

# Reconciliation in Action: Celebrating



## Years of Financing First Nations Priorities



2023-2024 Annual Report

Every Loan Tells a Story  
2021/22 ANNUAL REPORT

2022-2023 Annual Report  
Financing Your Future

Stronger Together  
2020/21 ANNUAL REPORT

FNFA  
FIRST NATIONS FINANCE AUTHORITY  
THE ROAD TO PROSPERITY

2019/2020 ANNUAL REPORT

ANNUAL REPORT 2018-2019

ANNUAL REPORT  
2016 - 2015

2015-2016

ANNUAL REPORT  
2009 - 2010

2012-2011

FNFA

FNFA

FNFA

ANNUAL REPORT 2017-2018

FNFA

ANNUAL REPORT  
2016 - 2015

FNFA  
FIRST NATIONS FINANCE AUTHORITY

Salt River First Nations  
Business and Conference Centre



## Our Mission

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

## Credits

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# Message from the Chair

## Stronger Together

Chief Warren Tabobondung  
Wasauksing First Nation, ON

2023-24 was a year of FNFA reaching remarkable milestones. As I write my seventh Message from the Chair, I am reflecting on the 10 years that I have been on FNFA's Board of Directors - three years as a Director, and the last seven as Chair. At the top of my report, I would like to say thank you to all the First Nations who entrusted us with raising the financing for their community priorities. It has been a real team effort. (see pages 6 & 7 for a recap of the 10-year journey).

When I first was elected to FNFA's Board as a Director the FNFA had 13 First Nations members who had requested a total of \$93 million in loans. Our borrowing rate was 50 basis points (1/2 of 1%) above a comparable Ontario debenture. Early loan purposes focused on community infrastructure needs such as administration buildings, a multi-purpose centre, housing, a sports field, and other priorities. FNFA had two credit ratings, one from Moody's Investors Service at A3 and one from S&P Global Ratings at A-. Sixty percent of our loans were from First Nations in British Columbia. Canada supplied over half of our operational funding, and we had an operational deficit of \$127,000. We were not close to operational self-sufficiency yet.

Contrast my first year as a Director to this fiscal year just ended. During 2023-24 the Board approved the 169th member (with member representation across all 10 provinces and the NWT) with financing requests that put FNFA's loan portfolio over the \$2 Billion level, with fairly even distribution over the provinces. A wonderful milestone. During these 10 years, our credit ratings kept progressing upwards with Moody's Investors Service now at Aa3 and S&P Global Ratings at A+. We added a third credit rating agency, DBRS Morningstar, who provided us with a AA (low) rating. We just closed our 10th debenture in late January, which saw 34 investors put in purchase orders. This debenture saw FNFA's spread to Ontario shrink to 10 basis points (1/10th of 1%), a testament to our staff's work and our members' stories, which attracted the investor interest to buy, on the use of their loan proceeds. As FNFA's ability to raise more capital for its membership occurred, community priorities shifted from mostly infrastructure to also include economic development opportunities. FNFA members were now borrowing at rates lower than their private sector partners in economic ventures - First Nations were now a desired partner in business. FNFA's Board of Directors has expanded to 8 of 10 provincial areas.

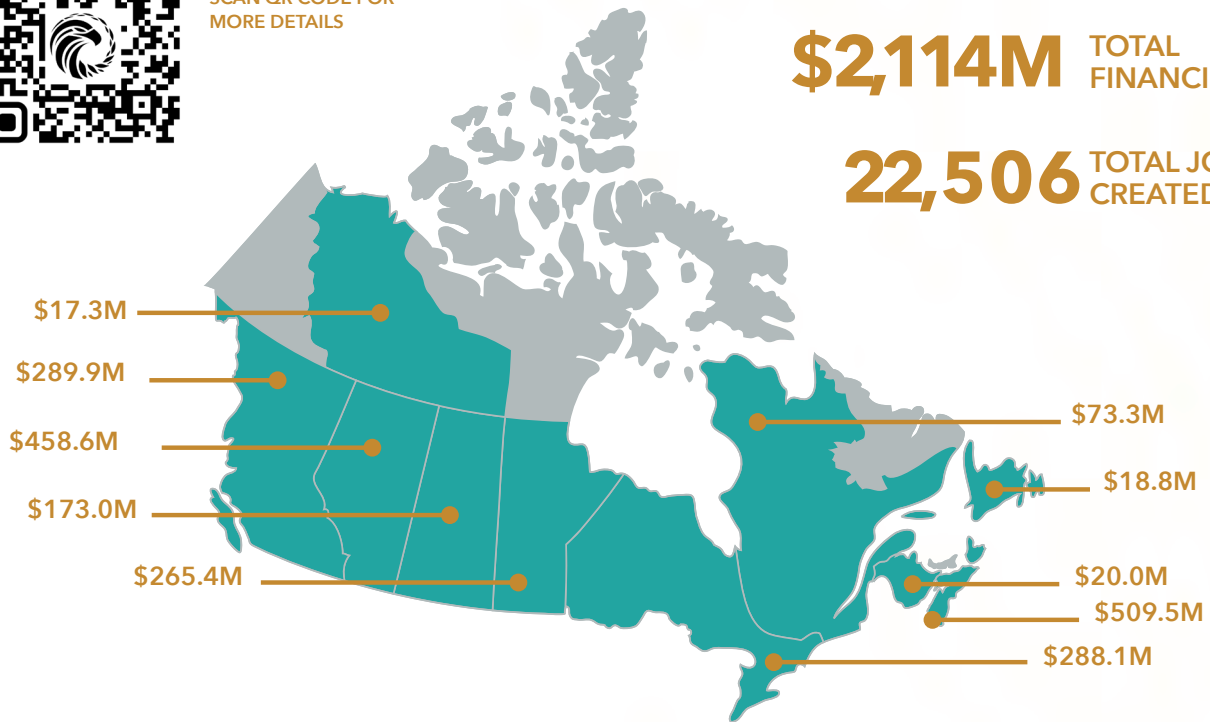
With all this growth, FNFA achieved self-sustainability, removing our need for any operational funding from Canada. This had been FNFA's goal since inception. And with FNFA generating a surplus each year the Board is now in the enviable position of establishing a policy on how to best utilize these monies to benefit our members and future members.



SCAN QR CODE FOR MORE DETAILS

**\$2,114M** TOTAL FINANCING

**22,506** TOTAL JOBS CREATED



One of my goals, as Chair, is to expand FNFA’s borrowing membership to all First Nations across Canada. To this end, I was very pleased to see on June 20th all-party support in the House of Commons for amendments to our Act - the FNFMA. These Act amendments expand FNFA membership to Treaty and Self-Governing communities, to Tribal Councils (economic arms of First Nations), and Non-Profit Authorities that provide services to First Nations communities (e.g., water, health, education, etc.). The Act amendments also established the First Nations Infrastructure Institute (FNII) to provide the skills and processes necessary to ensure First Nation communities and Indigenous organizations can efficiently and effectively plan, procure, own and manage infrastructure assets on their lands which is designed to voluntarily help communities with projects from initial idea stages through completion. The drafting of these amendments is with the Department of Justice and should be completed in 2024.

During 2023-24, the Board of Directors accepted 15 First Nations as new members, approved 20 new Borrowing Laws totaling \$320 million, and approved \$281 million in loan requests. Another busy and successful year. I would like to thank each Board Director for their time, hard work, and dedication to our membership.

I would like to thank Minister Gary Anandasangaree, Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC), for his continued support with amendments to our Act, and for any special project funding provided. This strong support allows FNFA to continue to meet its mandates to its membership.

Lastly, I would also like to thank our growing staff who manage the day-to-day operations of this unique organization. I am pleased to see the benefits of being an FNFA member are being realized by an ever-expanding number of First Nations each year, and I know this is in large part due to the FNFA staff.

**Miigwetch, Miigwetch, Miigwetch, Miigwetch**

# FNFA Milestones

## 2014

### INITIAL LONG-TERM CREDIT RATINGS RECEIVED:

Moody's Investors Service (A3, Stable);  
S&P Global Ratings (A-, Stable)

## \$90

**MILLION**

**ISSUED** 1st Debenture

## 13

**BORROWING MEMBERS**

## 2018

### GOVERNOR GENERAL INNOVATION AWARD RECEIVED:

Innovation in Finance

### CREDIT RATING UPGRADE

S&P Global Ratings (A+, Stable)

## 2020

### CREDIT RATING UPGRADE

Moody's Investors Service (Aa3, Stable)

## 2021

FNFA's interest rates parallel provincial rates

## 2017

### CREDIT RATING UPGRADE

Moody's Investors Service (A2, Stable)

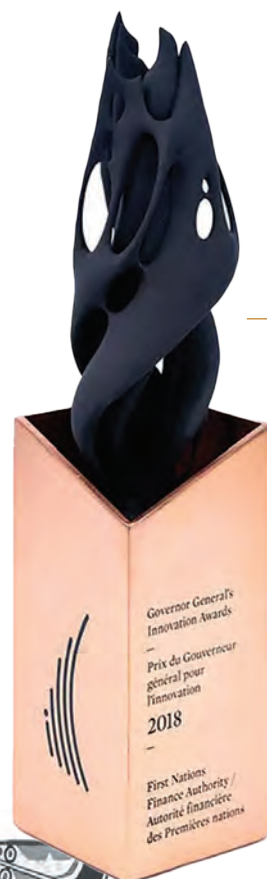
## \$1

**BILLION DOLLARS**

of financing community projects

### INITIAL COMMERCIAL PAPER CREDIT RATING

received: DBRS Morningstar (R-1 Middle, Stable trend)



**LAUNCH OF COMMERCIAL PAPER PROGRAM** to support lower financing rates in Interim Financing Loan program

# 2022

Self-sufficiency for operations

# 2023

Updated Credit Rating outlook: S&P Global Ratings "Stable" to "Positive" outlook

## FINANCE FOR THE FUTURE AWARD RECEIVED

- an international award celebrating organizations supporting integration of sustainability into financial decision-making.

# 2024

## 169

BORROWING MEMBERS

## FNFA GRADUATED FROM THE MUNICIPAL INDEX

to the Federal Agency Index improving its ability to access capital in domestic and international markets to meet increased member loan demand.

