

**FIRST NATIONS
FINANCE AUTHORITY**

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2004 ANNUAL REPORT

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MEMBERS

Adams Lake Indian Band	Lakahahmen Band Taxation	Squiala First Nation
Bonaparte Indian Band	Lower Kootenay Band	St. Mary's Band
Chawathil Indian Band	Matsqui Band Taxation	Sto:lo Nation Investment
Chemainus First Nation	Matsqui First Nation	T'it'q'et
Ch-ihl-kway-uhk Tribe Society	Millbrook First Nation	Te'mexw Treaty Association
Columbia Lake First Nation	Namgis First Nation	Tsawout First Nation
Cowichan Tribes	Old Massett Village Council	Tsawwassen First Nation
Greater Massett Development Corporation	Seabird Island Indian Band	Tzeachten Band Taxation
Kamloops Indian Band	Skowkale Band Taxation	Tzeachten First Nation
Kwakiutl-Laich-Kwil-Tach Nations Treaty Society	Sliammon Taxation Authority	Westbank First Nation
Kwaw Kwaw A Pilt Band Taxation	Songhees Indian Band	Westbank First Nation Taxation
	Songhees Indian Band & Esquimalt First Nation Trust	White Bear First Nation

DIRECTORS



President/C.E.O.
Deanna Hamilton



Vice President
Chief Joe Hall



Secretary/Treasurer
Chief Sophie Pierre



Director
Chief Robert Sam



Director
Alexander Cope

CONSULTANTS

Municipal Finance Authority of B.C.
Victoria, B.C.

AUDITORS

KPMG
Victoria, B.C.

GENERAL LEGAL COUNSEL

Micha J. Menczer
Vancouver, B.C.

BOND COUNSEL

R.T. Bryant
Bryant & Co.
Victoria, B.C.

SENIOR POLICY ADVISOR

T. J. Raybould
Westbank, B.C.



To the Members of the First Nations Finance Authority;

While 2004 was a busy year, I had hoped to be reporting to the Members that Bill C-19, the First Nations Fiscal and Statistical Management Act had become law and that we are now working towards our first bond issue. Sadly

this is not the case and our efforts remain heavily focused on getting legislation passed. However, we remain confident that the Bill C-20 will succeed in early 2005.

Bill C-19 died on the Order Paper awaiting Report Stage when Parliament was prorogued in November 2003. The government has remained committed to our initiative and on 10 March 2004, by virtue of a House of Commons motion, an amended Bill C-19 was reintroduced at the same stage as a new Bill, Bill C-23. The legislation was debated at Report Stage in April 2004, when the House of Commons adopted a number of government amendments. These included adding to the Bill a schedule of First Nations opting to use the legislation and the retaining of section 83 of the Indian Act as a parallel property tax regime for First Nations. Bill C-19 would have replaced the old property tax section 83 of the Indian Act. Bill C-23 was undergoing third reading debate in May 2004, when the 37th Parliament was dissolved for the federal election. Once again the legislation died on the Order Paper.

On November 2nd 2004, and for a third time, a new bill, Bill C-20, was introduced in the House of Commons and given first reading. Bill C-20 incorporates the amendments to Bill C-23 that were adopted by the House of Commons at Report Stage in April 2004. Bill C-23 is essentially the same bill setting out a public financing regime for First Nations through the establishment of four national First Nation institutions that will provide First Nation's communities that choose to participate in the scheme the tools to address economic development and fiscal issues on-reserve. These are: the First Nations Finance Authority (FNFA); the First Nations Tax Commission (FNTC), the First Nations Financial Management Board (FMB) and First Nations Statistics. (FNS).

During the course of 2004, as part of the efforts to ensure that parliamentarians and others understood the financial implications and importance of Bill C-20, the Indian Taxation Advisory Board (ITAB, the precursor to the First Nations Tax Commission) commissioned a study on how it is currently 'ten times harder' to create jobs and wealth on First Nation lands than anywhere else in the country and how this is directly related to lack of affordable capital for public infrastructure development to attract private investment.

The ITAB study discussed how economic development involves both the public and private sectors. How local governments use their property tax revenues to pay for local services and infrastructure such as roads, water and sewer. It demonstrated how in a typical Canadian community a local government can finance up to \$6 million in new infrastructure from every \$1 million in annual property tax revenues.

The ITAB study showed that a typical First Nation community must commit three times as much revenue to finance the same amount of infrastructure. Local governments use this infrastructure and services to encourage private sector investors to develop land within their boundaries. The study showed how a typical Canadian community can entice up to \$5 million in additional private investment for every \$1 million in infrastructure improvements. However, for a typical First Nation it can only encourage about one third of this amount of new investment for every dollar's worth of infrastructure improvement. When you do the arithmetic this means it is currently 'ten times harder' to create jobs and wealth on First Nation lands than anywhere else in the country. This is where the FNFA and the other institutions help to level the playing field. The proposed four institutions will, together, help First Nations turn infrastructure into wealth. These institutions are not the whole solution but they are certainly a step in the right direction.

