

ANNUAL
REPORT
2008 - 2009



FNFA

FIRST NATIONS FINANCE AUTHORITY

Helping Aboriginal Communities build their own futures, on their own terms.



CREATED BY AND FOR
FIRST NATIONS, ALLOWING
OUR COMMUNITIES ACCESS
TO LOAN FINANCING ON
THE SAME TERMS AS OTHER
LEVELS OF GOVERNMENT.



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Board of Directors



Sophie Pierre OBC
Chairperson



Chief Joe Hall
Deputy Chairperson

**THE
OBJECTIVE
OF THE
FNFA
IS TO
ENSURE
CONTINUOUS
ACCESS TO
AFFORDABLE
FINANCING
FOR
FIRST NATION
GOVERNMENTS**

Sophie Pierre served on Council for the St. Mary's Indian Band from 1978 to 2008, 26 of those years as Chief. She was also the Administrator before becoming Nation Chair for the Ktunaxa Nation Council, formerly the Ktunaxa/Kinbasket Tribal Council, for 30 years.

On April 02, 2009 Sophie was appointed as the Chief Commissioner of the BC Treaty Commission in recognition of her leadership and commitment to Aboriginal issues in British Columbia. As co-chair of the First Nations Summit, she was involved in the work of the British Columbia Claims Task Force which led to the creation of the BC Treaty Commission. Over the last three decades she has served on a number of Boards and committees including: Chairperson of the Board of Regents for the Ktunaxa Independent School System, a board member of BC Hydro Power Authority, Chairperson of the St. Eugene Mission Development Board, 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. Presently, Sophie serves as Board Chair for Aboriginal Tourism of BC and as Co-chair of the Native Nations Institute associated with the University of Arizona. Sophie Pierre was recipient of the 2003 National Aboriginal Achievement Award for Public Service and in June 1994 was awarded the Order of British Columbia.

Joe Hall is Chief of the Tzeachten First Nation, a dynamic and progressive First Nation located in the Fraser Valley. He is also the President of the Sto:lo Nations Chiefs Council and former CEO of Sto:lo Nation.

A graduate of the BCIT and BC Vocational School, Joe subscribes to the life-long learning concept and has enhanced his skill set through training at UBC, 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 the Genstar Development Company as a Civil Engineering Technician, where he was primarily involved in land development.

Joe has served on a number of Boards and Committees including the First Nations Statistical Institute, BC AFN Director, BC AFN Chief's Committee on Fiscal Relations, BC AFN Chief's Committee on Housing, Chairman of the First Nation Education Steering Committee, RCMP Commissioner's Advisory Panel, Chilliwack Official Planning Committee. Joe has lectured at the University of Victoria on taxation, participated on the tax panel at the Union of BC Municipalities in Victoria, and assisted the BC Region DIAND Executive Committee with the development of the "Government to Government" handbook.

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).



Deanna Hamilton

Director, President/CEO

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 Royal Assent in March 2005. She is currently a director and President and Chief Executive Officer of the FNFA.

Ms Hamilton returned to her community in 1990 and accepted the position of Surveyor of Taxes and established the system of property tax administration at Westbank. Ms. Hamilton was elected Councillor to the Westbank First Nation from 1996 to 1998 and then again from 2000 to 2002. She is very active in Band administration and governance and has been a part of numerous community organizations sitting on many community boards including: the Westbank First Nation treaty negotiations; additions to the reserve committee; and was a founding director of the 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, Economic Development Commissioner for Westbank First Nation, Director of All Nations Trust Company and served two consecutive terms as a 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 Robert Sam

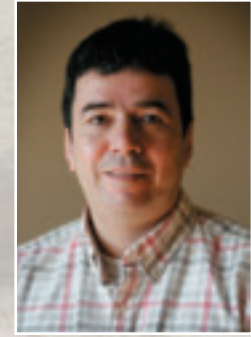
Director

Chief Robert Sam is the elected Chief of the Songhees First Nation, a position he has held for more than 10 years. Chief Sam was born and raised on Songhees land near the Township of Esquimalt, in Greater Victoria. He has been a leader within the Songhees Nation as a councillor since the 1960's and has been elected chief four times since 1996.

Chief Sam is the lead Negotiator for the Songhees Nation for Treaty Negotiations. He is also a Committee Member of the AFN's Chief's Committee on Treaties and sits on the Greater Victoria Harbour Authority Board.

Within the Songhees government, Chief Sam 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 Groups and trains the youth in canoe paddling for canoe races.



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.

Message from the Chair



The past year was one of historic crises in the global economic environment. Not only did individuals' personal investments deteriorate as the stock market lost nearly 50% of its value, but small to medium size businesses were further hurt by the unwillingness of chartered banks to continue lending in these times of uncertainty. First Nations were not immune to these events. The global recession has impacted our emerging First Nations economies, and their abilities to raise funding to finance their capital plans.

The FNFA, as a First Nations public institution, has an important role to play in ensuring the stable access to credit for First Nations. The current market crisis only highlighted even more the need for the FNFA and why First Nations established the FNFA in the first place. For even in these turbulent times the borrowers who worked together cooperatively (e.g. local governments in BC and Alberta) were still able to access financing for their projects at reasonable interest rates. The FNFA is also a cooperative and its structure will ensure First Nations' financing needs are realized in good economic times and bad. On this note,

the FNFA continues to move forward in meeting its purpose to provide financing to First Nations using multiple revenue streams. With respect to First Nations that intend to support their FNFA loans through property tax revenues, 52 are working with the First Nations Tax Commission (FNTC) and First Nations Financial Management Board (FMB) to ensure compliance with the *First Nations Fiscal and Statistical Management Act*. The FNFA is ready to begin issuing bonds once sufficient numbers of First Nations have been certified by the FMB and have passed borrowing laws through the FNTC requesting financing. With respect to First Nations that intend to repay their FNFA loans using revenues other than property tax, the FNFA continues to work with Canada to make the necessary regulations to facilitate financing based on these revenues. Responding to multiple First Nations requests, the FNFA has drafted regulations that allow for our Borrowing Members to request financing supported by multiple revenue streams. These sources of revenues are wide-ranging and significant and we expect them to include revenues from: resource sharing with other governments;

