ 42,529	\$ 234	\$ 10,410	\$ 53,173
Annual operating surplus (deficit)	495	(104)	2,140	2,532
CEF Contribution	2,970	-	-	2,970
Net realized remeasurement loss	-	-	(3,953)	(3,953)
Acquisition of capital assets	-	917	(917)	-
Transfers	(495)	-	495	-
Balance, March 31, 2021	\$ 45,500	\$ 1,047	\$ 8,175	\$ 54,722

Notes to Financial Statements (continued)

Year ended March 31, 2021 | (all tabular figures reported in thousands of dollars)

12. Grants and contributions:

During the year, FNFA received the following funding arrangements from CIRNAC:	2021	2020
Comprehensive Funding Arrangement	\$ 3,554	\$ 3,846
Grant Agreement	500	500
Deferred contributions	(115)	(199)
	\$ 3,939	\$ 3,655

CIRNAC 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, 2021 and has been renewed for the March 31, 2022 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, 2021, each interim financing loan to members was funded through interim financing with the same term. FNFA maintains Sinking Funds (note 3) to assist with managing its liquidity risk with respect to its debenture financing. FNFA monitors the maturity of its financial liabilities and assesses whether it has sufficient cash to settle these financial obligations when due.

FNFA is subject to non-financial covenants and restrictions in relation to its interim financing (note 6) and Credit Enhancement Fund (note 8). As at March 31, 2021, FNFA was in compliance with these covenants and restrictions.

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

				2021
	On demand	Within 1 year	Greater than 1 year	Total
<i>Non-derivative financial liabilities</i>				
Accounts payable and accrued liabilities	\$ -	\$ 380	\$ -	\$ 380
Accrued interest payable	-	9,411	-	9,411
Deferred contributions	-	115	-	115
Principal and interest received in advance	-	13,866	-	13,866
Funds held due to members	16,589	-	-	16,589
Due to members	68,535	-	-	68,535
Interim financing	31,239	-	-	31,239
Debenture financing	-	-	1,272,000	1,272,000
Derivative financial liabilities (assets)	-	-	-	-
Derivative contracts	-	-	(80)	(80)
	\$ 116,363	\$ 23,772	\$ 1,271,920	\$ 1,412,055

Notes to Financial Statements (continued)

Year ended March 31, 2021 | (all tabular figures reported in thousands of dollars)

13. Financial instruments (continued):

				2020
	On demand	Within 1 year	Greater than 1 year	Total
<i>Non-derivative financial liabilities</i>				
Accounts payable and accrued liabilities	\$ -	\$ 306	\$ -	\$ 306
Accrued interest payable	-	6,475	-	6,475
Deferred contributions	-	199	-	199
Principal and interest received in advance	-	9,409	-	9,409
Funds held due to members	15,829	-	-	15,829
Due to members	40,853	-	-	40,853
Interim financing	74,803	-	-	74,803
Debenture financing	-	-	678,000	678,000
<i>Derivative financial liabilities</i>				
Derivative contracts	-	-	1,051	1,051
	\$ 131,485	\$ 16,389	\$ 679,051	\$ 826,925

(b) Credit risk:

Credit risk refers to the risk that 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 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 operating surplus, at the reporting date, by sixteen thousand one hundred eighty-two dollars (2020 - twenty-four thousand six hundred fortytwo dollars).

14. Comparative figures:

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

Investment Services

Background

Under the First Nations Fiscal Management Act (the “Act”) FNFA may establish short-termed pooled investment funds. The FNFA acts as a non-assignable corporate investment vehicle with the MFA for the provision of investment services for FNFA members.

Funds in FNFA short-term pooled investment funds may be invested as prescribed by the Act.

In accordance with the Pooled Investment Regulation made under the Act, the FNFA may participate in 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 Government Focused Ultra-short Bond Fund and the Short-term Bond Fund.

The investment management decisions are undertaken by a professional fund manager (Phillips Hager & North, Ltd.) and overall governance of the funds monitored by the Investment Advisory Committee comprised of Trustees of the MFA.

Market Activity

This past year has seen the bond market perform in a U-shaped pattern: interest rates started the fiscal year higher, decreased to all-time lows as the COVID-19 pandemic shut-down economic activity throughout much of the world, and then rates climbed back to approximately where they started the year.

MFA Fund Activity for FNFA Investing Members

MONEY MARKET FUND

The FNFA Investing Members fund assets balance at year-end was \$18.96 million. Members in the Fund earned just above \$88,000 over the year. Average return on investment over the year was 0.46%.