In addition to a continued focus on the legislation and making a business case for proceeding, efforts in 2004 were stepped up to complete the regulations that will accompany the Bill. There are two regulations directly related to the FNFA's operations; one dealing with replenishing the Debt Reserve Fund (DRF) and one addressing permitted short-term investments. The first, regarding the DRF, sets out the formula for how the DRF will be replenished in the event that the Members are ever collectively called upon to top it up as well as how the monies collected will be paid back by the Member who caused the DRF to be drawn down in the first place. The second regulation concerning permitted short-term investments ensures that if the FNFA continues to elect to invest its Members' monies in the pooled investment funds of the Municipal Finance Authority of BC the FNFA can do so. The short-term investment pools are operated separate and apart from the borrowing program as an additional service to Members and continue to provide strong returns for the Members at very low management costs and investment risk.

In looking forward to 2005, it is almost certain Bill C-20 will pass; third time lucky! There is all-party support in the House and a stronger appreciation of the economic benefits of the initiative. As we move forward the four institutions must begin the process of implementation and in the case of both ITAB and FNFA Inc. the transition to being statutory bodies. After the Bill is passed there will still be some time before our first bond issue. The other institutions need to be fully up and running with boards appointed by Canada and with operating policies, procedures and standards in place. The timing of the first FNFA issue will be dependent on when we receive and can batch FNTC approved Borrowing Laws from the Members following certification by the Financial Management Board. The FNFA staff and Board will work with the other institutions to get our services up and running as quickly as possible to meet the needs of the FNFA and our Members.

Deanna Hamilton
President/C.E.O.

DIRECTORS PROFILES

The FNFA is governed by an all aboriginal Board made up of political leaders representing the participating First Nations. The current Board is:



Deanna Hamilton

President/Chief Executive Officer

Deanna Hamilton is Okanagan and a member of the Westbank First Nation in British Columbia, Canada. Ms. Hamilton coordinated the development of the First Nations Finance Authority (FNFA) from its conception in 1992

through to incorporation of the authority in 1995. The FNFA will serve First Nations governments choosing to use its services to attain affordable capital for infrastructure on national and international markets. She is currently the President and Chief Executive Officer of the FNFA.

Ms. Hamilton attended the University of British Columbia. Throughout her career she has worked in business in a number of management and supervisory positions and has successfully operated her own land development companies. Ms. Hamilton returned to her community in 1990 and accepted the position of Surveyor of Taxes for the Westbank First Nation and was responsible for establishing the system of property tax administration at Westbank. Ms. Hamilton was elected Councillor to the Westbank First Nation from 1996 to 1998 and 2000 to 2003. She has been active in Band administration and governance as indicated by the many various organizations and boards she has served on over the years: Westbank First Nation Self-government; Westbank First Nation Corporations; Westbank First Nation Treaty Negotiations Table; and Westbank First Nation Economic Development Commission.

Ms. Hamilton is past president of the First Nation Tax Administrators Association, was a Board member of the Kelowna Chamber of Commerce, a Director of All Nations Trust Company, served two consecutive terms as Director of the British Columbia Assessment Authority and was a member of the National Revenue Options Technical Table.

Ms. Hamilton is married, has three children and resides in Westbank, British Columbia.

Chief Joe Hall

Vice President

Joe Hall is the Chief Executive Officer of Sto:lo Nation. Under his leadership, the Sto:lo Nation provides a number of programs and services: Administration Services, Community Development, Finance, Health,



Fisheries, Lands, Native Justice, Human Resources, Treaty, Child & Family Services.

A graduate of the BC Institute of Technology and BC Vocational School, Joe subscribes to the life-long learning concept and has enhanced his skill set through training at the University of BC, the University of Victoria, the Justice Institute and the University College of the Fraser Valley.

Prior to coming to the Sto:lo Nation in 1986, Joe was employed for eleven years with Genstar Development Company as a Civil Engineering Technician, where he was primarily involved in land development.

Joe is Chief of the Tzeachten First Nation, a dynamic and progressive First Nation located in the Fraser Valley.

Joe has served on a number of Boards and Committees including:

- Former Chairman of the Sto:lo Development Corporation Investment Committee
- Former member of the BC AFN Chiefs' Committee on Housing.
- Former member of the Chilliwack Economic Partnership Corporation.
- Former Chairman of the First Nation Education Steering Committee.
- Former member of the RCMP Commissioner's Advisory Panel.
- Former member of the Chilliwack Official Planning Committee.
- Former Director of the Tale'awtxw Aboriginal Capital Corporation;
- Former Chairman of the Tale'awtxw Economic Development Association;
- Lectured at the University of Victoria on property taxation.
- Participated on the tax panel at the Union of BC Municipalities in Victoria.
- Assisted the BC Region DIAND Executive Committee with the development of the "Government to Government" handbook.

Joe's current affiliations:

- Director of the Sto:lo Nation Development Corporation;
- President of Ch-ihl-kway-uhk Tribal Society
- Vice-President of Chi-ihl-kway-uhk Forest Limited Partnership
- Vice-President of the First Nations Finance Authority;
- Member of the BC Assembly of First Nations Chiefs' Committee on Fiscal Relations;

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Developing quality infrastructure encourages economic development and



promotes self-sufficiency.