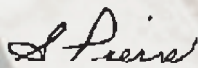
**BORROWING FROM FNFA CAN SPEED UP THE DEVELOPMENT OF FIRST NATIONS
PROJECTS AND HELP REDUCE DEPENDENCE ON OTHER GOVERNMENT REVENUES**

benefit agreements with public and private companies; leases, rents, contracts and rights of way agreements; land claim settlement payments; First Nation's GST and other taxes; grants in lieu of taxes; other grants; stable corporate revenues such as gaming revenues; independent power projects; and other revenue streams. Borrowing Members that support their loans through other source revenues will not be required to develop a property taxation base; however, should they desire to explore this area, the FNFA will outline the procedural processes for property taxation with the Tax Commission and the Financial Management Board. Regulations are also being developed to facilitate First Nations that are not bands under the *Indian Act* and are a party to a land claims or self-government agreement, to be able to use their multiple revenue streams to borrow through the FNFA. Given our ongoing relationship with the other institutions created under the *First Nations Fiscal and Statistical Management Act* (FNFC, FMB and the First Nations Statistical Institute) time and effort was spent during the year on the preparation and signing of a Memorandum of Understanding between the institutions. The Chairs

of each organization have agreed to meet to share information and coordinate our approaches to serving First Nations across Canada. This is critical to the FNFA which, for the purposes of First Nations intending on repaying FNFA loans through property taxes, relies on the services provided by the FNFC and FMB.

Finally, I would like to say "Thank You" to a very hard-working Board of Directors, for their time and commitment once again. Staff, as always, has provided the Board with detailed information and well-thought-out recommendations, and has been integral in allowing the FNFA to have a very successful year of development.

We look forward to 2009/10.



Sophie Pierre, OBC
Chair

Message from the President



It is my pleasure to present to the Members of the FNFA my report for the 2008/09 year.

During the last fiscal year the Board of Director's passed a Motion changing the FNFA's year end from December 31st to March 31st. This change was made to match the FNFA's year end to our Members' year ends. When the FNFA begins the issuance of debentures, we will need to supply financial and accounting information to our Borrowing Members and vice versa, necessitating the matching of reporting periods.

This fiscal year saw the FNFA hold its inaugural Annual General meeting under the *First Nations Fiscal and Statistical Management Act* (FSMA). The meeting was held on April 16, 2008 at the new offices of the FNFA in Westbank. At the meeting the Members adopted the FNFA's "Corporate Bylaw," which governs how the FNFA operates. We were pleased by the attendance and thank all those who also came to celebrate the opening of the new offices and this historic day.

I am also pleased to report that in preparation for our first debenture issuance, the FNFA has received its exemption from the Securities and Exchange Commission (Canada-wide) acknowledging the nature of the FNFA as a public institution providing government financing. This exemption will permit the FNFA to issue a short one or two page information circular to potential investors rather than the very large and costly prospectus that public companies must issue. Not only does this save costs for our Borrowing Members, but it means we can react very quickly to opportunities in the bond market to satisfy our Members' financing needs.

The FNFA continues to ensure that administratively we are ready to issue bonds, both for First Nations that have been certified for property taxation purposes and for those able to borrow based on the regulations that are being developed for revenues other than property taxes. To date there are 52 First Nations that have scheduled to the FSMA for the purposes of property taxation, and dozens of others that require regulations.

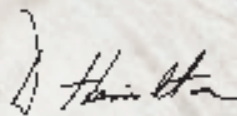
**FIRST NATIONS CAN CHOOSE THE LOAN REPAYMENT TERM
ENSURING THEIR BUDGETS ARE PROTECTED.**

For those First Nations that have developed a property taxation system, the four FSMA institutions have agreed upon the procedural processes, and the role of each institution. Copies of the processes are available from the FNFA, and as always we are only a phone call away if a visit to your community is deemed worthwhile. Also, with respect to First Nations intending to repay their loans to the FNFA using property tax, the form of the Borrowing Members' Agreement has been completed; while the Agreement for communities using revenues other than property tax is being developed and to be completed in 2009/10.

I am pleased to report that the purpose built software to support debenture issuance that was acquired from the Municipal Finance Authority of BC has been transferred to the FNFA and work is ongoing to modify the software to meet the First Nations requirements. Staff professional development is also ongoing; it is particularly important for all our staff to remain market-ready in these changing economic times. One of the objectives of the FNFA, in addition to arranging financing,

is to provide advice to First Nations on public financing and to help communities with their planning needs, including providing capital planning advice. To this end we continue to visit all regions of the country, to attend workshops, conferences, and First Nations communities. In the Fall we hosted a well attended workshop for First Nations in Kelowna on public finance and related matters. As well, the FNFA's materials are sent to all First Nations in Canada.

I look forward to working with the Board and staff in continuing to grow the FNFA to best meet your community's infrastructure needs.



Deanna Hamilton
President/C.E.O.



MISSION STATEMENT

**"HELPING ABORIGINAL COMMUNITIES
BUILD THEIR OWN FUTURES
ON THEIR OWN TERMS"**

FIRST NATIONS FINANCE AUTHORITY

AT A GLANCE

HOW WE OPERATE

Legal Authority

Under Part 4 of the *First Nations Fiscal and Statistical Management Act* 2005, c. 9 (FSMA) which came into force on April 1st 2006, the First Nations Finance Authority (the Authority) is established as a non-profit corporation without share capital. The Authority is not an agent of Her Majesty or a Crown corporation.

Representation

The members of the Authority are its borrowing members and investing members. Borrowing members are First Nations that have been accepted as a borrowing member by the Authority. Investing members are First Nations that have invested in a short-term investment pool managed by the Authority.

The Authority is managed by a board of directors, consisting of from 5 to 11 directors, including a Chairperson and Deputy Chairperson. The directors are elected by the borrowing members from among the members.

Mandate

The purposes of the Authority are to:

- (a) secure for its borrowing members, through the use of property tax revenues,
 - (i) long-term financing of capital infrastructure for the provision of local services on reserve lands,
 - (ii) lease financing of capital assets for the provision of local services on reserve lands, or
 - (iii) short-term financing to meet cashflow requirements for operating or capital purposes under a law made under paragraph 5(1)(b) or to refinance a short-term debt incurred for capital purposes;

- (b) secure for its borrowing members, through the use of other revenues prescribed by regulation, financing for any purpose prescribed by regulation;
- (c) secure the best possible credit terms for its borrowing members;
- (d) provide investment services to its members and First Nations organizations; and
- (e) provide advice regarding the development of long-term financing mechanisms for First Nations.