GOVERNMENT FOCUSED ULTRA-SHORT BOND FUND

The FNFA Investing Members fund assets balance at year-end was \$0.90 million. Members in the Fund earned approximately \$12,500 over the year. Average return on investment over the year was 1.40%.

SHORT-TERM BOND FUND

The FNFA Investing Members fund assets balance at year-end was \$5.23 million. Members in the Fund earned approximately \$102,000 over the year. Average return on investment over the year was 3.93%.

Investing with FNFA - the future

As FNFA grows and our membership’s needs change, we are in the process of setting up our own FNFA investment program to better serve our members. Visit the “Investment” section of our website and watch for more information in the upcoming year.



Our Team



Ernie Daniels CPA, CGA, CAFM

PRESIDENT AND CEO

As President and Chief Executive Officer, Ernie Daniels manages the business affairs of the FNFA. He is a Chartered Professional Accountant and a Certified Aboriginal Financial Manager.

Ernie moved from Ottawa to Kelowna in 2011 to work with the FNFA as Director of Finance and was subsequently appointed as President and CEO in June 2012. Prior to FNFA, he was the President and Chief Operating Officer of the Aboriginal Financial Officers Association (AFOA) of Canada for 7 years and the Director of Assessment and Finance Operations at the Aboriginal Healing Foundation (AHF) for 5 years. Ernie has worked for Indigenous non-profit organizations in various leadership and management positions. He has served on numerous boards and committees: member of the Canadian Institute of Chartered Accountants (CICA) Research Study Group looking at financial reporting by First Nations; Chair of the NWT Legislative Assembly Society; Vice- Chair of the NWT Development Corporation; Board member of the First Nations Financial Management Board (FMB) and Chair of the Audit Committee and was a member of the Standards, Approvals, and Certification Committee. He was also a Board member of the Canadian Executive Service Organization (CESO).



Steve Berna CPA, CA

CHIEF OPERATING OFFICER

As the Chief Operating Officer, Steve Berna manages the loan programs (debenture issuances and the Interim Financing Program) and the investments of the FNFA, as well as the relationships with the bondholders, rating agencies and the banking syndicate.

Steve moved from Victoria, B.C., in 2008 to help develop the FNFA's operating policies, and the Other Revenues Regulations. Prior to commencing work at the FNFA, Steve was the CEO of the Municipal Finance Authority of BC. Steve received his accounting designation as an employee of KPMG. Several times Steve has, upon the request of the World Bank, developed and presented the beneficial concepts of pooled borrowing models for developing countries. He has also taught courses in finance at colleges in the Vancouver area.

EXECUTIVE SUPPORT



Leanne Hunter CHRP, CAPA

SENIOR ADVISOR

Leanne is a status member of Moose Cree First Nation and resides in Ottawa with her family. Recently she attained the CHRP designation (HR Professionals Association) and the CAPA designation (AFOA Canada), including a diploma in Indigenous Policy and Administration (Carleton University).

Prior to FNFA, she has worked in various federal government departments and national Indigenous organizations in administration and management positions: Department of National Defence; First Nations Inuit Health Branch; Aboriginal Healing Foundation; AFOA Canada; Assembly of First Nations; and most recently at the First Nations Education Administrators Association.



Shannon Jenner

EXECUTIVE ASSISTANT/CORPORATE CLERK

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 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.



BUSINESS DEVELOPMENT



Jody Anderson CAPA

DIRECTOR OF BUSINESS DEVELOPMENT

Jody is Anishinaabe kwe from Treaty 3 and a proud member of Couchiching First Nation. Jody is responsible for building and advancing relationships with First Nations who are pursuing development and prosperity for their communities. She has attended Harvard Business School's Executive Education program and is a Business Administration graduate from Fleming College with a focus in Human Resources Management. She has also received her Certified Aboriginal Professional Administrator (CAPA) designation from AFOA Canada.



Donna St. Louis

BUSINESS DEVELOPMENT MANAGER, WESTERN CANADA & NWT

As Business Development Manager, Donna St. Louis is increasing awareness of the FNFA in Western Canada and the North West Territories while supporting First Nations with accessing capital markets through membership with the FNFA.

A member of the Nlaka'pamux Nation, Donna has centered her career around supporting the social and economic development of Indigenous people. Prior to joining the FNFA, Donna worked with Tale'awtxw Aboriginal Capital Corporation and assisted Indigenous businesses with accessing financial support.

Donna lives in Squamish, BC - the traditional territory of the Skwxw7mesh xwumixw - with her husband and two children.