DIRECTORS PROFILES

Continued from page 4

- Member of the Advisory Panel for the First Nations Statistical Institute;
- BC Assembly of First Nations Director;
- BC Commissioner for Taking Affidavits.

Joe is married with two sons and is a very active participant and coach, with more than 35 years involvement in community sports (baseball, soccer).



Chief Sophie Pierre
Secretary/Treasurer

Sophie Pierre is the elected Chief of the St. Mary's Indian Band and Administrator for the Ktunaxa/Kinbasket Tribal Council. Previously she served as Chief of the St. Mary's Indian Band for a decade from 1978 - 1988, and

Councillor 1988 - 1992. Chief Pierre has been instrumental in the quest to resolve land claims in B.C., has been involved in the work of the British Columbia Claims Task Force, and was co-chair of the First Nations Summit. She has served on a number of Boards and committees. Currently Chief Pierre is Chairperson of the Board of Regents for the Ktunaxa Independent School System, a board member of BC Hydro Power Authority and Chairperson of the St. Eugene Mission Development Board. In the past, she has been an executive member of the First Nations Congress, a board member of the Native Courtworkers and Counselling Association, a board member of UNESCO - Decade for culture, and a board member and Chairperson of the College of the Rockies. Chief Pierre has been an associate instructor in the Administration of Aboriginal Governments Program at the University of Victoria.

Chief Pierre was recipient of the 2003 National Aboriginal Achievement Award for Public Service and in June 1994 was awarded the Order of British Columbia.



Alexander Cope
Director

A member of the Millbrook First Nation, located in Truro, Nova Scotia, Alexander Cope is presently serving his sixth 2-year term as Band Councillor. Alex graduated from the University of New Brunswick in 1991 with a

Bachelor Business Administration and currently holds the position of Band Administrator for the Millbrook

First Nation. Alex also serves on the Board of the Chignecto Central School Board, the Millbrook Gaming Commission, Millbrook Economic Development Corporation and the Millbrook Housing Authority.



Chief Robert Sam
Director

Chief Robert Sam attended residential school in Kamloops before moving to St. Louis College for Boys in Victoria. He has attended the University of Victoria. Robert Sam was elected Chief of the Songhees First Nation

in June 1996 and re-elected in June 2000 and again in 2003. He was elected Councillor numerous times since the 1960's. Chief Sam is the Chief Negotiator for the Songhees Nation for Treaty Negotiations and is a Committee Member of the AFN's Chief's Committee on Treaties. Chief Sam has worked in the area of economic development in Prince George for the Carrier Sekani people. As Chief of his community Robert was the driving force in developing the local government bylaws including taxation and fire protection. He successfully negotiated a local education agreement with the Victoria School Board.

In addition to his duties as Chief, Chief Sam currently runs a garbage disposal business and employs local people. As a strong community member, he has been involved with the Songhees Canoe Club and owns Lekwammen Chief, an eleven man War Canoe. Chief Sam is active with the Songhees Youth Group and trains the youth in canoe paddling for canoe races. Chief Sam's strong cultural beliefs guide his leadership style.

Auditor's Report to the Unitholders of the
First Nations Finance Authority Inc.

Pooled Investment Funds

We have audited the statements of net assets of the Money Market Fund and the Intermediate Fund of the **First Nations Finance Authority Inc.** (the "FNFA") as at December 31, 2004 and 2003 and the statements of operations and unitholders' equity of each of these Funds for the years then ended. These financial statements are the responsibility of the FNFA's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of these Funds as at December 31, 2004 and 2003 and the results of their operations and the changes in their net assets for the years then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads "KPMG LLP". The letters are stylized and slanted to the right.

Chartered Accountants

Victoria, Canada
February 4, 2005

POOLED INVESTMENTS

FIRST NATIONS FINANCE AUTHORITY INC.

Pooled Investments - Statements of Net Assets

December 31, 2004 and 2003

	Money Market Fund		Intermediate Fund		Total	
	2004	2003	2004	2003	2004	2003
ASSETS						
Cash	\$165	\$86	\$1,459	\$2,325	\$1,624	\$2,411
Investments (note 2)	3,502,137	4,671,022	6,255,594	6,087,777	9,757,731	10,758,799
	\$3,502,302	\$4,671,108	\$6,257,053	\$6,090,102	\$9,759,355	\$10,761,210
LIABILITIES						
Accrued management fees	\$ 433	\$636	\$1,105	\$1,058	\$1,538	\$1,694
Unitholder payable	3,968	8,280	2,659	—	6,627	8,280
	4,401	8,916	3,764	1,058	8,165	9,974
NET ASSETS AND UNITHOLDERS' EQUITY	3,497,901	4,662,192	6,253,289	6,089,044	9,751,190	10,751,236
	\$3,502,302	\$4,671,108	\$6,257,053	\$6,090,102	\$9,759,355	\$10,761,210

See accompanying notes to financial statements.