## \$2 BILLION DOLLARS

of financing community projects

## 10th DEBENTURE ISSUED: \$357 MILLION

**ADDITIONAL LONG-TERM CREDIT RATING RECEIVED:** DBRS Morningstar (AA (low), Stable)

**ACT AMENDMENTS:** Tribal Councils, treaty and self-governing Nations, and not-for-profit organizations serving Indigenous people to finance projects with FNFA



# Message from the President and CEO

Ernie Daniels  
Salt River First Nation, NWT

In 2011-2012, my first year as President & CEO with the FNFA, I outlined what I envisioned FNFA could achieve with enough support and trust from the FNFA borrowing members. This included successfully issuing several debentures and holding a loan portfolio exceeding the \$250 million level, benefiting up to 25 communities.

After just over a decade, I am extremely proud to report that 364 First Nations have voluntarily scheduled to the First Nations Fiscal Management Act (FNFMA), with 169 completing all processes to be an FNFA borrowing member. Together, the First Nations and the FNFMA organizations have created a world class program that improves internal capacity development, creates a property tax regime for communities who choose this path, and affords access to capital at rates paid by the Province of Ontario.

## FNFA's 2023-24 in Review

Fiscal year 2023-24 was one of celebration for FNFA members, its Board of Directors (Board) and staff: the organization saw continued operational self-sufficiency, we issued our tenth debenture, surpassed the \$2 billion level for our loan portfolio, received all-party support for impactful amendments to our Act (see Message from the Chair), were recognized as a Top Employer in the Province of BC, signed an MOU with our Australian counterparts, and saw a material increase in the number of institutional investors purchasing our latest debenture offering. FNFA also commenced actions to organize a technical committee that is working towards reviewing the appropriate establishment of a not-for-profit insurance model specifically for Indigenous communities and contractors: asset and bonding insurance.

This tenth debenture, which closed on January 24th, 2024, was for \$357 million, our largest to date. With an expanding FNFA borrowing membership and an expectation that our debenture issuance program will increase, staff embarked on major investor roadshows throughout the Fall. These investor presentations led to an expansion of our bondholder base and sets our membership up nicely by ensuring FNFA's access to larger amounts of capital continues as our First Nations members' opportunities expand in scope.

FNFA's Board and staff celebrated when our loan portfolio achieved the \$1 billion level in 2020-2021. The FNFMA's institutions' outreach continued with First Nations coast-to-coast-to-coast, leading to FNFA reaching the \$2 billion

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<sup>1</sup> Closing the Infrastructure Gap by 2030 - A Collaborative and Comprehensive Cost Estimate  
Identifying the Infrastructure Investment Needs of First Nations in Canada, March 2024





**169**  
MEMBERS



**22,506**  
JOBS CREATED



**10**  
DEBENTURES



**\$4,597M**  
ECONOMIC OUTPUT

level in only three further years. And, based upon our loan files in process, we expect to hit the \$3 billion mark prior to the end of 2025-26.

This growth momentum is due to increasing participation by First Nations in equity opportunities, and a recognition by the private sector that First Nations are beneficial business partners. This change in political and private sector thinking ties in nicely with FNFA's mandate areas under our Act - financing economic opportunities. The significance to our membership is that these for-profit ventures provide much-needed cash flows that allow First Nations to achieve community priorities.

In October, FNFA's Board organized a planning retreat to discuss potential ways of utilizing our operational surpluses to benefit current and future members. While the policy has yet to be finalized, discussions centered around providing a benefit to our membership, and possibly educational programs focusing on capacity development.

## Refinancing our First Debenture

Ten years ago, FNFA issued its first debenture- \$90 million with a maturity date of June 26, 2024. This marked the first time, in the world, a group of First Nations accessed financing directly from the capital markets, paralleling other levels of government. Due to its smaller size, the FNFA re-opened this debenture twice (2015 and 2016), adding another \$161 million to its outstanding balance. These changes created the path for our borrowing members to have access to low-rate, predictable financing. Long-term community planning became possible, and was no longer just a hope. FNFA will be refinancing this inaugural debenture in early June 2024.

## Due Diligence Maintained

All FNFA loan requests require unanimous consent by our Board. With the transition of FNFA's loan portfolio in our early years from mainly infrastructure to now seeing a more infrastructure/economic development focus, we have continued to add employees in the relevant geographical

areas and with the appropriate skill sets. As our growth has occurred, we have maintained the same financial due diligence, legal review, and monitoring practices.

## FNFA's Investment Program

One of FNFA's mandate areas is to offer investment services to our membership. I am happy to report that 18 members are utilizing this service to achieve higher earnings rates on investments, and FNFA has \$115 million under management. The FNFA's rates continue to be comparable to what other levels of government achieve.

## Commercial Paper Program

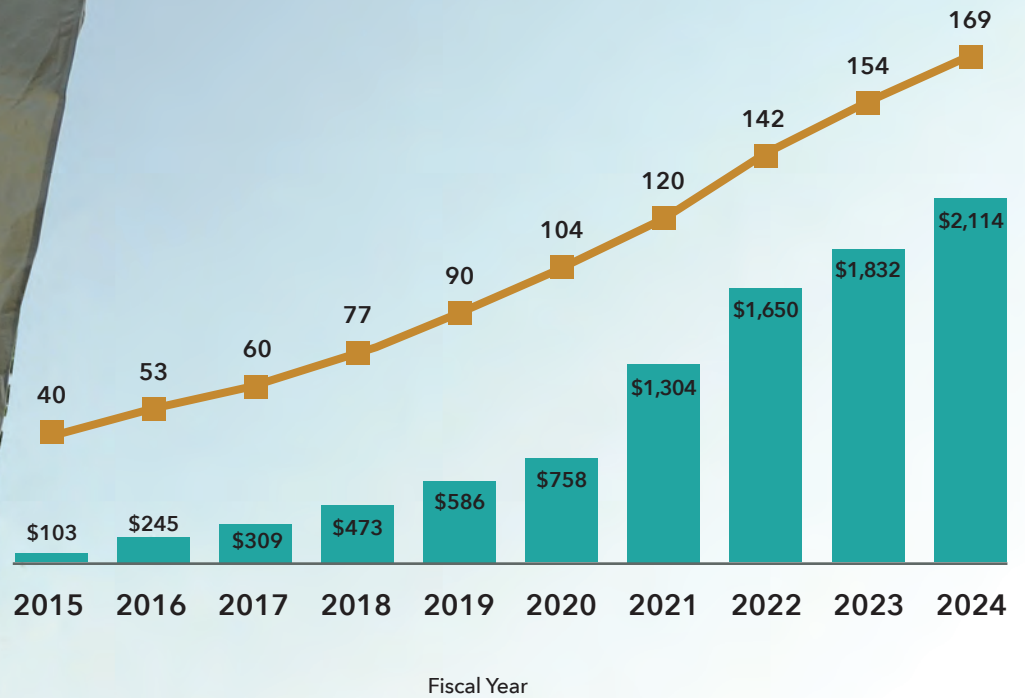
FNFA's Commercial Paper (C.P.) Program issues \$400 million each month, with issuances continuing to be oversubscribed. To accommodate a growing borrowing membership, staff is analyzing the feasibility of upsizing this program to \$600 million. These "bridging" loans are then turned into our debentures when enough liquidity is reached. More details will be forthcoming to our investors as we finalize our internal decisions.

## Monetization

FNFA continues to discuss the concept of monetization with federal political parties and with bureaucrats in Ottawa. Recent studies have concluded the infrastructure gap, between First Nations communities and the rest of Canada, sits at \$349 billion but is continuing to widen. Monetization is a process whereby our members would provide to FNFA their shovel-ready infrastructure projects,, FNFA would raise the necessary financing, and Canada would fully cover the annual loan service. Under this approach, First Nations own source revenues would not be impacted.

In closing, I would like to thank our First Nations members for their continued support during the last fiscal year, our Board of Directors for always being available to review loan requests on short notice, and our hard-working staff for always meeting our members' loan financing timelines.

# FNFA Total Loans Outstanding & Members with Loans



—■— Number of Members  
— Total Loans (\$M)

# Board of Directors



Chair, Chief  
Warren Tabobondung  
Wasauksing First Nation, ON

Chief Warren Tabobondung is serving his fifth consecutive two-year term as Chief of Wasauksing First Nation. Throughout his tenure, Chief Tabobondung has held portfolios in finance, governance, housing and membership and brings his financial prowess, business acumen and diplomacy to the Board. He was inspired to join FNFA's Board after experiencing firsthand what the institution stands for and how it supports First Nations from coast to coast. Chief Tabobondung wants other First Nations to know that they can achieve their community's dreams with the support of FNFA.



Director, Councillor  
Patrick Courtois  
Première Nation des  
Pekuakamiulnuatsh, QC

Councillor Patrick Courtois is serving his third consecutive three-year term for the la Première Nation des Pekuakamiulnuatsh (Mashteuiatsh). He currently holds education, rights and land protection, governance, and constitution draft advisory commission portfolios, and prides himself on his bridge-building skills to unify Nations. He was motivated to join the Board because he wants to play a part in paving the future for First Nations throughout Canada. Councillor Courtois wants other First Nations to know that FNFA is the best tool that they can use to finance projects and achieve their goals.



Deputy Chair,  
Chief Derek Epp  
Tzeachten First Nation, BC

Chief Derek Epp is serving his second consecutive three-year term as Chief of Tzeachten First Nation. His key areas of focus are social and preventative services, rights and title, and economic development. With a background in social work, Chief Epp balances sound financial oversight and desire for growth. He was inspired to join FNFA's Board after witnessing its progressive approach to meeting the capital and infrastructure needs of First Nation communities. Chief Epp wants other First Nations to know that FNFA works with members to provide competitive financing and build capacity to ensure the long-term success of projects.





Director, Chief  
Ross Perley  
Tobique First Nation, NB

Chief Ross Perley is serving his fourth consecutive four-year term as Chief of Tobique (Neqotkuk) First Nation. He is committed to building safe, healthy and sustainable communities using progressive public policy, economic development and renewable energies. Chief Perley wants other First Nations to know that FNFA's long-term sustainable funding will help communities pursue greater control and autonomy.



Director, Councillor  
Ryan Littlejohn  
O'Chiese First Nation, AB

Councillor Ryan Littlejohn is serving his first four-year term as a Councillor for O'Chiese First Nation. He contributes his background in finance as an Accountant Technician, an elected Land Settlement Trustee, and as the Treasurer for the Board of O'Chiese's Business and Development Centre. He joined FNFA's board to understand and participate in the financial independence of First Nations. Councillor Littlejohn wants other First Nations to know that FNFA helps and assists Nations across Canada that have their own source revenue and are ready to pursue economic development initiatives.