Philippe Forest

BUSINESS DEVELOPMENT MANAGER, ATLANTIC CANADA

Philippe (Phil) is a member of the Peguis First Nation.

He studied Business Administration at the University of Trois-Rivieres, Québec and has obtained his college diploma in Law and Security Administration in Ottawa. Growing up in a bilingual household, Phil is fluent in both English and French languages which has been an asset through his career.

Phil has worked closely with First Nations and Indigenous organizations throughout his career and is committed to supporting First Nations achieve their social and economic development goals. He takes pride and satisfaction in forging strong relationships with First Nations community members, their governments, and various partners from coast-to-coast-to-coast.

MEMBER SERVICES



Jo-Ann Derrickson

DIRECTOR OF MEMBER SERVICES

As Director of Member Services, Jo-Ann and the Member Services Team work closely with First Nation Council and staff to provide the initial and ongoing support to the borrowing members of the FNFA. Her knowledge and experience in the area of First Nation 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 came to work with the FNFA in 2012 and was appointed Director of Member Services in January 2019. Jo-Ann is a member of the Westbank First Nation (WFN) and contributed to her community through her various roles over twenty years including Residential Care Facility Administrator, Director of Operations, and Manager of Community Services.



Nathalie Castonguay

BUSINESS DEVELOPMENT MANAGER, QUEBEC

Nathalie is a member of the Innu Nation of Uashat in Quebec. Her role as Business Development Manager involves providing assistance to the First Nation Governments of Quebec in becoming borrowing members in order to access FNFA's financing funds.

Her university studies in finance and business administration enabled her to be actively involved in the economic development sector for First Nations. For over a decade, she was the Executive Director of an Aboriginal Credit Corporation (CDEM) which contributed in the creation and expansion of many Indigenous businesses in the province of Quebec. She also was Vice-president of the Pension Fund Board of Native Benefits Plan (NBP) for several mandates.



Jayne Fosbery

MEMBER SERVICES COORDINATOR

Jayne Fosbery works with potential and existing FNFA members to achieve their capital goals. Within the Member Services Team the mandate is to communicate with and support the membership over the long term. Jayne is a Professional Aboriginal Economic Developer as well as has a diploma in Local Government Administration. Jayne is an active member of Westbank First Nation and has worked in various capacities including Manager of Economic Development and Communication. She also worked within the banking industry after completing her formal education.



MEMBER SERVICES (continued)



Sybil Campbell

MEMBER SERVICES COORDINATOR

Sybil Campbell manages current and potential members of the FNFA to achieve their capital projects. As a part of the Member Services Team her role is to communicate with members building long term relationships. Sybil attained her post-secondary education at Okanagan College in the Business Administration Program. Sybil is a member of Musqueam Indian Band, a Coast Salish Community located in Vancouver, BC. She has experience working with the BC AFN Vice Chief's Office, Musqueam Indian Band Land Management Office and Chief and Councils. Sybil has experience in policy development, human resources and finance, and possesses strong leadership skills. She has an interest in the advancement of First Nation independence and self-sufficiency.



Jerrett Lafontaine

MEMBER SERVICES COORDINATOR

Jerrett Lafontaine works with potential and existing FNFA members to achieve their capital goals. Within the Member Services Team the mandate is to communicate with and support the membership over the long term.

Jerrett is a member of the Cote First Nation and was raised in Yorkton, Saskatchewan. He completed his undergraduate studies at the University of Regina and First Nations University of Canada. Jerrett is currently completing his master's degree in Business Administration through the Cape Breton University.

Jerrett's work experience is in Human Resource Management and student recruitment and advising. Jerrett looks forward to working with the First Nations throughout Canada.



Brianna Wilson

MEMBER SERVICES COORDINATOR

As a Member Services Coordinator, Brianna Wilson's role is to communicate with members, build long term relationships and work with potential and existing FNFA members to achieve their capital goals. Brianna is currently working towards completing her BA at UBCO and her CCB Certificate through SFU.

Brianna is a member of the Westbank First Nation (WFN) located in the heart of the Okanagan Valley on the traditional unceded territory of the syilx nation. Prior to working at FNFA, Brianna interned with WFN's Office of Council and served on the WFN Youth Council.



FINANCE



Rachel McAllister CPA, CA

CHIEF FINANCIAL OFFICER

Rachel leads the Finance department, which handles the financial reporting of FNFA to various stakeholders, analyzes membership and loan requests, and prepares continued compliance reviews of existing loans. She is also charged with continued enhancement and development of internal processes and policies to streamline and improve FNFA's function as the organization and membership grows. Her background as an Assurance Manager at a Chartered Accountant firm developed her skill set in analytics and both project and team management which contribute to her effective leadership of the Finance team.