Approved by the Director



First Nations Finance Authority Inc.
Pooled Investments - Statements of Operations and Unitholders' Equity

Year ended December 31, 2004 and 2003

	Money Market Fund		Intermediate Fund		Total	
	2004	2003	2004	2003	2004	2003
INVESTMENT INCOME						
Interest income	\$91,446	\$136,022	\$138,121	\$176,890	\$229,567	\$312,912
Less management fees	5,767	6,880	12,603	11,324	18,370	18,204
	85,679	129,142	125,518	165,566	211,197	294,708
GAIN ON INVESTMENTS						
Net realized gain (loss)	-	(16)	1,531	19,520	1,531	19,504
Net unrealized gain	30	304	37,196	1,112	37,226	1,416
Net gain on investments	30	288	38,727	20,632	38,757	20,920
NET EARNINGS DISTRIBUTED	\$85,709	\$129,430	\$164,245	\$186,198	\$249,954	\$315,628
NET ASSETS AND UNITHOLDERS' EQUITY						
Units outstanding, beginning of the year	\$4,662,192	\$4,921,033	\$6,089,044	\$4,766,882	\$10,751,236	\$9,687,915
Units subscribed	-	3,135,968	-	1,135,965	-	4,271,933
Distributions reinvested	85,709	129,430	164,245	186,197	249,954	315,627
Units redeemed	(1,250,000)	(3,524,239)	-	-	(1,250,000)	(3,524,239)
Units outstanding, end of the year	\$3,497,901	\$4,662,192	\$6,253,289	\$6,089,044	\$9,751,190	\$10,751,236

See accompanying notes to financial statements.

FIRST NATIONS FINANCE AUTHORITY INC.

Pooled Investments - Notes To Financial Statements

Year ended December 31, 2004 and 2003

First Nations Finance Authority Inc. (the "FNFA") was incorporated February 13, 1995 under the Canada Business Corporation Act and operates as a federally incorporated entity to provide investment pooling arrangements and to develop borrowing capacity for First Nations governments. The FNFA, through an agreement with the Municipal Finance Authority of British Columbia (the "MFA"), acts as a non-assignable corporate investment vehicle contracting with the MFA for the provision of investment services for FNFA unitholders. The operations of the funds are monitored by a FNFA Investment Committee appointed from various First Nations governments.

1. SIGNIFICANT ACCOUNTING POLICIES:

The FNFA invests monies received from unitholders in two pooled investment funds administered by the MFA:

- Money Market Fund; and
- Intermediate Fund.

These funds are authorized to issue an unlimited number of units, each of which represents an equal undivided interest in the net assets of the respective funds, pro rata, with all other units from time to time issued and outstanding.

Units are issued or redeemed at \$1,000 per unit.

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The following is a summary of the significant accounting policies used in the preparation of the financial statements.

(a) Money Market Fund:

- (i) Investments are carried at cost, adjusted for amortization of premiums and accretion of discounts on an effective yield basis, which approximates market value.
- (ii) Interest income is recognized as earned.
- (iii) Management fees are accrued daily at the rate of 3/20 of 1% per annum of the net assets of the fund and are paid monthly to the MFA.
- (iv) Net earnings from operations are distributed to unitholders daily as additional units of the fund.

(b) Intermediate Fund:

- (i) Investments are carried at market values which are determined as follows:
 - * Bonds and debentures - at the quoted mid-market value.
 - * Treasury bills, short-term notes, etc. - at amortized cost which approximates mid-market value.
- (ii) Investment transactions are accounted for on the trade date and gains/losses from such transactions are calculated on an average cost basis.
- (iii) Interest income is recognized as earned.
- (iv) Management fees are accrued weekly and at month end at the rate of 1/5 of 1% per annum of the net assets of the fund and are paid monthly to the MFA.
- (v) Net earnings from operations are distributed to unitholders weekly and at month end as additional units of the fund.
- (vi) Accretion of discounts and premiums are amortized on a straight-line basis over the term of the investment.

FIRST NATIONS FINANCE AUTHORITY INC.

Pooled Investments - Notes To Financial Statements

Year ended December 31, 2004 and 2003

2. INVESTMENTS:

The investments held by the FNFA represent their unitholders proportionate share of securities invested in the Money Market Fund and Intermediate Fund administered by the MFA's Pooled Investment Funds. As at December 31, the Money Market Fund and Intermediate Fund of the MFA held the following securities:

	2004		2003	
	Money Market Fund	Intermediate Fund	Money Market Fund	Intermediate Fund
Bankers' acceptance	2.75%	-	5.58%	-
Corporate bonds, coupons and notes	2.23%	-	8.80%	-
Government of Canada:				
Treasury bills	32.38%	86.93%	31.59%	100.00%
Commercial paper	62.64%	13.07%	54.03%	-
	100%	100%	100%	100%

The investments of the FNFA unitholders represent approximately 0.4% (2003 - 0.6%) of the Money Market Fund and 5.6% (2003 - 5.2%) of the Intermediate Fund administered by the MFA's Pooled Investment Funds.

3. MANAGEMENT FEES:

A portion of management fees paid to the MFA is attributable and paid to the FNFA general operating fund by the MFA. In 2004, management fees of \$3,979 (2003 - \$3,995) were paid to the FNFA general operating fund through the MFA.