Director, Councillor  
Patrick Brennan  
Henvey Inlet First Nation, ON

Councillor Patrick Brennan is serving his sixth two-year term as a Councillor of Henvey Inlet First Nation. He holds portfolios in education, health, human resources, and lands, and has played a crucial role in establishing a trust for his community. Councillor Brennan is well-versed in developing land laws which were instrumental in bringing the Henvey Inlet Wind Project online. He was motivated to join the Board to raise awareness of FNFA's mandates after experiencing first-hand the support it provided during the \$1 billion wind farm energy installation. Councillor Brennan wants other First Nations to know that FNFA's adaptability and eagerness to explore new business endeavours is impressive and can increase the quality of life for members of our communities.



Director, Councillor  
Veronica McGinnis  
Osoyoos Indian Band, BC

Councillor Veronica McGinnis is serving her fifteenth consecutive two-year term as a Councillor for the Osoyoos Indian Band and acts as the Chair for the Application Review Committee. She is responsible for the health and social services portfolio, and acts as a liaison for Osoyoos Indian Band Administration, Nk'Mip Cultural Centre and the Nk'Mip Vineyard. With over 25 years of experience nurturing the social fabric of the First Nations community, she prioritizes preventative measures to improve physical, emotional and mental well-being. Councillor McGinnis wants other First Nations to know that FNFA is a great resource to help assist communities to become self-sufficient.



Director, Councillor  
Michael Paul  
Acadia First Nation, NS

Councillor Michael Paul is serving as a Councillor of Acadia First Nation, which consists of six reserves, spanning 300 kms from Halifax to Yarmouth, along Nova Scotia’s south shore. Elected since 2002, his portfolios include training and education, economic development, and finance. After 20 years of experience in governance, Councillor Paul understands first-hand that with education and wise financial management, communities and their members can develop, thrive and prosper. He was motivated to join FNFA’s board because he believes in its purpose and wants to be involved in its growth. Councillor Paul wants other First Nations to know that FNFA provides Nations with options for financing at better rates than commercial banks offer.



Director, Councillor  
Dawn Styran  
Leq’a:mel First Nation, BC

Councillor Dawn Styran is serving her second consecutive four-year term as a Councillor for Leq’a:mel First Nation and serves as FNFA’s Chair of the Audit Committee. Her current portfolios in her community include education, and child and family services. As a registered social worker, Councillor Styran strives to offer meaningful social programming in her community. She wants members to know that FNFA is not simply in the business of lending money; they are helping empower communities to grow on their own terms and in ways that they know work best.



Director, Councillor  
Steven Johnston  
Mistawasis Nêhiyawak, SK

Councillor Steven Johnston is serving his second consecutive four-year term as a Councillor of Mistawasis Nêhiyawak. He sits on the Finance and Audit Committee of his Nation and is responsible for the economic and band development, finance, housing and child and family services portfolios. Councillor Johnston applies his working knowledge of growth and diversification tactics to every endeavour he undertakes. He was motivated to join the Board to gain a better understanding of the organization, learn about the communities FNFA supports and to provide oversight. Councillor Johnston wants other First Nations to know that FNFA provides opportunities and financing to pursue economic development and infrastructure projects that address specific needs in the community.



Director, Councillor  
William Kaysaywaysemat  
Kahkewistahaw First Nation, SK

Councillor William Kaysaywaysemat is serving his third term as Councillor of Kahkewistahaw First Nation. Throughout his tenure, he has held portfolios in administration, education, finance, lands and resources, membership and trust. He was motivated to join FNFA’s Board because he feels like it is the responsibility of a leader to continue to educate themselves while helping communities develop capacity. Councillor Kaysaywaysemat is a Certified Trust Officer providing him with the ability to become a trustee for any organization. He also recently completed AFOA’s Certified Indigenous Leadership program in 2023. Councillor Kaysaywaysemat wants other First Nations to know about the numerous resources available at no cost to assist communities to run smoothly, grow and prosper.

# What We Do

## Our Story

Establishing equity and developing a better quality of life for First Nations people. That was the reason behind FNFA's creation in 2005 under the Act – and it's the reason we still exist today.

As a First Nations owned and operated, not-for-profit, pooled borrowing and investing institution, we provide First Nation governments with access to the same types of affordable financing that all other local and regional governments in Canada use.

But we do more than simply provide lending and investment services at preferable rates; we're here to listen to our members, offer advice and help ensure First Nations governments can finance their future for generations to come.

## Our Mandate

Our mandate as set out in the First Nations Fiscal Management Act ("the 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.

## Our Services

FNFA helps First Nations with financial and investment needs in three key areas, including:

- 1. Financing Services:** Raise short-and long-term, low-cost capital in the financial markets on behalf of borrowing members for their community priorities, including infrastructure, economic, land and social development projects;
- 2. Investment Services:** Provide investing members with flexible, low-risk, high yield, investment options; and
- 3. Advisory Services:** Offer First Nations capital planning support and advice.

As a non-profit organization, we do not charge fees, our interest rates are well below bank prime, and we provide longer financing terms. Our mandate is to provide our services to our members at the best rates possible.

## Why should you choose FNFA to help you with your project?

Our structure is sound; FNFA is modeled after tried and tested pooled government borrowing authorities, and we have three investment-grade credit ratings. We raise monies by issuing debentures and short-term borrowings in the financial markets. All FNFA loans are supported by qualified existing revenue streams.

As witnessed in the stories to follow, FNFA strives to ensure our member Nations are building their own futures on their own terms at the best rates. Fiscal prudence and responsibility are what we're known and recognized for.

Moreover, our loan programs work well together to best meet our members' financing needs. The Interim Financing Loan Program offers members immediate financing at a floating rate for short-term needs (current rate\* 6.00%), while the Debenture Financing Loan Program offers fixed rate long-term financing (current rate\* 4.50%).

*\*Rates are subject to change. Please visit [fnfa.ca](http://fnfa.ca) for the most up-to-date rates.*

## Steps to becoming a borrowing member

- 1 Request to be scheduled to the FNFA (the Act)**
- 2 Work with FMB and/or FNFC**
- 3 BCR to request to become an FNFA Borrowing Member**
- 4 FNFA BOD reviews and approves Membership and loans**

# What is ESG and SDG?

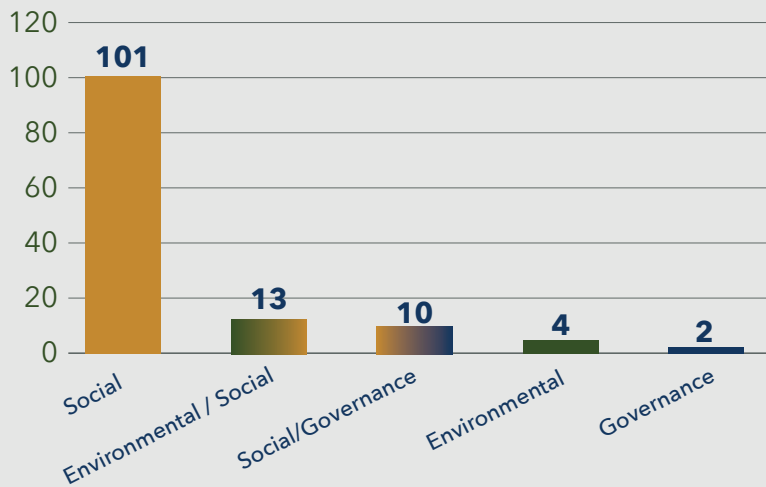
First introduced in 2015, the United Nations' Sustainable Development Goals (SDGs) became a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity. The importance of SDGs soon permeated the global financial markets, with many investors insisting that portions of their investment portfolios are held in securities that represent these goals. This umbrella of investments is known as Environmental, Social, and Corporate Governance (ESG).

FNFA has seen an increase in requests from investors for more information about how financed projects meet SDGs and ESG. Excitingly, FNFA's bonds completely align with SDG and ESG categories, since members' projects focus on communities (social), green energy financing (environmental) and administrative (governance).

FNFA continues to tag all financed projects with ESG and SDG labels, and we report the findings to investors for their analysis and consideration prior to our bond issuance. This includes collecting testimonials from our borrowing members to demonstrate how every loan tells a story of the positive impact in First Nation communities.

**"...all projects financed by FNFA are tagged with ESG and SDG labels.."**

## Loans by ESG



## ESG

**E** Environmental    **S** Social    **G** Governance

## SDG



## GOALS



To learn more about Sustainable Development Goals (SDG) go to [sdgs.un.org/goals](https://sdgs.un.org/goals)

# Feature Project

## Chippewas of Rama First Nation "Listen to your Community"

**Location:** Ontario

**Nation:** Chippewas of Rama First Nation



"When you listen to your community, it's rare that they're wrong," says Chief Ted Williams of Chippewas of Rama First Nation, also known as Rama.

The community of over 1,000 hectares (2,500 acres) is nestled in Ontario's Lake Country region on the eastern side of Lake Couchiching, and is located approximately 90 minutes north of Toronto, Ontario.

Rama First Nation members are Ojibwe peoples, part of the Three Fires Confederacy along with the Odawa and Pottawatomi Nations. Throughout history, Rama has been known as 'the gathering' place; somewhere travellers journeyed to trade, seek counsel or medicines and attend great meetings.

It is a community that draws strength and inspiration from the past while preparing for its future.



ESG	S Social
SDG	
10 REDUCED INEQUALITIES	3 GOOD HEALTH AND WELL-BEING





Lorraine McRae and Rodney Noganosh - Former Rama Chiefs

One endeavour important to the Nation's future wellbeing was the development and construction of Mnoyaawgamig, or House of Wellbeing. For years, members of the community had identified it as a priority project for the First Nation of approximately 2,000 members, 763 of whom live on-reserve.

The nearly 5,000 square-metre (44,000 square-foot) health and social services hub brings together health services, community care, health education, seniors' recreation and school programs under one roof.

Prior to the building's opening in 2022, social and health services were located in a "checkboard scenario" across the community, making it difficult to not only manage staff and streamline programs, but more importantly, ensure a better continuity of care for Rama members.

"We gather our community every 10 years for strategic visioning, and during the latest round of discussions in 2015, our members told us they needed more cohesive care," says Chief Williams, a life-long resident of Rama.