OUR CAPITAL FINANCING PROGRAM

Property Taxation

When the borrowing members of the Authority wish to finance capital projects using property tax revenues, First Nation Tax Commission-approved law requests are presented to the Authority and are subject to approval by the Authority's borrowing members. Taking into account market and economic conditions, the borrowing 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 has 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 sinking fund account will be maintained for each debenture issue and for each borrowing member.

Contributions to this fund may be invested only in:

- (a) securities issued or guaranteed by Canada or a province;
- (b) securities of a local, municipal or regional government in Canada;
- (c) investments guaranteed by a bank, trust company or credit union; or
- (d) deposits in a bank or trust company in Canada or non-equity or membership shares in a credit union.

HOW WE SAFEGUARD OUR INVESTORS

Financial Protection

The combined credit of all the borrowing members stands behind the Authority's obligations.

In addition, the Authority will establish a debt reserve fund. Borrowing members sharing in the proceeds of a securities issue having a term to maturity of five years or over must contribute five percent of the principal amount borrowed to the debt reserve fund. Moneys paid into the debt reserve fund, and interest earned thereon, are obligations of the Authority to the borrowing member and are refunded to them when the final installments of their loans have been paid.

If at any time the Authority lacks 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 this fund is available to satisfy the Authority's obligations, regardless of sources of the moneys in the fund. In the event that payments were ever made from the debt reserve fund, the Authority is able to recover such payments from the borrowing member involved in order to restore the debt reserve fund.

If the directors are of the opinion that payments would not be recovered within a reasonable period of time the Authority may, in accordance with the regulations made under the FSMA require all borrowing members to pay amounts sufficient to replenish the debt reserve fund. If, however, the debt reserve fund drops to 50% or less of the total amount contributed by borrowing members, the Authority must, in accordance with the regulations made under the FSMA, require all borrowing members to pay without delay amounts sufficient to replenish the debt reserve fund and the borrowing members shall recover those amounts under their property taxation laws.

In addition to the debt reserve fund, the Authority must establish a fund for the enhancement of the Authority's credit rating, the capital of which can be used to temporarily offset any shortfalls in the debt reserve fund. Canada is contributing to the credit enhancement fund up to a maximum of \$10 million. Moneys in the debt reserve fund and credit enhancement fund may be invested only in:

- a) securities issued or guaranteed by Canada or a province;
- b) investments guaranteed by a bank, trust company or credit union; or
- c) deposits in a bank or trust company in Canada or non-equity or membership shares in a credit union.

These investments must mature or be callable within five years, 25% of which must be callable within 90 days.

Legislative Protection

The FSMA establishes a strict regulatory system that ensures borrowing members are certified and meet specific borrowing standards that ensure safeguards on indebtedness are maintained. Such safeguards include the requirement that the local revenues of the borrowing member are sufficient to service the debt.

The FSMA sets out that the Authority shall only accept a First Nation as a borrowing member where the First Nations Financial Management Board has issued to the First Nation a certificate that, in its opinion, the First Nation was in compliance with the financial management standards established by the Board. This includes

having made a law respecting the financial administration of the First Nation. A First Nation may cease to be a borrowing member only with the consent of all other borrowing members.

The Authority shall not make a long-term loan to a borrowing member for the purpose of financing capital infrastructure for the provision of local services on reserve lands unless:

- (a) the First Nations Tax Commission has approved the law made by the borrowing member; and
- (b) the loan is to be paid out of the property tax revenues of the borrowing member in priority to other creditors of the borrowing member.

- (c) securities issued by the Authority or by a local, municipal or regional government in Canada;
- (d) commercial paper issued by a Canadian company that is rated in the highest category by at least two recognized security-rating institutions;
- (e) any class of investments permitted under an Act of a province relating to trustees; or
- (f) any other investments or class of investments prescribed by regulation.

Investment Activities

In accordance with the Pooled Investment Regulation made under the *First Nations Fiscal and Statistical Management Act*, the Authority has, by contract, arranged to participate in the short to intermediate term investment pools established by the Municipal Finance Authority of British Columbia. 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. The investment activities of these funds are governed by the *Municipal Finance Authority Act* and a charter of investment policies, objectives and guidelines.

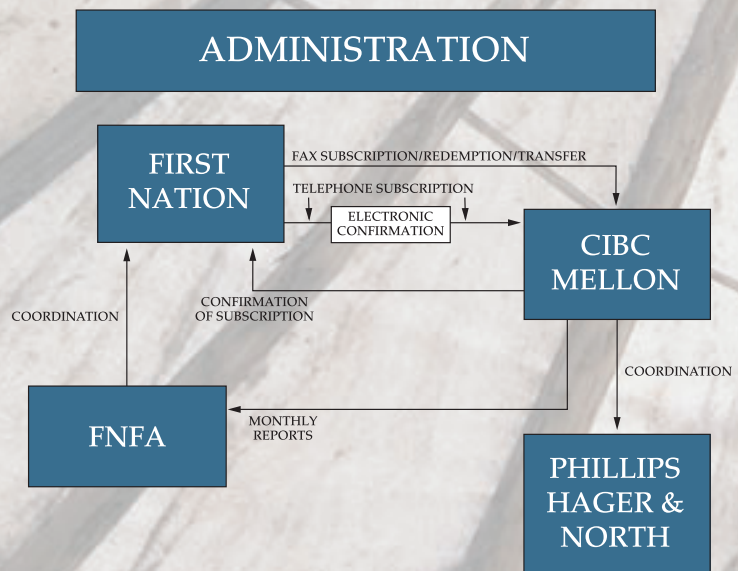
The diagram below shows how the Funds are managed:

OUR POOLED INVESTMENT PROGRAM

Organization

The Authority may establish short-term pooled investment funds. Funds in the Authority's short-term pooled investment fund may be invested only in:

- (a) securities issued or guaranteed by Canada, a province or the United States;
- (b) fixed-term deposits, notes, certificates or other short-term paper of, or guaranteed by, a bank, trust company or credit union, including swaps in United States currency;



FIRST NATIONS FINANCE AUTHORITY

AUDITORS' REPORT

TO THE MEMBERS OF THE FIRST NATIONS FINANCE AUTHORITY

We have audited the the statement of financial position of the First Nations Finance Authority (the "FNFA") as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year 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 audit.