POOLED INVESTMENTS

Money Market Fund - Schedule of Investments - (Schedule 1)

(Reproduced from the annual report of the Municipal Finance Authority of B.C.)

December 31, 2004

Thousands of Dollars

	MATURITY DATE	PAR	COST	% OF TOTAL
Short term Investments:				
Treasury Bills				
Canada Treasury Bill	February 24, 2005	\$45,800	45,628	
Canada Treasury Bill	March 10, 2005	74,000	73,643	
Canada Treasury Bill	April 7, 2005	109,815	109,074	
Canada Treasury Bill	May 5, 2005	63,000	62,399	
		<u>292,615</u>	<u>290,744</u>	32.38%
Bankers' Acceptance				
Bank of Nova Scotia	February 18, 2005	4,800	4,784	
Canadian Imperial Bank of Commerce	February 11, 2005	5,000	4,985	
National Bank of Canada	February 17, 2005	15,000	14,951	
		<u>24,800</u>	<u>24,720</u>	2.75%
Discount Commercial Paper				
Alcan Aluminium	January 27, 2005	11,000	10,979	
Alcan Aluminium	January 28, 2005	6,500	6,487	
Bank of Montreal	February 16, 2005	40,000	39,873	
Bank of Nova Scotia	February 1, 2005	14,150	14,118	
Bank of Nova Scotia	February 14, 2005	10,000	9,969	
Bank of Nova Scotia	February 17, 2005	10,000	9,965	
Bay Street Funding Trust	February 15, 2005	7,700	7,674	
Bay Street Funding Trust	February 22, 2005	5,000	4,982	
Bay Street Funding Trust	February 25, 2005	19,000	18,927	
Bay Street Funding Trust	March 17, 2005	3,000	2,984	
Caisse Centrale	February 23, 2005	25,000	24,902	
CHN Capital Canada Receivable Trust	May 15, 2012	10,000	10,029	
Credit Union BC	February 7, 2005	3,450	3,441	
Darwin Receivable Trust	February 23, 2005	2,375	2,366	
Diversified Trust	March 10, 2005	2,950	2,936	
Enbridge Inc.	January 26, 2005	12,050	12,029	
Encana Corporation	February 25, 2005	19,350	19,275	
Encana Corporation	March 1, 2005	2,650	2,639	
GE Capital Canada Funding Company	January 19, 2005	5,200	5,193	
GE Capital Canada Funding Company	February 17, 2005	24,000	23,922	
GE Capital Canada Funding Company	February 18, 2005	9,300	9,267	
Honda Canada Finance	February 14, 2005	6,400	6,380	
Household Finance	March 11, 2005	3,800	3,782	
HSBC Bank of Canada	January 25, 2005	20,000	19,966	
HSBC Bank of Canada	February 8, 2005	11,500	11,468	
King Street Funding	February 16, 2005	10,000	9,965	
King Street Funding	February 22, 2005	18,000	17,934	
Manulife Bank of Canada	January 27, 2005	13,450	13,425	
Manulife Bank of Canada	February 22, 2005	3,750	3,735	
Manulife Bank of Canada	March 2, 2005	12,000	11,950	
Manulife Bank of Canada	March 17, 2005	8,000	7,958	
McCain Finance (Canada) Ltd.	February 7, 2005	4,000	3,989	
McCain Finance (Canada) Ltd.	February 24, 2005	2,850	2,838	
Merit Trust	February 24, 2005	29,000	28,891	
Merit Trust	March 1, 2005	10,000	9,959	
Plaza Trust	February 15, 2005	8,050	8,023	
Plaza Trust	February 21, 2005	8,650	8,617	
Royal Bank of Canada	February 7, 2005	11,300	11,269	
Royal Bank of Canada	March 1, 2005	16,300	16,234	
Storm King Funding Trust	February 17, 2005	1,350	1,346	

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POOLED INVESTMENTS

Storm King Funding Trust	February 18, 2005	30,000	29,899	
Storm King Funding Trust	February 21, 2005	4,700	4,683	
Summit Trust	January 7, 2005	5,250	5,248	
Summit Trust	February 14, 2005	8,900	8,871	
Summit Trust	February 16, 2005	7,000	6,976	
TD Bank	February 14, 2005	30,000	29,908	
TD Bank	February 17, 2005	9,000	8,971	
Trans Canada Pipeline	January 28, 2005	13,250	13,224	
Zeus Receivable Trust	March 1, 2005	15,100	15,040	
		<u>564,275</u>	<u>562,506</u>	62.64%
TOTAL SHORT TERM INVESTMENTS		\$881,690	877,970	97.77%

Corporate Bonds

Caterpillar Financial Services	March 10, 2005	10,000	10,017	
Greater Toronto Airports Authority	May 20, 2005	10,000	10,054	
		<u>20,000</u>	<u>20,071</u>	2.23%
TOTAL INVESTMENTS PORTFOLIO		\$901,690	898,041	100.00%

Intermediate Fund - Schedule of Investments - (Schedule 2)

(Reproduced from the annual report of the Municipal Finance Authority of B.C.)