Rachel is proud to be a member of a team that is focused on playing a part in First Nation governments' strength and advancement.



James Byra CPA

FINANCIAL CONTROLLER

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

James is responsible for maintaining all necessary third party compliance reporting, liaison with external auditors, preparation of the annual budget and oversight of all accounting operations and internal controls.

James was born and raised in Chilliwack, BC, completed his bachelor's degree at Thompson Rivers University in Kamloops, and eventually moved to Kelowna and completed a Post Baccalaureate Diploma in Accounting. Prior to joining FNFA, James articulated at KPMG in the audit and assurance practice, acquiring accounting and risk assessment experience by working on a diverse group of clients including First Nation governments and businesses.



Sarah Nieberle

FINANCIAL ANALYST

As the Financial Analyst, Sarah is responsible for reviewing new and existing memberships and loan requests. As well, she handles the preparation of internal financial statement and other accounting and reporting functions.

Sarah was born and raised in Germany but moved to Canada in 2010. After graduating from Okanagan College with her Bachelor of Business Administration, she began gaining work experience in the audit sector for a Chartered of Professional Accounting firm.

She is excited to begin her new journey through the opportunities provided by the FNFA.



Shelley Mills

FINANCE ASSISTANT

Shelley supports the Finance department in various functions. Her focus is processing and monitoring member payments and statement of accounts. She also maintains and prepares the member loan and account statements.

Shelley's vast experience in various accounting and bookkeeping functions and her analytical mind are great assets to assisting the Finance department.

Shelley enjoys working with the rest of the FNFA team to facilitate First Nations continued advancement and growth.

BUSINESS ANALYSTS



Don Morin

SENIOR BUSINESS ANALYST

As Senior Business Analyst, Don conducts complex financial analysis of businesses First Nation communities are seeking to develop and / or acquire while developing mutually beneficial relationships with First Nations Governments and key project stakeholders.

Don is a member of the Enoch Cree Nation (ECN) located west of the City of Edmonton on Treaty 6 territory. He has over 30 years of experience in First Nations Business and Economic Development Financing.

His career began with the Royal Bank of Canada before moving onto the Alberta Indian Investment Corp. (an Aboriginal Financial Institution), followed by being the General Manager, and then CEO of ECN - Economic and Business Development.



Fabien Lamothe

SENIOR BUSINESS ANALYST

Fabien's role involves strategically nurturing and strengthening mutually beneficial relationships with First Nations Governments and key project stakeholders; completing complex financial analysis of communities seeking membership and borrowing from the FNFA.

Fabien is a Mohawk from Kanesatake who completed his university studies in Business Administration and Finance at HEC Montreal. Spanning a period of over 25 years, his career has focused on economic development for the First Nations of Quebec and Nunavut as well as thriving in the commercial banking and real estate financing sectors.

Prior to joining the FNFA team, Fabien was a Senior Analyst at CMHC working for the National Housing Strategy and existing Affordable Housing programs.



INFORMATION TECHNOLOGY



Stephen Blancher

IT MANAGER

As the IT Manager, Stephen monitors and manages many aspects of the FNFA's information technology systems. Performing a variety of tasks, he is the local Linux Administrator, Database Administrator, Website Developer, Software Developer, and offers expert IT advice and troubleshooting.



Chammi Weerasekera MIT

SYSTEMS ANALYST

Working closely with the IT Manager, Chammi facilitates the design and development of the Financial Management System of FNFA. Work includes customizing and adding new functionality to the system for efficiency and reporting.

Chammi started his journey as a Software Developer for PricewaterhouseCoopers in 2006, in Sri Lanka, assisting in developing award-winning software in Finance, Human Resources, Education, Healthcare, and Retail industry both locally and internationally. He completed his Master's degree in Information Technology from Central Queensland University, Australia, before he moved to Canada, his second home.

ADMINISTRATION



Salina Hazle

JR. ADMIN ASSISTANT

Salina joined the FNFA administrative support team in February 2021 after holding a temporary position in 2020. Salina works at reception and provides administrative support to all staff at the Head Office by facilitating the efficient day-to-day operations of the organization. She brings a diverse employment background from customer service to being a certified welder.

Salina was born and raised on Westbank First Nation Lands and lives here with her husband, children, and extended family.



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