We conducted our audit 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 the FNFA as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Kelowna, Canada
April 27, 2009



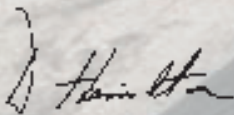
FIRST NATIONS FINANCE AUTHORITY

Balance Sheet

March 31, 2009, with comparative figures for 2008

	2009	2008
Assets		
Current assets:		
Cash and short-term investments	\$ 890,552	\$ 743,585
Accounts receivable	117,350	43,504
Prepaid expenses	12,113	24,318
	1,020,015	811,407
Capital assets (note 2)	123,266	133,785
	\$ 1,143,281	\$ 945,192
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 207,390	\$ 160,622
Deferred capital contributions	33,693	44,496
Net assets:		
Investment in capital assets	89,573	89,289
Unrestricted	812,625	650,785
	902,198	740,074
Commitments (note 3)		
	\$ 1,143,281	\$ 945,192

On behalf of the Board



Director

See accompanying notes to financial statements.

FIRST NATIONS FINANCE AUTHORITY

Statement of Revenue and Expenses

Year Ended March 31, 2009, with comparative figures for 2008

	2009	2008
Revenue		
Grants and Contributions (note 4)	\$ 1,778,000	\$ 850,000
Interest	28,955	36,175
Management fees (note 5)	4,452	4,013
Amortization of deferred capital contributions	10,803	19,171
	1,822,210	909,359
Expenses		
Administration	1,627,674	815,881
Amortization	32,412	20,382
	1,660,086	836,263
Excess of revenue over expenses	\$ 162,124	\$ 73,096

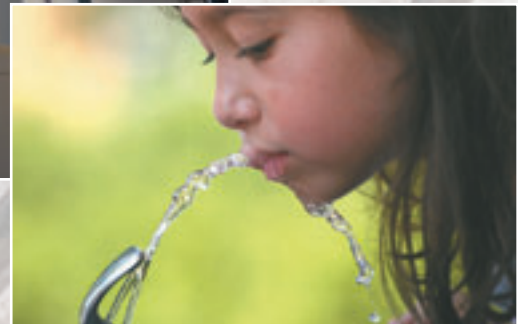
See accompanying notes to financial statements.

FIRST NATIONS FINANCE AUTHORITY

Statement of Changes in Net Assets

March 31, 2009, with comparative figures for 2008

	Investment in capital assets	Unrestricted	2009 Total	2008 Total
Balance, beginning of year	\$ 89,289	\$ 650,785	\$ 740,074	\$ 666,978
Excess of revenue over expenses	(21,609)	183,733	162,124	73,096
Investment in capital assets	21,893	(21,893)	–	–
Balance, end of year	\$ 89,573	\$ 812,625	\$ 902,198	\$ 740,074



See accompanying notes to financial statements.

FIRST NATIONS FINANCE AUTHORITY

Statement of Cash Flows

Year Ended March 31, 2009, with comparative figures for 2008

	2009	2008
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 162,124	\$ 73,096
Amortization of capital assets	32,412	20,382
Amortization of deferred capital contributions	(10,803)	(19,171)
Net change in non-cash operating working capital:		
Accounts receivable	(73,846)	(41,215)
Prepaid expenses	12,205	(15,506)
Accounts payable and accrued liabilities	46,768	69,599
Cash provided by operating activities	168,860	87,185
Investing:		
Purchase of capital assets	(21,893)	(82,989)
Increase in cash and short-term investments	146,967	4,196
Cash and short-term investments, beginning of year	743,585	739,389
Cash and short-term investments, end of year	\$ 890,552	\$ 743,585

See accompanying notes to financial statements.

FIRST NATIONS FINANCE AUTHORITY

Notes to Financial Statements

Year ended March 31, 2009

1. Significant accounting policies:

(a) Basis of presentation:

First Nations Finance Authority (the "FNFA" or the "Authority") was announced April 1, 2006 as a result of Bill C20 and operates under the *First Nations Fiscal and Statistical 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. 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 financial statements of the FNFA have been prepared by management in accordance with Canadian generally accepted accounting principles.

The Authority applies fund accounting as follows:

Operating Fund:

The FNFA has established an Operating Fund to meet the annual operating budget. In addition to funds received from grants and interest, the Operating Fund receives management fees from the Pooled Investment Funds and pays the cost of their operations. The Operating Fund is the only fund being utilized to March 31, 2009. Upon formal commencement of borrowing activities, the following additional funds are to be established:

Sinking Fund:

Under the Act the FNFA is required to establish a Sinking Fund to fulfill its repayment obligations to the holders of each security issued by the Authority. Clients sharing in proceeds of a securities issue will make semi-annual principal repayments on money borrowed. These repayments will be invested and the earnings on the investments will accumulate together with the principal repayments to pay off the applicable security at maturity.

Debt Reserve Fund:

Under the Act the FNFA is required to establish a Debt Reserve Fund ("DRF"). Each Borrowing Member sharing in the proceeds of a securities issue with a term to maturity of five years or more, as a condition of participating contributes an amount up to 5% of the total amount borrowed into the DRF. This amount is payable to the FNFA at the time of issue and is returned, with interest, to the Borrowing Member at maturity of the Bond. If at any time the FNFA lacks sufficient funds to meet the principal, interest or sinking fund payments due on its obligations because of a default in payment by a Borrowing Member it can utilize the DRF to satisfy these obligations.

Credit Enhancement Fund:

Under the Act the FNFA is required to establish a Credit Enhancement Fund ("CEF") for the enhancement of the Authority's credit rating. The funds of the CEF may be invested only in those securities, investments or deposits specified under the Act. Investment income from the CEF may be used to temporarily offset shortfalls in DRF, to defray the Authority's costs of operation, and for any other purpose prescribed by regulation.

(b) Revenue recognition:

The FNFA receives management fees from the Pooled Investment Fund and pays the costs of its operations. The operations of the Pooled Investment Fund are reported separately to the Fund's unitholders.