December 31, 2004	Thousands of Dollars			
	MATURITY DATE	PAR	MARKET	% OF TOTAL
SHORT TERM INVESTMENTS:				
Treasury Bills				
Canada Treasury Bill	November 3, 2005	99,615	97,431	86.93%
Discount Commercial Paper				
Diversified Trust	January 7, 2005	4,400	4,398	
Storm King Funding Trust	January 7, 2005	5,000	4,998	
Summit Trust	January 7, 2005	5,250	5,247	
		<u>14,650</u>	<u>14,643</u>	13.07%
Total Short Term investments		\$114,265	112,074	100.00%
TOTAL INVESTMENTS PORTFOLIO		\$114,265	112,074	100.00%

INCORPORATION

Federally incorporated February 13, 1995, the First Nations Finance Authority (the Authority) is governed by an all aboriginal Board of Directors. The corporation is authorized to issue unlimited class A (voting) and class B (non-voting) shares. The beneficial interests in the shares can only be owned by First Nation governments. Articles of Incorporation restrict the sale, transfer or disposal of shares without consent by resolution of the Board of Directors.

On February 23, 1995 the FNFA entered into a contract with the Municipal Finance Authority of British Columbia to provide consulting services and access to MFA investment pooling activities.

POOLED INVESTMENTS

Organization

The First Nations Finance Authority has by contract arranged to participate in the MFA short to intermediate term investment pool. These funds are the Money Market Fund and the Intermediate Fund. Both of these funds offer flexibility of subscription and redemption with ease of electronic access.

Investment Activities

By contract the investment activities of the funds are governed by the Municipal Finance Authority Act and a charter of investment policies, objectives and guidelines.

The operation of the Funds is monitored by the FNFA Investment Committee who coordinates with the Fund Manager to review investment performance and proposed strategy. The custodian reports annually on the Funds' administration, reporting and custodial system.

FUTURE ACTIVITIES

Funding

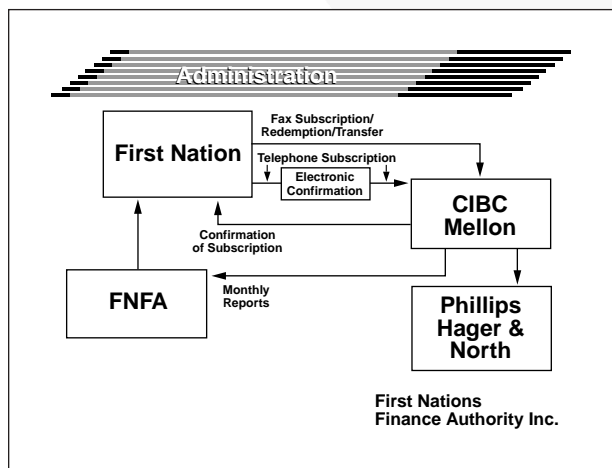
Once legislation has been enacted it is proposed that participating First Nations, either through their tribal councils or on their own behalf, wishing to finance capital projects, will present their approved requests to the Authority.

Taking into account market and economic conditions, the members of the Authority may authorize the issue and sale of securities in an amount sufficient to meet the requests.

Securities of the Authority, the proceeds of which would not exceed the amount authorized, may then be issued at such rates and pursuant to such terms and conditions and in such markets and currencies as the Directors may determine. The Authority would have the power to provide for the creation, management and application of reserve sinking funds or other means of securing the repayment of securities issued by the Authority.

A separate account would be maintained for each sinking fund that could not be immediately applied toward paying the debt or discharging the obligation and would be in the highest quality money market instruments.

Figure 1



The diagram above shows how the Funds are managed: (Fig. 1)

PROTECTION FOR INVESTORS

The future federal legislation would establish the terms and conditions for securities of the Authority providing protection of investors. In the Authority, the combined credit of all the participants would stand behind the Authority's obligations.

In addition, the Authority would establish a debt reserve fund into which each participating member shares in the proceeds of a securities issue having a term to maturity of five years or over must contribute an amount equal to one-half the average annual installment of principal and interest for repayment of the issue; such amount would be payable to the Authority at the time of issue either in full or in an amount equal to five percent of the principal amount borrowed with the balance secured by a non-interest bearing demand note of the participating member issued to the Authority. Moneys paid into the debt reserve fund, and interest earned thereon, would be obligations of the Authority to the member and would be refunded to them when the final installments of their loans have been repaid.

If at any time the Authority lacked sufficient funds to meet the principal, interest or sinking fund payments due on its obligations, it would utilize the debt reserve fund, all or any part of which is available to satisfy the Authority's obligations, regardless of the sources of the moneys in the fund. In the event that payments were ever made from the debt reserve fund, the Authority would be able to recover such payments from the member involved in order to restore the debt reserve fund. If the Directors were of the opinion that payments made from the debt reserve fund would not be recovered within a reasonable period, they would be able to levy upon all taxable land or other improvements of the participants a tax or charge sufficient to restore the fund to its required amount. It would be mandatory for the Directors to levy such a charge or tax when the balance in the debt reserve fund is less than fifty percent of the amount that would have been in the fund had no such payments been made. The Directors' power to impose taxes or charges would not require the permission or approval of any other gov-

ernmental authority. Pending the receipt of such taxes or charges, the Authority would be able to borrow an equivalent amount to meet its obligations. It is anticipated that there will be a legislated governing body that will assure the debt reserve fund will be maintained in accordance with the legislation.