The Nation already successfully operates several businesses in its territory including Black River Wilderness Park, Rama Country Market and Gas bar, Tim Horton's, a community farm, 2 retail malls, cannabis store, the Ojibway Bay Marina, and the stores within Casino Rama.

Although Chief and Council understood the importance of building the new health centre, the path to finding funding for the project wasn't as clear cut.

As commercial banks were unable to provide a funding option that suited the project, Rama First Nation turned to the First Nations Finance Authority (FNFA) for its affordable financing, which are below chartered bank rates. In addition to providing \$10.5 million in financing for the project, FNFA also gave Rama's Chief and Council valuable guidance throughout the construction process, which inevitably faced supply chain challenges during the Covid-19 pandemic.

"We saw FNFA as a great opportunity because it's an Indigenous organization that understands the importance of community projects, whereas the major banks tend to see things in a purely economic light," explains Chief Williams.

"FNFA looked at our community visioning and the scope of this project. I think the most important thing is that the FNFA recognizes these kinds of projects do more for the community than just drive revenues."

Chief Williams believes the relationship his Nation has with the FNFA hasn't ended because the construction of the Rama Health Centre is complete; rather, he believes it's just getting started.

"There are other dreams we have for the community, and I believe this is the tip of the iceberg, not just for Rama First Nation, but for other First Nations across Canada."

He adds: "I believe that what you dream about, that you talk about, that you write about and dream about over an extended period of time must be brought into reality."

"FNFA helped us do that."

# Feature Project

## Nipissing First Nation: Building a brighter future for our children

**Location:** Ontario

**Nation:** Nipissing First Nations



Nipissing First Nation is a vibrant and resilient community located in North Bay, Ontario. Home to the Anishinabek people, Nipissing First Nation spans over 30,000 acres of land, rich in natural resources and cultural heritage.

The Duchesnay Daycare Centre, located in the community of Duchesnay, stands as a testament to the power of strategic partnerships and community-focused development.

More than just a daycare, this state-of-the-art facility provides a safe, nurturing, and educational environment for children aged 18 months to 5 years. It is a cornerstone for the future of Nipissing First Nation, supporting the growth and development of its youngest members.

The daycare offers a range of activities designed to enhance the spiritual, intellectual, emotional, physical, and social development of children. Programs include school readiness activities, field trips, community outings, and daily incorporation of Native cultural



ESG

SDG

S

Social

4

QUALITY  
EDUCATION



3

GOOD HEALTH  
AND WELL-BEING





programs, such as language instruction. This holistic approach supports the child's physical, spiritual, social, emotional, and intellectual development.

The First Nations Finance Authority (FNFA) played a crucial role in bringing this project from vision to reality by providing affordable and accessible loans. Their expertise in financial management and dedication to First Nations' economic growth allowed Nipissing First Nation to secure the necessary funds with confidence and ease. Chief Scott McLeod of Nipissing First Nation stated, "The FNFA's support has been instrumental in helping us achieve significant milestones in our community development. Their ability to provide us with affordable and accessible loans was crucial in bringing this project from vision to reality."

Beyond individual projects like the daycare centre, the FNFA has significantly enhanced the overall financial health of Nipissing First Nation. Through strategic borrowing and investment, the community has been able to increase its sovereign wealth, enabling further development initiatives and enhanced community services. This financial stability empowers Nipissing First Nation to create a more sustainable future for all its members.

As Chief McLeod noted, "This financial stability empowers us to pursue further development initiatives, enhance community services, and create a more sustainable future for all members of Nipissing First Nation."

The success of the Duchesnay Daycare Centre has been a source of pride for the community. Chief McLeod emphasized, "This state-of-the-art facility is more than just a daycare; it is a cornerstone for the future of our children, providing them with a safe,

nurturing, and educational environment." The success of the daycare centre has been a source of pride for the community, as it not only meets the childcare needs of families but also fosters a sense of cultural identity and community cohesion.

Chief McLeod emphasized the broader impact of the FNFA's support: "Their support has enabled us to build a foundation of economic strength and independence, which is essential for the long-term well-being of our people." The FNFA's partnership represents a shared commitment to the prosperity and self-sufficiency of First Nations communities, enabling projects that provide lasting benefits.

The success of the Duchesnay Daycare Centre's story is a shining example of what can be achieved through collaboration and dedicated support. It underscores the importance of creating educational environments that are not only safe and nurturing but also culturally enriching and supportive of community values. Chief McLeod remarked, "The FNFA's partnership has enabled us to build a foundation of economic strength and independence, which is essential for the long-term well-being of our people."

This story serves as an inspiring model for other First Nations, demonstrating how economic and social development can work together to create meaningful, lasting impacts. The FNFA's support has not only facilitated the establishment of the Duchesnay Daycare Centre but has also paved the way for future projects that will continue to benefit the Nipissing First Nation community. The successful completion of this project highlights the potential for growth and development when communities have access to the necessary financial resources and support.

# Member Project

## Snuneymuxw First Nation: Building Prosperity, Celebrating Culture

**Location:** British Columbia

**Nation:** Snuneymuxw First Nation



The Snuneymuxw First Nation is a vibrant community around Nanaimo on east-central Vancouver Island, part of the Coast Salish People. Their territory, rich in natural resources, is home to a population of 1,560, with 550 living on reserve. Culture and tradition play a central role in the lives of the Snuneymuxw people.

Recognizing an opportunity to foster economic growth and cultural revitalization, the Snuneymuxw First Nation embarked on an ambitious project: the construction of a business-class hotel in downtown Nanaimo. This vision was rooted in the community's desire to rebuild and thrive, ensuring future prosperity. Joan Brown, a prominent community member, articulated this vision: "We know that social development and economic development go hand-in-hand, and in my mind, that's real healing."

The Courtyard by Marriott Nanaimo, a 172-key business-class hotel adjacent to the Vancouver Island Conference



A group picture at the Opening Ceremony for the Courtyard by Marriott hotel on May 31, 2023. In attendance were representatives from the City of Nanaimo and the business community for the event that included speeches and a ribbon-cutting that followed dance performances, song and blessings from Snuneymuxw First Nation.

ESG

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Environmental

SDG

8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



Centre, exemplifies this vision. The hotel seamlessly integrates Snuneymuxw art and culture throughout its design, guest rooms, and public spaces.

The FNFA played a pivotal role in bringing this project to fruition, offering over \$7 million in financing. Their support included long-term loans with favorable interest rates, investment options, and capital planning advice tailored to the community's needs. Ian Simpson, CEO of the Snuneymuxw Economic Development Group, highlighted the benefits of working with FNFA: "No other financial institution came close to matching the interest rates offered by the FNFA. To make an investment of that size probably wouldn't have seemed possible even 10 or 15 years ago. I don't think my own grandmother who has passed would have believed that our nation would have done something like this, even in my lifetime. It is certainly a point of pride to pull this together."

Despite facing significant challenges, including labor shortages, elevated construction costs, and the COVID-19 pandemic, the project moved forward with determination and resilience. Groundbreaking occurred in Spring 2020, right before the pandemic, yet the project continued, showcasing the community's strength.

The opening of Courtyard by Marriott Nanaimo has had a transformative impact on the Snuneymuxw First Nation. The hotel employs 44 individuals, including several band members, creating valuable job opportunities and fostering skills in the tourism and hospitality sectors. This employment not only provides economic benefits but also strengthens community ties and cultural pride.

The hotel's integration of Snuneymuxw art and culture honors the teachings of the land and ancestors. Joan Brown emphasized, "The artwork tells the stories of our ancestors; it brings us back to the land. This development is restoring and reclaiming our presence, so these stories are starting to live again."

Also, the Courtyard by Marriott Nanaimo has significantly impacted the local economy. The Vancouver Island Conference Centre in Nanaimo was substantially overbuilt and struggled to host large conferences due to insufficient hotel rooms. With the addition of new hotels, including the Courtyard by Marriott, the conference centre is now booking large conferences, benefiting not only the new hotel but also other downtown hotels and businesses.

Community members have expressed deep appreciation for the project. Ian Simpson noted, "There is a lot of pride in the ownership of that hotel among our community. Certainly, for me, I take my own kids there to show them that this is theirs. So, that's obviously a beautiful thing."

Joan Brown sees partnerships like the one between Snuneymuxw First Nation and the FNFA as something where strength can be drawn. "Not just for our people, but for all those who can stay at the hotel. I think it's a much stronger outcome when you take the best of both worlds—partnerships and development—and transform it into something of high impact so that everyone can benefit.

"It's about social and economic development working together to help us stand tall in a meaningful way."

The success of the Courtyard by Marriott Nanaimo project demonstrates the powerful outcomes achievable through strategic partnerships and investments in infrastructure.

The Snuneymuxw First Nation, with the support of FNFA, has created a thriving economic enterprise while revitalizing their cultural heritage. This achievement stands as a testament to resilience and collaboration, showcasing how economic and social development can work together to create meaningful, lasting impacts.



Left to Right: Ian Simpson, Sophia Good, Theadora Harris, Aunalee Boyd-Good, Sandra Good



# Member Project

## Pekuakamiulnuatsh First Nation: Financing for Resilience

**Location:** Quebec

**Nation:** Pekuakamiulnuatsh



For millennia, the Pekuakamiulnuatsh people have inhabited a vast territory extending beyond the Pekuakami watersheds, in the Saguenay-Lac-Saint-Jean region of Quebec. Their principal area of settlement today is the community of Mashteuiatsh which means “the point”. This site has always been a unique place of gathering, exchange and sharing on the banks of the Pekuakami lake.

Today, Mashteuiatsh is home to just over 2,000 resident members, while over another 8,000 live outside the community. For Chief Gilbert Dominique, one of the most pressing concerns for council was to ensure that future generations are adequately supported.

The solution came in part from the First Nations Finance Authority (FNFA), which in 2016, was able to help Pekuakamiulnuatsh First Nation finance a \$13.3 million stake in the Namunashu wind project built on their ancestral territory.



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<b>7</b> AFFORDABLE AND CLEAN ENERGY 	<b>13</b> CLIMATE ACTION 



“Previous projects we were involved in showed us that energy development was a secure means of investing,” says Chief Dominique. “It’s stable and sustainable over time, but inevitably one must have access to financial support like what we received from the FNFA to be financially successful long term.”