The FNFA follows the deferral method of accounting for grants and other contributions. Operating grant revenue is recognized in the period to which the grant relates. When a portion of the grant relates to a future period, it is deferred and recognized in that subsequent period. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

(c) Short-term Investments:

Short-term investments consist of investments in highly liquid money market funds, which are recorded at market values.

(d) Capital assets:

Capital assets are reported at cost, net of accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a declining balance basis over the assets' estimated useful life at the following rates:

Asset	Basis	Rate
Furniture and equipment	Declining balance	20%
Computer equipment	Declining balance	20% - 45%
Computer software	Declining balance	100%
Leasehold improvements	Straightline	20%

The FNFA recognizes a liability at its fair value for any legal obligations associated with the retirement of leased premises and equipment when those obligations result from the acquisition or normal operation of assets. A corresponding asset retirement cost is required to be added to the carrying amount of the related asset and amortized to expense on the same basis as the related asset.

(e) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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. The majority of the Authority's assets and liabilities are recorded at amounts for which, by their nature, do not require significant management estimates or assumptions.

(f) Financial instruments:

The FNFA measures all non-derivative financial assets and liabilities measured at fair value with the exception of (i) loans and receivables and held-to-maturity investments, which are measured at amortized cost; and (ii) investments in equity instruments that do not have a quoted market price in an active market, which are measured at cost, other than such instruments that are classified as held-for-trading.

Subsequent measurement and changes in fair value depend on initial classification. Held for trading assets and liabilities are measured at fair value and changes in fair value are recognized in the statement of operations. Available for sale investments are measured at fair value with changes in fair value recorded in the statement of changes in net assets until the investment is derecognized or other than impaired at which time the amounts would be recorded in the statement of operations.

Gains and losses on financial instruments measured at fair value are recognized in the periods in which they arise, with the exception of:

- (i) unrealized gains and losses on financial assets classified as available-for-sale, which are recognized directly in net assets until the financial asset is derecognized or becomes impaired; and
- (ii) certain financial instruments that are part of a designated hedging relationship.

(g) New accounting pronouncements:

(i) Accounting pronouncements issued and effective for the current fiscal year:

Section 3862 "Financial Instruments Disclosure" and Section 3863 "Financial Instruments Presentation," which require expanded financial instrument disclosure and presentation standards from those prescribed in Section 3861 "Financial Instruments – Disclosure and Presentation," including increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. However, the CICA announced during the FNFA's 2009 fiscal year that not-for-profit organizations, including entities such as the FNFA, may elect to continue to apply Section 3861 in place of Sections 3862 and 3863. Accordingly, the FNFA has elected to continue to apply the financial instrument disclosure and presentation standards in Section 3861 in its March 31, 2009 financial statements.

Section 1535, Capital Disclosures, establishes guidelines for the disclosure of information regarding an entity's capital and how it is managed. The section was applicable for the FNFA's fiscal year commencing April 1, 2008. It requires enhanced disclosure with respect to the objectives, policies and processes for managing capital, quantitative data about the entity's capital and disclosures about the entity's compliance with capital requirements and consequences of any non-compliance. The FNFA's disclosure in regards of this section is located in note 7.

Section 1400, General Standards of Financial Statement Presentation, which includes requirements for management to assess and disclose an entity's ability to continue as a going concern. Management has made its assessment and concluded there is no issue regarding the FNFA's ability to continue as a going concern based on the assumption that the current funding levels are maintained and any committed additional future funding is received. If there are significant declines in funding, expenditures will be adjusted to match committed funding.

(ii) Accounting pronouncements issued but not yet effective:

In September 2008, the CICA made certain amendments to the Handbook Section 4400, "Financial Statement Presentation by Not for Profit Organizations" and Section 4470, "Disclosure of Allocated Expenses by Not-for-Profit Organizations." The amendments are effective for the FNFA's fiscal year commencing April 1, 2009 and include removal of requirements to treat net assets invested in capital assets as a separate component of net assets. The FNFA is currently evaluating the impact of these accounting standards amendments for future years financial statements.

FIRST NATIONS FINANCE AUTHORITY

Notes to Financial Statements continued

Year ended March 31, 2009

2. Capital assets:

	2009	2008		
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and equipment	\$ 59,840	\$ 24,825	\$ 35,015	\$ 37,429
Computer equipment	12,691	8,696	3,995	7,264
Computer software	53,720	24,044	29,676	19,648
Leasehold improvements	71,838	17,258	54,580	69,444
	\$ 198,089	\$ 74,823	\$ 123,266	\$ 133,785

3. Commitments:

During the year, the FNFA entered into a lease agreement for office space. The agreement is for 60 months and expires February 2013.

The FNFA also has an agreement with the Municipal Finance Authority of British Columbia (the "MFA") to which service fees are provided by the MFA at a cost of \$1,000 per month. This agreement expires on September 30, 2013.

Commencing July 1, 2009 FNFA entered an agreement with Acquired Intelligence Inc. to provide software development services for a cost of \$60,000. This agreement expires on March 31, 2010.

Total estimated commitments for the next four years and thereafter are as follows:

2010	\$ 145,418
2011	65,418
2012	56,515
2013	12,000
	\$ 279,351

4. Grants and Contributions:

During the year, the FNFA received the following funding arrangements from Indian and Northern Affairs Canada (INAC).

	2009	2008
Contribution Agreement 2008/09	\$1,163,000	\$ -
Grant Agreement 2008/09 & 2007/08	500,000	850,000
Grant Agreement 2006/07	115,000	-
	\$1,778,000	\$ 850,000

INAC provided a Funding Contribution for the 2008-09 fiscal year. The contribution is for delivery of specific programs, services and activities as set out in the arrangement. This funding agreement is reviewed annually based on the needs and the financial results of the Authority. Should this funding not be continued or it can't be replaced, then the Authority would not be able to continue its operations at the current level.

Under the terms of the grant, which is for the purpose of covering costs associated with the Authority's core business, the FNFA is to receive an annual maximum of \$500,000. This agreement expires on March 31, 2011.

The Funding in 2008 represented monies for internal core services. The increase in fiscal 2009 represents Funding for client program development relating to FNFA mandated areas.