Moneys in the debt reserve fund would be invested primarily in the highest quality money market investments.

It may be required that investments mature or be callable within a specific time and that a percentage of the fund be callable within a limited time frame.

Additional Protection for Investors

Participating First Nations will be required to meet specific borrowing standards to ensure safeguards on indebtedness are retained. Such safeguards will include the requirement that the debt and user charges, if any, are sufficient to service the debt.

The total indebtedness which a First Nation would be able to contract would be limited to a percentage of the assessed value for general governmental purposes of the taxable land and improvements within their First Nation and the value of the utility system and other First Nation government enterprise.



ADAMS LAKE BAND

Location: Adam Lake Band consists of seven (7) parcels of individual reserves located along the shores of Little Shuswap, Shuswap and Adams Lake, British Columbia. Total acreage of all seven (7) parcels is 7,271.2 acres.

Population: Total population of the Adams Lake Band is 641.



BONAPARTE INDIAN BAND



Location: The Band has 9 reserves in total with the majority of members residing on IR#3 Bonaparte and IR# 1 & 2 Upper and Lower Hat Creek all located near Cache Creek, British Columbia.
Population: Total population approximately 704 (474 off reserve)

CHAWATHIL FIRST NATION

Location: West of Hope, British Columbia.

History: Formerly part of the Hope Band. Consists of 5 reserves on 614 hectares. Part of Coast Salish linguistic group. Member of Sto:lo Nation.



CHEMAINUS FIRST NATION



Location: On the point between Ladysmith Harbour and Stuart Channel, Vancouver Island, British Columbia.

Population: Approximately 1,000.

COLUMBIA LAKE FIRST NATION

Location: Approximately 3,272 hectares. East Kootenay District, on the Columbia Valley, on Windemere Lake.

Population: Total population of the Columbia Lake Band is 241.



COWICHAN TRIBES



Location: 9 reserves in the Cowichan Valley around Duncan on Vancouver Island, British Columbia, comprising 6,000 acres.

Population: Approximately 3,700 (1,700 off reserve)

ESQUIMALT FIRST NATION

Location: On Esquimalt Harbour near Victoria, British Columbia.

Population: Total registered population is approximately 216.



KAMLOOPS INDIAN BAND



Description: The Kamloops Indian Band is a community of Shuswap people who live at the junction of the North and South Thompson rivers in British Columbia. Kamloops means "Where the rivers meet".

Population: There are 860 band members living on the 13,400 hectare reserve.



KWAKIUTL LAICH-KWIL-TACH NATIONS TREATY SOCIETY

Location: North east area of Vancouver Island, between Comox and Port Hardy.

Member Bands: Mamaleleqala-Qwe'Qwa'Sot'Enox, Tlowitsis-Mumtagila, We Wai Kai (Cape Mudge), We Wai Kum (Campbell River) and Kwiakah.

KWAW KWAW APILT FIRST NATION (OR QWEQWE'OPELHP)

Location: An important village site on Koquapilt Slough, near the outlet of the Chilliwack River. The word qweqwe'phelhp means "place where crab apples grow".

Population: Total population of the Kwaw Kwaw Apilt First Nation is 41.



LAKAHAHMEN FIRST NATION (OR LEQ'QMEL)

Location: The Nicomen Tribe of the Upper Sto:lo Territory live along the north side of the Fraser from Squakum Lake to Dewdney Slough. They held all of Nicomen Island except the south-west corner which was Sumas Territory. Their main villages were Leq'amel on the north side of the Nicomen Slough new Deroche (now Sumas I.R.11), and Skwiyo:m (Skweahm), opposite the above on Nicomen Island (now Sumas I.R. 10). Where Lakahahmen is now, was once an important gathering place. The word Leq'amel means, "visiting one another".

Population: Total population of the Lakahahmen First Nation is 298.

LOWER KOOTENAY BAND

Location: Consists of 7 reserves of approximately 2,369 hectares, located 4 miles north of the international boundary line, near Creston British Columbia.

Population: Total registered population of 190.



MATSQUI FIRST NATION (OR MATHZWI)

Location: On the river, they held the south bank from Sumas Mountain to Crescent Island, they held the area between Abbotsford and Aldergrove and south to Nooksack Territory. Their main village inland at Clayburn (Matsqui I.R. #1). The word Mathxwi means "Easy travelling" and refers to the ease with which these people could ascend the creeks and drag their canoes over to tributaries of the Nooksack.

Population: Total population of the Matsqui First Nation is 198.

MILLBROOK FIRST NATION

Location: Truro, Nova Scotia

Description: A Mi'kmaq Community (pronounced Mig Mog) consisting of four individual reserve lands, one in Truro, one in Halifax, and two on the Eastern Shore.