In the years that followed the Namunashu project, Chief Dominique and Pekuakamiulnuatsh First Nation have worked closely with the FNFA, further financing three additional hydro projects: the Ouiatchouan plant for \$17.2 million, Mistassini for \$24 million, and Shipiss for \$6.8 million.

“The Ouiatchouan and Mistassini projects were made in partnership with our municipal neighbours,” explains Serge Simard, Director of Economy, Employment and Strategic Partnerships for Pekuakamiulnuatsh First Nation. “We jointly created a limited partnership to manage the projects and financed our 45 per cent share through the FNFA, who was able to give us even better interest rates than Investissement Québec.”

Chief Dominique adds: “Since financing these projects with the FNFA, our First Nation is now generating more substantial revenues that have a real impact for our community.”

The various energy projects have brought numerous benefits to Mashteuiatsh, including the generation of own-source revenue allocated to the entire community. This has enabled them to finance collectively unfunded priorities, achieve greater interest savings, provide employment opportunities and generally have a greater impact in their community.

It has also facilitated other business partnership opportunities with neighbouring Indigenous and non-Indigenous communities and governments, becoming a model for the entire country.

“Having access to credit means we can approach partners,” explains Chief Dominique. “The partnership model that allowed us to build our Ouiatchouan power station was the Community Energy Corporation, a vehicle that ultimately opened the doors to many other developments.”

According to Vice-Chief Patrick Courtois, “the partnership we have in the region is a collective model for the entire province, even for the entire country, because it doesn’t exist elsewhere. It’s critical for First Nations to rise together and share the knowledge they’ve acquired to stimulate their economic growth, as well as that of neighbouring communities.”

Community members have reacted positively to the projects so far, seeing the economic and social benefits they bring, and transparency has strengthened the trust of community members.

“The next generations will decide what they will do with these investments,” Chief Dominique says. “These projects are meant to ensure that in years to come, there will be people who have access to funds to invest in the relevant priorities of the day.”

Vice-Chief Courtois adds that FNFA has strengthened the resilience of First Nations by providing access to credit and competitive interest rates, thereby promoting partnerships and economic development. Its presence has also brought First Nations communities across the country closer together, abolishing boundaries and creating new development opportunities.

“Today our community is being approached from all sides for various energy development projects because of our past experience,” he says. “People know we have the expertise and the financial support from FNFA, so our First Nation, and its members, have become indispensable in our region.”

# Pooled Borrowing Protections

FNFA utilizes a pooled borrowing model that allows members to borrow at the same rates within a debenture, making it equitable for all. Utilizing our successful track record and investment-grade credit ratings, we can offer access to financing for member projects as required.

To protect our members, we have the following safeguards in place:

- **Unanimous Board approval** is required for every loan request.
- **Minimum debt coverage ratios (DCR)** are used to:
  - calculate borrowing capacity;
  - build in sensitivity of a pledged revenue stream decrease without impacting the ability of the member to make loan payments; and
  - monitor performance of pledged revenues compared to actual DCR throughout the loan life.
- **Pledge revenues flow directly from the source** to FNFA to cover loan payments (over 75% are federal/provincial contracts).
  - Excess funds above loan payments are returned to the member.

- **Revenues stream health:** Since 2014, pledged revenues flowing to FNFA have exceeded annual interest obligations by 4x.
- **Other revenues available:** FNFA intercepts approximately \$248 million out of \$2.3 billion of our members' available revenues.
  - A member must substitute a performing revenue stream for a non-performing stream, if necessary.
- **Debt Reserve Fund (DRF):** FNFA withholds five per cent (5%) of every loan for member default protection.
  - The DRF balance can service interest payments for 21 months, if necessary.
  - The DRF is repaid to the member, plus earnings, at final loan payment.
- **Contingency Fund (CF):** available to support borrowing members' loan payments in the event of widespread economic shock.

FNFA has never had a member default on a loan or had to enact any of the protections. Our members represent how we are "stronger together".

## Investing with Us

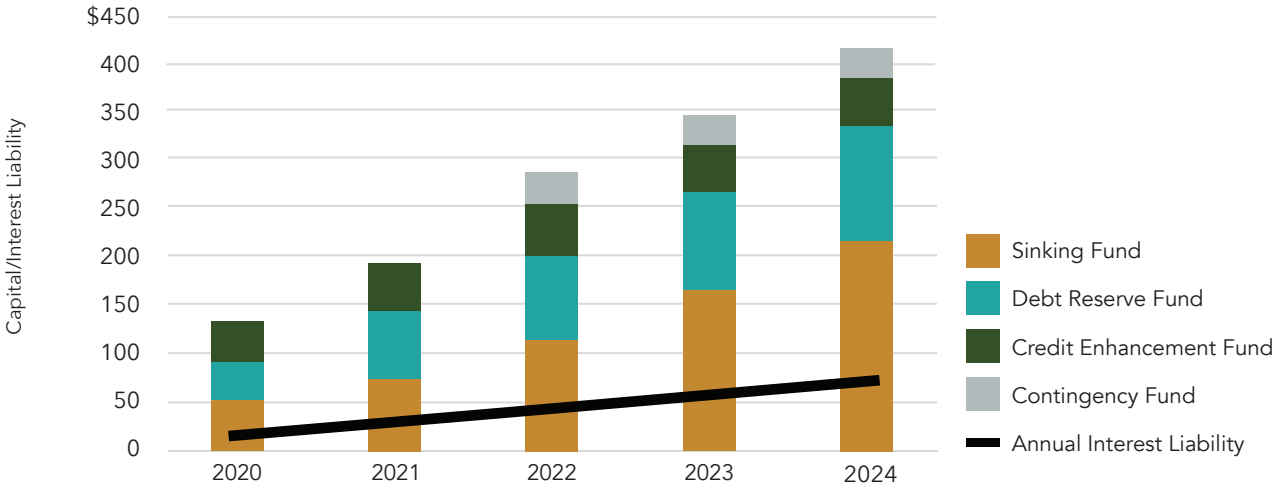
FNFA offers preferable investment rates for our investing members in both our flexible and locked-in options. With the same methodology as our borrowing programs, we do not charge fees for deposits, withdrawals, or marked-up investment management fees. Investment services are open to Indigenous not-for-profit and other organizations as well as communities. You do not need to go through the Certification process with FMB to become an Investing Member (only for Borrowing Membership).

We offer:

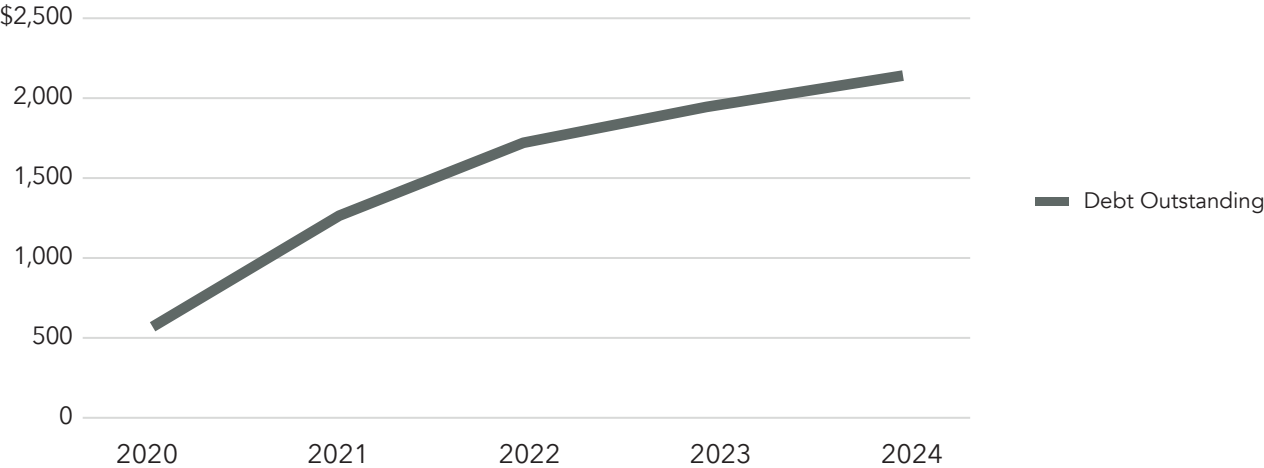
Accounts	Features
High-interest Savings Account (HISA)	<ul style="list-style-type: none"> <li>• Flexible: deposit and withdrawal as needed</li> <li>• Invest funds that are not immediately needed or while you make some decisions on what to do with it to earn passive income</li> <li>• Current earnings rate: 5.15%</li> </ul>
Locked-in Investments (GIC)	<ul style="list-style-type: none"> <li>• Locked-in options for when funds are not needed for 6 months or longer</li> <li>• Guaranteed rate of return for the investment term</li> </ul>



### 5-Year Recap: Liquidity (\$M)



### 5-Year Recap: Debt Outstanding (\$M)



# Meet Our Team

Our people are at the heart of what we do at FNFA, and they help our member Nations realize their dreams. Meet the team you'll be collaborating with at FNFA:



**Ernie Daniels** CPA, CGA,  
CAFM  
President and CEO

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

From Salt River First Nation, 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 seven years and the Director of Assessment and Finance Operations at the Aboriginal Healing Foundation (AHF) for five years.

Ernie has worked for Indigenous non-profit organizations in various leadership and management positions and has served on numerous boards and committees. He is the first member of a First Nations to be appointed to the Board of the Bank of Canada. He was also a 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.



FNFA staff at 2023 AGM held in Enoch Cree Nation, AB.