5. Management fees:

Management fees are accrued daily at the rate of 0.04% per annum of the net assets of the FNFA's share of the MFA's Pooled Investment Funds and are receivable semiannually on June 30th and December 31st. These management fees are paid to the FNFA through the MFA.

6. Financial instruments:

(a) Fair value:

The FNFA's financial instruments include cash and short-term investments, accounts receivable and accounts payable and accrued liabilities. The carrying values of cash and short-term investments, accounts receivable, accounts payable and accrued liabilities approximate their fair values due to the short term nature of these financial assets and liabilities.

(b) Credit risk exposure:

The maximum credit risk exposure for all financial assets is the carrying amount of that asset. It is management's opinion that the FNFA is not exposed to significant interest, currency or credit risks arising from its financial instruments.

7. Capital disclosures:

The FNFA defines capital to be net assets. The FNFA receives its principal source of capital through funding received from Indian and Northern Affairs Canada (INAC).

The FNFA's objective when managing capital is to fund its operations and capital asset investments. The FNFA manages the capital structure in conjunction with INAC and makes adjustments based on available government funding and economic conditions. Currently, the FNFA's strategy is to monitor expenditures to preserve capital in accordance with budgeted funding.

The FNFA is not subject to debt covenants or any other capital requirements with respect to operating funding. Funding received for designated purposes must be used for the purpose outlined in the funding arrangement. Non-compliance with external restrictions may result in reductions of future funding for designated purposes.

8. Comparative figures:

Certain 2008 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.





PROMOTING
STRONG
FIRST NATIONS
COMMUNITIES

AUDITORS' REPORT

TO THE UNITHOLDERS OF THE FIRST NATIONS FINANCE AUTHORITY

Pooled Investment Funds

We have audited the statement of net assets of the Money Market Fund and the Intermediate Fund of the First Nations Finance Authority (the "FNFA") as at December 31, 2008 and the statement of earnings and unitholders' equity of these Funds for the year ended December 31, 2008. 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 audit.

We conducted our audit 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, 2008 and the results of their operations and the changes in their net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Victoria, Canada

April 27, 2009





KEEPING
FIRST NATIONS
MONIES WORKING
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FIRST NATIONS FINANCE AUTHORITY

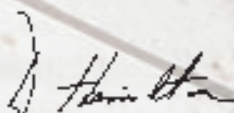
Pooled Investments – Statement of Net Assets

December 31, 2008 with comparative figures for 2007

	Money Market Fund		Intermediate Fund		Total	
	2008	2007	2008	2007	2008	2007
Assets						
Cash	\$ 69	\$ 141	\$ 453	\$ 376	\$ 522	\$ 517
Investments (note 4)	6,602,330	4,694,839	3,678,781	5,507,618	10,281,111	10,202,457
Subscription receivable	161,849	19,219	10,129	11	171,978	19,230
	\$ 6,764,248	\$ 4,714,199	\$ 3,689,363	\$ 5,508,005	\$10,453,611	\$10,222,204
Liabilities						
Accrued management fees	\$ 851	\$ 619	\$ 655	\$ 966	\$ 1,506	\$ 1,585
Unitholder payable	33,595	2,227	–	146,739	33,595	148,966
	34,446	2,846	655	147,705	35,101	150,551
Net assets and unitholders' equity	6,729,802	4,711,353	3,688,708	5,360,300	10,418,510	10,071,653
	\$ 6,764,248	\$ 4,714,199	\$ 3,689,363	\$ 5,508,005	\$10,453,611	\$10,222,204

See accompanying notes to financial statements.

On behalf of the Board:



Director

FIRST NATIONS FINANCE AUTHORITY

Pooled Investments – Statement of Earnings and Unitholders' Equity

December 31, 2008 with comparative figures for 2007

	Money Market Fund		Intermediate Fund		Total	
	2008	2007	2008	2007	2008	2007
Investment income:						
Interest income	\$ 222,048	\$ 207,531	\$ 216,948	\$ 210,200	\$ 438,996	\$ 417,731
Less management fees	9,137	6,856	9,041	10,292	18,178	17,148
	212,911	200,675	207,907	199,908	420,818	400,583
Gain (loss) on investments:						
Net realized gain (loss)	63	–	18,305	(32,479)	18,368	(32,479)
Net unrealized gain	–	–	16,560	37,500	16,560	37,500
Net gain on investments	63	–	34,865	5,021	34,928	5,021
Net earnings distributed	\$ 212,974	\$ 200,675	\$ 242,772	\$ 204,929	\$ 455,746	\$ 405,604
Net assets and unitholders' equity:						
Units outstanding, beginning of the year	\$ 4,711,353	\$ 4,281,116	\$ 5,360,300	\$ 5,147,085	\$10,071,653	\$ 9,428,201
Transitional bid price adjustment to opening units (note 2)	–	–	–	(6,714)	–	(6,714)
Units subscribed	2,719,330	414,562	26,541	15,000	2,745,871	429,562
Distributions reinvested	212,974	200,675	242,772	204,929	455,746	405,604
Units redeemed	(913,855)	(185,000)	(1,940,905)	–	(2,854,760)	(185,000)
Units outstanding, end of the year	\$ 6,729,802	\$ 4,711,353	\$ 3,688,708	\$ 5,360,300	\$10,418,510	\$10,071,653

See accompanying notes to financial statements.

FIRST NATIONS FINANCE AUTHORITY

Pooled Investments – Notes to Financial Statements

Year ended December 31, 2009

First Nations Finance Authority (the "FNFA") was announced April 1, 2006 as a result of Bill C-20 and operates under the *First Nations Fiscal and Statistical Management Act* (the "Act") as a non-profit corporation without share capital to provide investment pooling arrangements and to develop borrowing capacity for First Nations governments. The FNFA, 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. This contracting service was assumed from First Nations Finance Authority Inc. which administered the funds on the same basis as the FNFA.

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

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

In accordance with the Pooled Investment Regulation made under the *First Nations Fiscal and Statistical Management Act*, the Authority has, by contract, arranged to continue to participate in the short to intermediate term investment pools established by the MFA. These funds are the Money Market Fund and the Intermediate Fund.

1. Significant accounting policies:

Monies received from unitholders are invested 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. Under Section 149(1)(c) of the *Income Tax Act*, the funds are exempt from income taxes.