Population: Total population is 1,230. On reserve population is 900 including non-band members.



NAMGIS FIRST NATION

Location: Cormorant Island/Alert Bay (Northern Vancouver Island), British Columbia.

Description: The Namgis are part of the Kwakwaka'wakw (Kwakwala speaking peoples) tribes.

Population: Approximately 800 members live on Cormorant Island and 600 live elsewhere.

OLD MASSETT VILLAGE COUNCIL

Location: Consists of 26 reserves of approximately 906 hectares, located near Old Masset, British Columbia in the Queen Charlotte Islands.

Population: Total registered population - 2,388.



SEABIRD ISLAND FIRST NATION

Location: Seabird Island consist of 4,000 acres of land situated along the Fraser River in Agassiz, British Columbia

Population: Total population of the Seabird Island First Nation is 639.

SLIAMMON FIRST NATION

Location: Consists of 6 reserves of approximately 1,907 hectares, located on the Strait of Georgia near Powell River British Columbia.

Description: Part of the Northern Coast Salish cultural group.

Population: Total registered population is 853.



SONGHEES FIRST NATION



Location: Victoria, British Columbia, South Vancouver Island

Description: Relocated from one of the original village sites in what is now called downtown Victoria in 1911 to existing reserve located in Esquimalt District (160 acres) and two islands located off Oak Bay Municipality.

Population: 362 members, 220 members reside on reserve, 1,200 non-members reside on reserve.

SQUIALA FIRST NATION

Location: Consists of 3 reserves of approximately 596 hectares, located near Chilliwack BC.

Population: Total registered population is 115.



SKOWKALE (OR SQ'EWQEYL)

Location: A main village at the bend in Chilliwack River, a mile above Suqwema'y (where birch trees grow). This village was built on both sides of the river, on site now marked Skowkale I.R. 10 and 11. The word Sq'ewqeyl means "A turn at the Head" (of Chilliwack River) or "Going around a turn".

Population: Total population of the Skowkale First Nation is 190.

ST. MARY'S INDIAN BAND

Location: 4 miles outside of the City of Cranbrook in the East Kootenays region of British Columbia.

Description: St. Mary's Indian Band four reserves total roughly 18,420 acres or 7,461 hectares. The Band is a member of the Ktunaxa/Kinbasket Tribal Council.

Population: Total population of the St. Mary's Indian Band is 272



STO:LO NATION

Location: Chilliwack, British Columbia

Description: Sto:lo Nation is a tribal agency which provides services to member First Nations. Governed by the Lalems Ye Sto:lo Si:ya:m (the government house) and consists of the following Sto:lo First Nations: Aitchelitz, Chawathil, Cheam, Chehalis, Katzie, Kwantlen, KwawKwawApilt, Lakahahmen, Matsqui, Peters, Popkum, Scowlitz, Seabird Island, Shxw'ow'hamel, Skwahlook, Skowkale, Skwah, Skway, Soowahlie, Squiala, Sumas, Tzeachten, Union Bay, Yakweakwoose, and Yale.

FNFA MEMBERS' PROFILES



Population: Total population is approximately 6,000.

TE'MEXW TREATY ASSOCIATION

Location: Southern Vancouver Island, British Columbia

Te'mexw Treaty Association members are Beecher Bay, Malahat, Nanoose, Sooke, and Songhees First Nations.

T'IT'Q'ET

Location: near Lillooet, British Columbia, 331 km (4 hours) northeast of Vancouver, British Columbia

Population: approximately 200



TSAWOUT FIRST NATION

Location: Consists of 6 reserves on approximately 419 hectares located near Saanichton on the south eastern tip of Vancouver Island.

Population: Total population of the Tsawout First Nation is 624.

TSAWWASSEN FIRST NATION

Location: Located on the south coast overlooking the Strait of Georgia near the Tsawwassen Ferry Terminal, within the Municipal boundary of Delta.

Population: The on Reserve population is 158 with an additional 96 living off reserve.



TZEACHTEN FIRST NATION (OR CH'ITYAQTEL)

Location: Includes lands between Sardis and Vedder Crossing.

Description: Tzeachten reserve consists of 282.1 hectares on one section of land. The word Ch'ityaqtel means "the place of the fish weir". Long ago when the Chilliwack River ran strong and free through the land called Tzeachten, fish weirs could be seen set up all along the river's edge. Later, the Chilliwack River then became shallow and dried out when the Province rerouted the rivers water into the Vedder

Canal as part of the Sumas Lake Drainage Project during the 1920's. This left a number of reserves along the old Chilliwack River without a good fishing river.

Population: Total population of the Tzeachten First Nation is 315.

WESTBANK FIRST NATION

Location: Central Okanagan, British Columbia

Description: Named by the Post Office in 1902. Allotted by Commissioner O'Reilly in 1890. Part of the Salish linguistic group and the Okanagan Nation.

Population: 573 members, 8,000 non members reside on reserve.

Services: Some 28 services supplied by WFN.



WHITE BEAR FIRST NATION

Location: 13 km north of Carlyle, Saskatchewan.

Population: Total registered population 1,900.