## EXECUTIVE

### Bobbi Setter

Senior Executive Assistant

### Jody Anderson, CAPA

Strategy & Partnerships Advisor

### Jonathan Plante, BASc, MPA

Strategic Policy Advisor

### Manon Lamontagne, MA, MBA,

CRHA, CAPA

Human Resources Manager

## MEMBER SERVICES

### Jo-Ann Derrickson

Director Of Member Services

### Donna St. Louis, BA, PBD

Associate Director Of Member Services

### Ian Bear, MBA

Member Services Manager,

Saskatchewan

### Sybil Campbell

Member Services Manager

Central BC & Mainland

### Patricia Debassige, CAPA

Member Services Manager (Bilingual),

Ontario

### Jerrett Lafontaine, BBA

Member Services Manager,

Alberta, NWT, Northern BC

### Nadia Robertson

Member Services Manager (Bilingual),

Quebec and Eastern Canada

## FINANCE

### Rachel McAllister, CPA, CA

Chief Financial Officer

### James Byra, CPA

Director Of Finance

### Sarah Ward, CPA

Financial Controller

### Scott Mazurkewich, BCOMM

Senior Financial Analyst

### Ghislain Bruneau

Financial Analyst (Bilingual)

### Shelley Mills

Finance & Account Coordinator

### Elsie Grass

Accounting Clerk

## INFORMATION TECHNOLOGY

### Stephen Blancher, BCIS

IT Manager

### Nora Waldenberger, MCSE

IT Systems/Network Administrator

### Alexey Stepanets

Software Developer

## COMMUNICATIONS

### Naomi Mison, BA

Communications Manager

### Brianna Wilson

Social Media & Marketing Coordinator

## ADMINISTRATION

### Johnathon Patrick

Office Administrator



FNFA staff & Board Members at the 2023 AGM



# Events, Community Engagement and Achievements

2023 saw the launch of FNFA's e-newsletter—a quarterly digest that includes updates on new members, loans and events, as well as industry news and announcements.

Since September 2023, we have distributed three editions of the newsletter to 194 subscribers with an open rate of 62 per cent. Our plan is to expand our reach to include additional strategic audiences in order to amplify our message.



## Debenture 10

January marked a milestone for FNFA: its 10th debenture was awarded the Sustainability Tag by Bloomberg Financial Markets. This recognition will attract investors who have a mandate to only buy sustainable finance initiatives, or debentures that are making a difference to people and their communities. FNFA's debenture #10 ensured that 25 First Nations across Canada can access \$357 million to meet community priorities, including childcare services, housing and job creation.

## BC Top 100 Employers

In February 2024, we were proud to announce that FNFA was recognized as one of British Columbia's Top Employers. This special annual competition identifies the BC employers that lead their industries in offering exceptional places to work. FNFA was recognized for its outstanding workplace environment, community involvement and work-life balance policies. This achievement is a testament to the hard work and dedication of every FNFA staff member past, present, and future.



## First Nations Leading the Way Conference

Taking Control of Our Destiny: First Nations Leading the Way 6, saw record-breaking attendance in November 2023. The annual gathering is presented by the FNFA in partnership with other FMA institutions, the First Nations Financial Management Board (FMB), the First Nations Tax Commission (FNTC), and the Lands Advisory Board (LAB).

The three-day conference in Gatineau, Quebec, showcased First Nations at the forefront of expanding jurisdiction, and highlights their achievements using First Nation-led agreements and legislation. This year's speakers included Chief Robert Louie (Chairman, LAB), C.T. Manny Jules (Chief Commissioner, FNTC), Allan Claxton (Executive Chair, First Nations Infrastructure Institute), and Harold Calla (Executive Chair, FMB).

FNFA President and CEO Ernie Daniels spoke to delegates about available financing opportunities for Indigenous Nations, as well as Indigenous-owned insurance and surety through FNFA. Guided by innovation, respect and collaboration, the model aims to transform ownership into a tool to foster economic reconciliation to amplify Indigenous voices on a path towards wealth and prosperity.

Other highlights from the conference included a panel discussion with representatives from Mistawasis Nehiyawak. The First Nations community in Saskatchewan have made significant investments into their community for their members using the FMA and financing through FNFA.



# First Nations Leading the Way Conference



# Audited Financial Statements

## Statement of Management Responsibility

The financial statements of First Nations Finance Authority (“FNFA”) for the year ended March 31, 2024 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.

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 FNFA’s internal control. The external auditors have full and free access to the Audit Committee.

On behalf of First Nations Finance Authority



Ernie Daniels - President & CEO  
June 4, 2024



KPMG LLP  
200 - 3200 Richter Street  
Kelowna BC, V1W 5K9

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

## INDEPENDENT AUDITOR'S 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, 2024
- 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 rereasurement 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, 2024, and its results of operations, its changes in net financial assets, its cash flows and its rereasurement 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 "Auditor's Responsibilities for the Audit of the Financial Statements" section of our auditor's 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.

### Auditor's 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 auditor's 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 auditor's 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 auditor's report. However, future events or conditions may cause FNFA's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants  
June 4, 2024  
Kelowna, Canada

## Statement of Financial Position

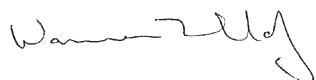
March 31, 2024 with comparative figures for 2023

(in thousands)

	2024	2023
<b>Financial Assets</b>		
Cash and cash equivalents	\$304,628	\$224,730
Debt Reserve Funds investments (note 2(a))	118,936	101,096
Sinking Funds investments (note 3)	213,503	160,313
Loans to members (note 4)	1,908,323	1,676,518
Restricted cash and cash equivalents: (note 5)		
Funds held due to members	114,545	62,686
Principal and interest payments received in advance	20,447	19,157
Other	324	324
	2,680,706	2,244,824
<b>Liabilities</b>		
Accounts payable and accrued liabilities	696	895
Accrued interest payable	17,613	12,728
Deferred contributions (note 13)	1,397	1,095
Due to members (note 2(b))	118,936	101,096
Funds held due to members	114,545	62,686
Principal and interest payments received in advance	20,447	19,157
Short-term indebtedness (note 6)	400,000	400,000
Debentures: (note 7)		
Principal	1,983,000	1,626,000
Unamortized premiums and discounts, net	6,780	9,529
Unamortized debenture issuance costs	(7,860)	(6,963)
	2,655,554	2,226,223
<b>Net Financial Assets</b>	25,152	18,601
<b>Non-Financial Assets</b>		
Credit Enhancement Fund (note 8)	53,163	53,163
Contingency Fund (note 9)	35,540	33,665
Capital assets (note 10)	2,702	1,645
Prepaid expenses	1,045	1,332
	92,450	89,805
Commitments and contingencies (note 11)		
<b>Accumulated surplus</b>	<b>\$117,602</b>	<b>\$108,406</b>
Accumulated surplus is comprised of:		
Accumulated surplus (note 12)	\$117,173	\$108,132
Accumulated remeasurement gains	429	274
	\$117,602	\$108,406

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, 2024 with comparative figures for 2023

(in thousands)

	2024 Budget (note 1(g))	2024	2023
<b>Revenue</b>			
Grants and contributions: (note 13)			
Funding and grant arrangements	\$1,642	\$4,396	\$3,343
Deferred contributions	-	(1,397)	(1,095)
Interest from loan programs	75,677	70,230	58,899
Debenture issuance premium amortization	2,864	2,864	2,872
Investment	11,090	12,789	7,549
Management fees	639	636	2,279
Other	22	43	178
	91,934	89,561	74,025
<b>Expenses (note 1 (h))</b>			
Interest on financing	69,903	64,692	54,092
Debenture issuance discount amortization	829	401	395
Debenture issuance costs amortization	1,556	1,432	1,391
Financing Fees	1,592	1,508	1,532
Professional fees	856	1,477	564
Travel and workshops	1,050	822	969
Salaries and benefits	4,373	3,650	3,149
Operations and management	900	780	710
Investment revenue due to members	5,534	5,560	4,261
Amortization of capital assets	477	198	520
	87,070	80,520	67,583
<b>Surplus</b>	<b>\$4,864</b>	<b>9,041</b>	<b>6,442</b>
Accumulated surplus, beginning of year	108,132	108,132	101,690
<b>Accumulated surplus, end of year</b>	<b>\$112,996</b>	<b>\$117,173</b>	<b>\$108,132</b>

See accompanying notes to the financial statements.

## Statement of Changes in Net Financial Assets

Year ended March 31, 2024 with comparative figures for 2023  
(in thousands)

	2024 Budget (note 1(g))	2024	2023
Surplus	\$4,864	\$9,041	\$6,442
Changes to non-financial assets			
Contingency Fund contributions	-	(1,875)	(1,115)
Acquisition of capital assets	-	(1,255)	(179)
Amortization of capital assets	477	198	520
	477	(2,932)	(774)
Net change in prepaid expenses	-	287	(838)
	477	(2,645)	(1,612)
Net remeasurement gains	-	155	176
Increase in net financial assets	5,341	6,551	5,006
Net financial assets, beginning of year	18,601	18,601	13,595
<b>Net financial assets, end of year</b>	<b>\$23,942</b>	<b>\$25,152</b>	<b>\$18,601</b>

## Statement of Remeasurement Gains and Losses

Year ended March 31, 2024 with comparative figures for 2023  
(in thousands)

	2024	2023
Accumulated remeasurement gains, beginning of year	\$274	\$98
Unrealized gains (losses) generated and reversed during the year from:		
Derivative contracts	155	176
<b>Accumulated remeasurement gains, end of year</b>	<b>\$429</b>	<b>\$274</b>

See accompanying notes to the financial statements.

## Statement of Cash Flows

Year ended March 31, 2024 with comparative figures for 2023  
(in thousands)

	2024	2023
Cash provided by (used in):		
Operating transactions:		
Operating surplus	\$9,041	\$6,442
Debenture issuance premium amortization	(2,864)	(2,872)
Debenture issuance discount amortization	401	395
Debenture issuance costs amortization	1,432	1,391
Amortization of capital assets	198	520
Net change in non-cash assets and liabilities	5,275	274
	13,483	6,150
Investing transactions:		
Acquisition of investments	(72,905)	(64,859)
Increase in amounts due to members	17,840	14,301
Net increase in restricted cash and cash equivalents	(53,149)	(21,963)
Increase in funds held due to members	51,859	42,852
Increase (decrease) in principal and interest payments received in advance	1,290	(20,889)
	(55,065)	(50,558)
Financing transactions:		
Loans to members issued	(285,700)	(183,781)
Repayment of loans to members	54,050	47,981
Debenture issued, principal	357,000	-
Premium (discount) on debenture issuance	(286)	-
Debenture issuance costs	(2,329)	-
	122,735	(135,800)
Capital transactions:		
Purchase of capital assets	(1,255)	(179)
Increase (decrease) in cash and cash equivalents	79,898	(180,387)
Cash and cash equivalents, beginning of year	224,730	405,117
<b>Cash and cash equivalents, end of year</b>	<b>\$304,628</b>	<b>\$224,730</b>
Supplemental cash flow information:		
Interest paid	\$59,807	\$54,737

See accompanying notes to the financial statements.