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

(b) Intermediate Fund:

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

FIRST NATIONS FINANCE AUTHORITY

Pooled Investments – Notes to Financial Statements continued

Year ended December 31, 2009

2. Adoption of new accounting standards:

On January 1, 2007 the funds adopted the CICA Handbook sections 3855 (Financial Instruments – Recognition and Measurement), 3861 (Financial Instruments – Disclosure and Presentation) and 3865 (Hedges). A transitional adjustment of \$6,714 was recorded as a decrease in net assets.

3. Financial Instruments:

All subscription receivables, accrued management fees and unitholder payables have been classified as loans and receivables or other liabilities and are recorded at amortized cost using the effective yield basis.

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

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

a. Risk management

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

The Investment Advisory Committee establishes the investing guidelines and reviews the fund manager's compliance and assesses performance in comparison to the DEX 91-Day Treasury Bill Index, the DEX 365-Day Treasury Bill Index, and the DEX Short Term Index on a quarterly basis.

b. Liquidity risk

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

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

As of December 31, 2008 the duration of the funds was 84 days for Money Market Fund and 329 days for the Intermediate Fund.

c. Interest rate risk

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

The funds invest significantly in interest bearing securities and are therefore susceptible to market rate fluctuations, however, the short duration of the investments lessens the affect of changes in interest rates. Had the prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, the net assets of the funds would have increased by \$34,925 (2007 - \$34,046).

The Money Market Fund is valued at market value and an interest rate change would not have a material affect on net assets. The yield on the fund would move towards the new interest rate, with a time lag, as the underlying securities matured and new securities were purchased.

For the year ended December 31, 2008 yields on the funds were 3.77% for Money Market Fund and 5.13% for the Intermediate Fund.

d. Credit risk

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

The fair value of investment portfolio includes consideration of the credit worthiness of debt issuers and the carrying value of all assets represents the maximum credit risk exposure as at December 31, 2008.

e. Other price risk and currency risk

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices.

All securities present a risk of capital loss, however, the fund manager moderates risk through a conservative selection of securities and diversification within the parameters of the investment policy.

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

FIRST NATIONS FINANCE AUTHORITY

Pooled Investments – Notes to Financial Statements continued

Year ended December 31, 2009

4. 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:

	2008		2007	
	Money Market Fund	Intermediate Fund	Money Market Fund	Intermediate Fund
Bankers' acceptance	5.49%	0%	3.6%	0%
Corporate bonds	13.69%	99.01%	1.2%	51.7%
Treasury bills and term deposits	13.46%	0.10%	27.0%	0%
Commercial paper	67.36%	0.26%	68.2%	34.0%
Government of Canada federal bonds	0%	0.63%	0%	14.3%
	100%	100%	100%	100%

The investments of the FNFA unitholders represent approximately 0.4% (2007 - 0.4%) of the Money Market Fund and 2.3% (2007 - 2.9%) of the Intermediate Fund administered by the MFA's Pooled Investment Funds.

5. Management fees:

A portion of management fees paid to the MFA is attributable and paid to the FNFA general operating fund by the MFA. Management fees of \$4,402 (2007 - \$2,901) were paid to the FNFA general operating fund through the MFA.

FIRST NATIONS FINANCE AUTHORITY

Money Market Fund – Schedule of Investments

Reproduced from the annual report of the Municipal Finance Authority of BC

December 31, 2008

Short-term Investments

	MATURITY DATE	PAR	MARKET VALUE	% OF TOTAL
Treasury Bills				
Government of Canada	April 30, 2009	\$ 35,000,000	\$ 34,873,825	
Province of Ontario	February 6, 2009	22,950,000	22,903,320	
Province of Ontario	February 23, 2009	19,800,000	19,740,498	
Province of Ontario	April 29, 2009	105,750,000	104,905,987	
Province of Ontario	May 11, 2009	37,500,000	37,235,439	
		\$221,000,000	\$219,659,069	13.46%
Bankers Acceptance				
Bank of Montreal	May 5, 2009	\$ 3,775,000	\$ 3,739,675	
Canadian Imperial Baank of Commerce	March 25, 2009	3,500,000	3,469,273	
Canadian Imperial Baank of Commerce	April 22, 2009	7,225,000	19,740,498	
Canadian Imperial Baank of Commerce	May 6, 2009	34,300,000	104,905,987	
Canadian Imperial Baank of Commerce	May 7, 2009	27,000,000	26,733,603	
Canadian Imperial Baank of Commerce	May 13, 2009	8,525,000	8,427,577	
Toronto Dominion Bank	February 11, 2009	6,100,000	6,083,656	
		\$ 90,425,000	\$ 89,515,998	5.49%
Discount Commercial Paper				
Alberta Capital Finance Corp.	February 18, 2009	\$ 24,100,000	\$ 24,057,249	
Bank Nova Scotia BDN	January 14, 2009	7,575,000	7,566,437	
Bank Nova Scotia BDN	February 12, 2009	5,000,000	4,985,985	
Bank Nova Scotia BDN	March 11, 2009	13,075,000	13,033,163	
Bank of Montreal BDN	January 15, 2009	20,300,000	20,271,258	
Bank of Montreal BDN	April 6, 2009	26,125,000	25,875,474	
Bay Street Funding Trust	January 28, 2009	10,000,000	9,978,619	
Bay Street Funding Trust	February 2, 2009	2,550,000	2,543,230	
Bay Street Funding Trust	February 17, 2009	4,000,000	3,984,061	
Bay Street Funding Trust	March 17, 2009	13,275,000	13,182,494	
Bay Street Funding Trust	March 18, 2009	5,000,000	4,968,987	
Central 1 Credit Union	February 18, 2009	5,250,000	5,232,508	
Diversified Trust	March 3, 2009	14,950,000	14,874,361	
Diversified Trust	March 17, 2009	21,000,000	20,849,461	
Diversified Trust	March 26, 2009	25,000,000	24,777,077	
Encana Corp.	February 25, 2009	3,000,000	2,991,663	
Encana Corp.	March 17, 2009	24,000,000	23,901,783	
Encana Corp.	March 19, 2009	22,000,000	21,907,567	
Financiere CDP Inc.	April 15, 2009	10,450,000	10,402,015	
HSBC Bank Canada BDN	April 22, 2009	6,500,000	6,466,608	
HSBC Bank Canada BDN	May 4, 2009	13,000,000	12,870,499	
HSBC Bank Canada BDN	May 5, 2009	23,300,000	23,066,007	
HSBC Bank Canada BDN	June 4, 2009	23,500,000	23,267,748	
HSBC Bank Canada BDN	June 8, 2009	13,850,000	13,713,652	