# Notes to Financial Statements

Year ended March 31, 2024

(all tabular figures reported in thousands of dollars)

First Nations Finance Authority ("FNFA") was created on April 1, 2006 as a result of Bill C20 and operates under the *First Nations Fiscal Management Act* (the "Act") as a not for profit corporation without share capital to develop borrowing capacity for First Nations governments and to provide investment pooling arrangements for its investing members. FNFA is exempt from income taxes pursuant to Section 149 (1)(c) and 149 (1)(d.5) of the Income Tax Act (Canada).

## 1. Significant accounting policies:

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

### (a) Basis of presentation:

These financial statements reflect the assets, liabilities, revenues, and expenses of FNFA's Operating, Credit Enhancement, Contingency, 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.

#### *Contingency Fund:*

Created through an agreement with Crown-Indigenous Relations and Northern Affairs Canada ("CIRNAC"), the Contingency Fund provides support for FNFA's borrowing members encountering difficulties through global pandemics or other widespread adverse economic events.

#### *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, 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 Fund 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.

## Notes to Financial Statements (cont.)

Year ended March 31, 2024

(all tabular figures reported in thousands of dollars)

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

Interest from loan programs with members is recorded as revenue in accordance with FNFA's loan agreements with its members. Investment, management fees, and other revenue is recorded as revenue in the period earned.

(c) Cash and cash equivalents:

Cash and cash equivalents include 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, government and corporate bonds, short-term indebtedness, and debentures 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%
Leashold improvements	Straight-line	5 - 10 years

## Notes to Financial Statements (cont.)

Year ended March 31, 2024

(all tabular figures reported in thousands of dollars)

(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 4, 2023. 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 years presented. Accordingly, segmented disclosures have not been presented in these financial statements.

### 2. Debt Reserve Funds:

(a) Investments:

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

The Debt Reserve Funds' assets, as at March 31, 2024, consist of the following:

	2024	2023
Cash and cash equivalents	\$30,735	\$65,609
Structured deposit notes (note 11 (a))	25,436	-
Government and corporate bonds	62,765	35,487
	<b>\$118,936</b>	<b>\$101,096</b>

Structured deposit notes include notes with maturities in November 2033 and May 2034, with interest rates from 3.90% to 4.03%.

Government and corporate bonds include bonds with maturities from December 2031 to September 2033, with coupon rates from 2.25% to 4.25% and have a total principal of \$63.5 million (2023 - \$35.0 million). The market value as at March 31, 2024 was approximately \$60.0 million.

The Debt Reserve Funds' investment portfolio includes FNFA issued bonds. At March 31, 2024, the book value of these investments was \$5.6 million (2023 - \$nil) and related investment income during the year was \$0.2 million (2023 - \$nil).



## Notes to Financial Statements (cont.)

Year ended March 31, 2024

(all tabular figures reported in thousands of dollars)

(b) Due to members:

Amounts due to members in the Debt Reserve Funds 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, 2024, is due upon extinguishment of the underlying loan, consistent with the term of the financing agreements.

### 3. Sinking Funds:

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

The Sinking Funds' assets, as at March 31, 2024 consist of the following:

	2024	2023
Cash and cash equivalents	\$26,669	\$15,499
Guaranteed investment certificates	91,085	65,800
Structured deposit notes (note 11 (a))	550	-
Government and corporate bonds	95,199	79,014
	<b>\$213,503</b>	<b>\$160,313</b>

Guaranteed investment certificates include certificates with maturities from May 2024 to March 2032, with interest rates from 4.40% to 6.15%.

Structured deposit note maturing in May 2034, and an interest rate of 4.03%.

Government and corporate bonds include bonds with maturities from April 2024 to December 2032, with coupon rates from 1.71% to 4.25% and have a total principal of \$96.6 million (2023- \$76.8 million). The market value as at March 31, 2024 was approximately \$92.0 million.

The Sinking Funds' investment portfolio includes FNFA issued bonds. At March 31, 2024, the book value of these investments was \$31.6 million (2023 - \$19.0 million) and related investment income during the year was \$0.7 million (2023 - \$0.9 million).

### 4. Loans to members:

	2024	2023
Debenture financing loans	\$1,774,260	\$ 1,468,912
Interim financing loans	133,634	207,332
	1,907,894	1,676,244
Unrealized gain on derivative contracts	429	274
	<b>\$1,908,323</b>	<b>\$1,676,518</b>

The aggregate maturity of loans to members as at March 31, 2024, are as follows:

2025	\$185,216
2026	51,582
2027	51,582
2028	51,582
2029	51,582
Thereafter	1,516,570
	<b>\$1,907,894</b>

## Notes to Financial Statements (cont.)

Year ended March 31, 2024

(all tabular figures reported in thousands of dollars)

(a) Debenture financing loans:

Debenture financing loans to members consists of loans to eighty-one (2023 - eighty) 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 4.28%.

(b) Interim financing

Interim financing loans as at March 31, 2024, consists of loans to twelve (2023 - twenty- one) borrowing members, bearing interest at a floating rate of 2.40% to 6.25%, payable monthly. Loans to ten borrowing members are due on the earlier of demand or the date upon which FNFA issues debentures to replace the interim financing provided to the First Nation. The interim financing loans have been issued by FNFA in anticipation of a debenture issuance. Loans to two borrowing members are long-term financing arrangements due in June 2028. The remaining 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 financing.

(c) Secured Revenues Trust Account:

FNFA determines 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. 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, 2024 (2023 - \$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:

	2024	2023
Funds held due to member	\$114,545	\$62,686
Principal and interest payments received in advance	20,447	19,157
Members capital (note 12(b))	324	324
	<b>\$135,316</b>	<b>\$82,167</b>

### 6. Short-term indebtedness:

FNFA operates a Commercial Paper Program to support its interim financing loans to members. FNFA can issue commercial paper up to a maximum aggregate amount of \$400 million, which is fully backed by a revolving credit facility. Outstanding commercial paper at March 31, 2024 had an average interest rate of

## Notes to Financial Statements (cont.)

Year ended March 31, 2024

(all tabular figures reported in thousands of dollars)

5.03% (2023 - 4.70%). The present value of the commercial paper at issuance was not significantly different than its principal amount.

The revolving credit facility continues to be available to FNFA through the issuance of bankers' acceptance notes or the issuance of loans bearing interest calculated in relation to the lender's prime. The aggregate of \$400 million outstanding between the revolving credit facility and the Commercial Paper Program may not be exceeded. The outstanding balance of the credit facility at March 31, 2024 was \$nil (2023 - \$nil). 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, 2024.

### 7. Debentures:

Debentures consist of secured and unsubordinated bonds issued by FNFA. The bonds provide for semi-annual interest payments at 1.71% to 4.10% and payment of the principal at maturity on June 26, 2024 to June 1, 2034. Debenture discounts or premiums 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 1.66% to 3.13%.

The maturity of debenture financing as at March 31, 2024, is as follows:

2025	\$251,000
2029	427,000
2031	594,000
2033	354,000
2035	357,000
	<b>\$1,983,000</b>

### 8. Credit Enhancement Fund:

The Credit Enhancement Fund was established under the Act and funded through several deposits from CIRNAC. 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 Funds.

The Credit Enhancement Fund, as at March 31, 2024 consist of the following:

	2024	2023
Cash and cash equivalents	\$5,107	\$4,200
Guaranteed investment certificate	-	5,000
Government and corporate bonds	48,130	44,036
Due to Operating Fund	(74)	(73)
	<b>\$53,163</b>	<b>\$53,163</b>

Government and corporate bonds include bonds with maturities of June 2030 to June 2033, a coupon rates of 1.25% to 4.25% and have a total principal of \$46.5 million (2023 - \$42.0 million). The market value as at March 31, 2024 was approximately \$44.4 million.

## Notes to Financial Statements (cont.)

Year ended March 31, 2024

(all tabular figures reported in thousands of dollars)

### 9. Contingency Fund:

The Contingency Fund was created and funded in the 2022 fiscal year by contributions of \$32.49 million from CIRNAC. The purpose of the Contingency Fund is to provide repayable financial support for FNFA's borrowing members encountering difficulties due to COVID-19 pandemic or subsequent widespread economic shock. The Contingency Fund must be deposited into a Canadian financial institution that is a member of the Canada Deposit Insurance Corporation. Investment income from the Contingency Fund may be used for FNFA's operational costs. During the year ended March 31, 2024, no loans from the Contingency Fund were made to borrowing members.

Fund activity for the year ended March 31, 2024 is as follows:

	2024	2023
Balance, beginning of year	\$33,665	\$32,550
Contributions	-	-
Investment income	1,875	1,115
Loans to borrowing members	-	-
<b>Balance, end of year</b>	<b>\$35,540</b>	<b>\$33,665</b>

### 10. Capital assets:

March 31, 2024	Furniture and equipment	Computer equipment	Leasehold improvements	Computer software	Total
Cost:					
Balance, beginning of year	\$213	\$132	\$ 1,135	\$ 646	\$2,126
Additions	177	107	956	15	1,255
Disposals	(7)	(30)	(3)	-	(40)
Balance, end of year	383	209	2,088	661	3,341
Accumulated amortization:					
Balance, beginning of year	92	82	307	-	481
Amortization	29	31	123	-	183
Disposals	(4)	(19)	(2)	-	(25)
Balance, end of year	117	94	428	-	639
<b>Net book value, end of year</b>	<b>\$266</b>	<b>\$115</b>	<b>\$1,660</b>	<b>\$661</b>	<b>\$2,702</b>

March 31, 2023	Furniture and equipment	Computer equipment	Leasehold improvements	Computer software	Total
Cost:					
Balance, beginning of year	\$208	\$167	\$1,033	\$903	\$2,311
Additions	7	14	106	52	179
Disposals	(2)	(49)	(4)	(309)	(364)
Balance, end of year	213	132	1,135	646	2,126
Accumulated amortization:					
Balance, beginning of year	63	79	183	-	325
Amortization	29	37	124	-	190
Disposals	-	(34)	-	-	(34)
Balance, end of year	92	82	307	-	481
<b>Net book value, end of year</b>	<b>\$121</b>	<b>\$50</b>	<b>\$828</b>	<b>\$646</b>	<b>\$1,645</b>

## Notes to Financial Statements (cont.)

Year ended March 31, 2024

(all tabular figures reported in thousands of dollars)

Computer software consists of costs incurred for software that is in the development phase. As it was not available for use as at March 31, 2024, no amortization has been recorded. Included in amortization on the statement of operations is a write-down of computer software of \$nil (2023 - \$330,000).

### 11. Commitments and contingent liabilities

#### (a) Commitments

Office Lease - FNFA entered into a lease agreement for office space, which expires January 31, 2028 and various office equipment leases expiring October 2025. Total estimated operating lease commitments to maturity are as follows:

2025	\$276
2026	330
2027	328
2028	325
	<b>\$1,259</b>

Structured Deposit Notes - FNFA entered into structured deposit note agreements to lock-in investment rates over the term of the notes. The investments are in the Debt Reserve Fund and Sinking Fund investments as described in note 2 and 3. FNFA has the following structured deposit note commitments:

- Note with monthly installment requirements of \$300,000 beginning July 2024; settlement extends to November 2033.
- Note with monthly installment requirements of \$550,000 beginning March 2024; settlement extends to April 2034.

#### (b) Derivative financial instruments

At March 31, 2024, FNFA had the following outstanding derivative financial instruments:

- Interest rate swap contract with a notional value of \$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 for loans to members. They were 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, 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 termination 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 termination. 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.

FNFA categorizes its fair value measurements for derivative contracts and investments 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.

## Notes to Financial Statements (cont.)

Year ended March 31, 2024

(all tabular figures reported in thousands of dollars)

Government and corporate bonds and derivative contracts are considered level 2 financial instruments.

The net unrealized gain on outstanding derivative contracts at March 31, 2024, of \$0.43 million (2023 - \$0.27 million) has been reflected in the statement of remeasurement gains and losses and in the statement of financial position as an offset to loans to members.

### 12. Accumulated surplus

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

	2024	2023
Credit Enhancement Fund	\$53,163	\$53,163
Contingency Fund	35,540	33,665
Operating Fund:		
Invested in tangible capital assets	2,702	1,645
Unrestricted	25,768	19,659
	28,470	21,304
	<b>\$117,173</b>	<b>\$108,132</b>

(b) Members capital:

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

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

	Credit Enhancement Fund	Contingency Fund	Operating Fund		Total
			Invested in capital assets	Unrestricted	
Balance, March 31, 2022	\$53,163	\$32,550	\$1,986	\$13,991	\$101,690
Annual operating surplus (deficit)	1,301	1,115	(520)	4,546	6,442
Acquisition of capital assets	-	-	179	(179)	-
Transfers	(1,301)	-	-	1,301	-
Balance, March 31, 2023	\$53,163	\$33,665	\$1,645	\$19,659	\$108,132
Annual operating surplus (deficit)	1,692	1,875	(198)	5,672	9,041
Acquisition of capital assets	-	-	1,255	(1,255)	-
Transfers	(1,692)	-	-	1,692	-
<b>Balance March 31, 2024</b>	<b>\$53,163</b>	<b>\$35,540</b>	<b>\$2,702</b>	<b>\$25,768</b>	<b>\$117,173</b>

## Notes to Financial Statements (cont.)

Year ended March 31, 2024

(all tabular figures reported in thousands of dollars)

### 13. Grants and contributions:

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

	2024	2023
Comprehensive Funding Arrangement	\$2,301	\$2,343
Grant Agreement	1,000	1,000
Deferred contributions from prior year	1,095	-
Deferred contributions	(1,397)	(1,095)
	<b>\$2,999</b>	<b>\$2,248</b>

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 FNFA.

Under the terms of the Grant Agreement, which is for the purpose of covering costs associated with FNFA's core business, FNFA is to receive an annual maximum of \$1,000,000. This arrangement expires on March 31, 2024.

### 14. 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, 2024, each interim financing loan to members was funded through short-term indebtedness. 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 short-term indebtedness (note 6) and Credit Enhancement Fund (note 8).

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

	2024			
	On demand	Within 1 year	Greater than 1 year	Total
<i>Non-derivative financial liabilities</i>				
Accounts payable and accrued liabilities	\$ -	\$696	\$ -	\$696
Accrued interest payable	-	17,613	-	17,613
Principal and interest received in advance	-	20,447	-	20,447
Funds held due to members	114,545	-	-	114,545
Due to members	-	6,848	112,088	118,936
Short-term indebtedness	400,000	-	-	400,000
Debentures	-	-	1,983,000	1,983,000
	<b>\$514,545</b>	<b>\$45,604</b>	<b>\$2,095,088</b>	<b>\$2,655,237</b>

## Notes to Financial Statements (cont.)

Year ended March 31, 2024

(all tabular figures reported in thousands of dollars)

				2023
	On demand	Within 1 year	Greater than 1 year	Total
<i>Non-derivative financial liabilities</i>				
Accounts payable and accrued liabilities	\$ -	\$895	\$ -	\$895
Accrued interest payable	-	12,728	-	12,728
Principal and interest received in advance	-	19,157	-	19,157
Funds held due to members	62,686	-	-	62,686
Due to members	-	11,065	90,031	101,096
Short-term indebtedness	400,000	-	-	400,000
Debentures	-	-	1,626,000	1,626,000
	<b>\$462,686</b>	<b>\$43,845</b>	<b>\$1,716,031</b>	<b>\$2,222,562</b>

(b) Credit risk:

Credit risk refers to the risk that the counterparty may default on its contractual obligations resulting in a financial loss. FNFA holds its cash and cash equivalents, Credit Enhancement and Contingency 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.

Credit risk on loans to members is reduced by ensuring that all members must first comply with imposed financial criteria which define borrowing limits and assess the ability to service new and existing debt. FNFA conducts periodic evaluations of its loans to members, including monthly reviews of expected interception of revenues to actual, to determine if the loans are impaired. FNFA has requirements under its loan agreements that members must pledge other revenues if a revenue stream pledged to FNFA to service debt is impaired.

(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 and Contingency Fund assets and investments are held in cash, short term money market instruments, or corporate and government bonds. FNFA is subject to interest rate risk in regard to its corporate and government bonds (notes 2, 3, and 8).

FNFA is subject to interest rate risk with respect to its short-term indebtedness, which bears interest at variable rates. FNFA monitors interest rate risk on short-term indebtedness and negotiates interest rates on interim financing loans to members in relation to these rates.

FNFA periodically enters into derivative financial instruments (note 11(b)) to manage certain interest rate exposure.

*Fair value sensitivity analysis for fixed rate instruments*

FNFA 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 \$53,000 (2023 - \$57,000).



# Glossary

**Commercial Paper (CP) Program:**

Issuance of short-term promissory notes to support FNFA's Interim Financing Program.

**Contingency Fund (CF):** Federal Government agreement to recognize the impact of widespread economic shock on borrowing members such as the pandemic-related government related closures; the CF can be borrowed by eligible existing borrowing members to cover loan payments to FNFA in the event of widespread economic shock.

**Credit Enhancement Fund (CEF):**

Backup support for the DRF replenishment in the event it is used for member defaults. CEF is under an agreement with the Federal government.

**Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC):**

Arm of the Federal government dedicated to renewing the relationship between Canada and First Nations, Inuit and Métis.

**Debenture Financing (DF)**

**Program:** long-term loan program with fixed rate, principal and interest payment requirements; once loan pool is built up to a marketable size it is rolled from interim financing into debenture financing; rate is fixed for the term of the debenture (10 years currently).

**Debt Reserve Fund (DRF):**

Withholding of 5% on each loan to support loan payments in the event of a member default; it is returned with all earnings to the member upon loan extinguishment.

**Environmental, Social and Governance (ESG):** a set of standards that socially conscious investors use to screen potential investments.

Environmental criteria consider how an organization performs as a steward of nature, for example, a green energy project.

Social criteria examine how an organization contributes to society, for example, affordable housing or clean water.

Governance criteria examines how an organization contributes to better leadership and internal controls, for example.

**First Nations Fiscal Management Act (FNFMA):**

Federal Act that FNFA was first established and operates under.

**Interim Financing (IF) Program:**

short-term loan program with floating rate, interest only payment requirements; used to build up loan pool ahead of debenture issuance and/or finance projects under construction.

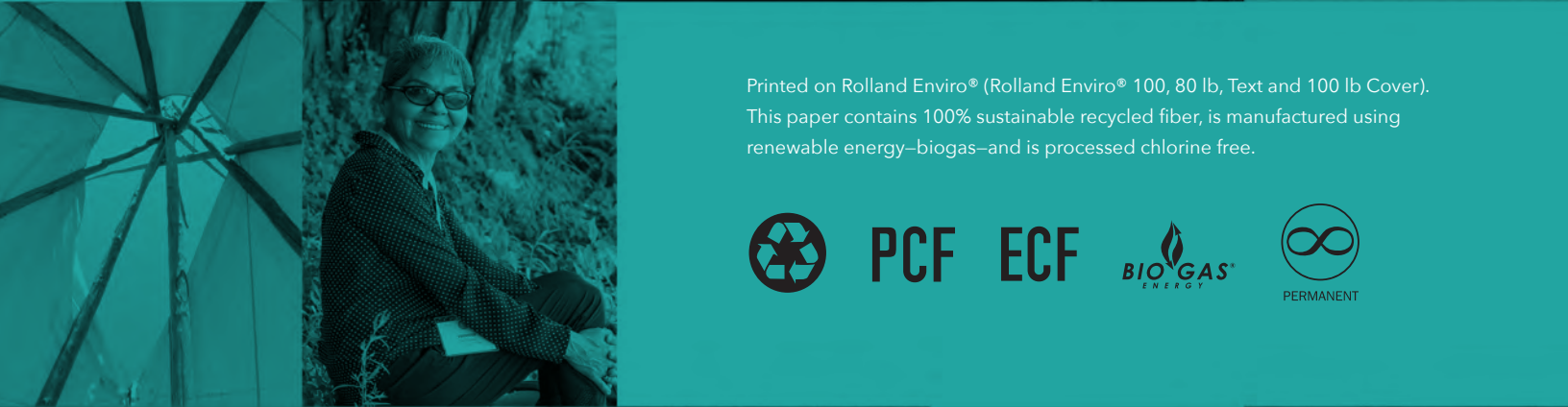
**Financing Secured by Other Revenues Regulation (FSORR):**

Regulation developed to expand FNFA's mandate to allow for loans to members utilizing other revenues (under FNFMA, FNFA could only utilize Property Tax revenues).

**Sinking Fund (SF):** Required for each debenture issuance under the Act. Principal loan payments are held in the SF and invested until debenture maturity. Earnings on SF go towards member loan principal balances.







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