FIRST NATIONS FINANCE AUTHORITY

Money Market Fund – Schedule of Investments continued

Reproduced from the annual report of the Municipal Finance Authority of BC

December 31, 2008

	MATURITY DATE	PAR	MARKET VALUE	% OF TOTAL
Discount Commercial Paper continued				
Interpipe Inc.	February 20, 2009	\$ 5,800,000	\$ 5,779,254	
Interpipe Inc.	March 6, 2009	11,000,000	10,955,868	
Interpipe Inc.	March 11, 2009	9,000,000	8,965,305	
Interprovincial Pipe Line Inc.	March 17, 2009	8,000,000	7,967,261	
King Street Funding Trust	January 12, 2009	7,000,000	6,991,641	
King Street Trust	February 23, 2009	11,750,000	11,699,186	
King Street Trust	March 11, 2009	5,000,000	4,971,844	
King Street Trust	March 23, 2009	28,775,000	28,530,010	
McCain Finance (Canada) Ltd.	January 15, 2009	17,800,000	17,773,592	
McCain Finance (Canada) Ltd.	February 5, 2009	5,300,000	5,284,623	
McCain Finance (Canada) Ltd.	February 17, 2009	9,000,000	8,966,071	
McCain Finance (Canada) Ltd.	February 20, 2009	15,700,000	15,637,033	
Merit Trust	January 27, 2009	6,050,000	6,036,514	
Merit Trust	February 2, 2009	14,000,000	13,962,219	
Plaza Trust	March 24, 2009	42,825,000	42,538,581	
Royal Bank of Canada BDN	January 20, 2009	21,625,000	21,608,154	
Safe Trust	February 26, 2009	11,700,000	11,637,396	
Safe Trust	March 4, 2009	12,150,000	12,079,629	
Safe Trust	March 11, 2009	1,500,000	1,490,111	
Safe Trust	March 12, 2009	9,000,000	8,939,804	
Safe Trust	May 5, 2009	10,500,000	10,379,028	
Safe Trust	May 14, 2009	19,775,000	19,547,975	
Safe Trust	May 21, 2009	17,000,000	16,788,285	
Scotiabank Inc.	January 26, 2009	10,500,000	10,489,200	
Shoppers Drug Mart	January 12, 2009	29,800,000	29,783,922	
Shoppers Drug Mart	January 19, 2009	8,400,000	8,388,660	
Smart Trust	February 26, 2009	4,830,000	4,804,156	
Smart Trust	March 16, 2009	18,000,000	17,872,687	
Smart Trust	March 18, 2009	21,000,000	20,845,398	
Smart Trust	March 24, 2009	24,000,000	23,793,684	
Smart Trust	May 5, 2009	11,000,000	10,873,268	
Smart Trust	May 13, 2009	2,500,000	2,471,515	
Smart Trust	March 3, 2009	14,875,000	14,788,301	
Smart Trust	March 9, 2009	12,750,000	12,668,377	
Smart Trust	March 12, 2009	18,000,000	17,879,608	
Smart Trust	March 24, 2009	20,000,000	19,828,070	
Smart Trust	March 25, 2009	12,000,000	11,895,584	
Smart Trust	May 21, 2009	2,000,000	1,975,092	
Smart Trust	June 2, 2009	2,000,000	1,972,156	
Storm King Funding Trust	February 11, 2009	12,600,000	12,544,132	
Storm King Funding Trust	February 24, 2009	4,000,000	3,982,079	
Storm King Funding Trust	March 24, 2009	38,975,000	38,714,330	
Summit Trust Series 'A'	March 26, 2009	22,650,000	22,448,032	
Summit Trust Series 'A'	May 4, 2009	22,500,000	22,246,466	
Summit Trust Series 'A'	May 14, 2009	14,875,000	14,698,964	
Summit Trust Series 'A'	June 5, 2009	4,000,000	3,949,773	

FIRST NATIONS FINANCE AUTHORITY

Money Market Fund – Schedule of Investments continued

Reproduced from the annual report of the Municipal Finance Authority of BC

December 31, 2008

	MATURITY DATE	PAR	MARKET VALUE	% OF TOTAL
Discount Commercial Paper continued				
Toronto Dominion Bank BDN	January 6, 2009	\$ 7,350,000	\$ 7,346,821	
Toronto Dominion Bank BDN	March 6, 2009	37,425,000	37,215,091	
Toronto Dominion Bank BDN	April 22, 2009	16,750,000	16,601,876	
Terasen Gas Inc.	January 29, 2009	8,925,000	8,907,622	
Transcanada Pipeline Ltd.	February 13, 2009	18,600,000	18,532,648	
Vancouver City Savings Cu. BDN	February 3, 2009	925,000	923,291	
Vancouver City Savings Cu. BDN	February 12, 2009	11,275,000	11,235,711	
Vancouver City Savings Cu. BDN	February 20, 2009	2,000,000	1,991,839	
Vancouver City Savings Cu. BDN	March 4, 2009	1,500,000	1,492,965	
Vancouver City Savings Cu. BDN	March 6, 2009	6,000,000	5,971,469	
Vancouver City Savings Cu. BDN	March 13, 2009	10,000,000	9,955,492	
		1,106,055,000	1,099,319,294	67.36%
Total Short-term Investments		\$1,417,480,000	\$1,408,494,361	86.31%
Canadian Bonds				
Corporate Bonds				
Bank of Nova Scotia	May 6, 2009	\$ 37,000,000	\$ 37,176,140	
Canada Housing Trust No 1	March 15, 2009	31,675,000	32,092,524	
Province of Ontario	March 2, 2009	33,000,000	33,084,450	
Province of Quebec	April 1, 2009	49,250,000	51,711,900	
Province of Quebec	June 1, 2009	68,000,000	69,249,481	
		218,925,000	223,314,495	13.69
TOTAL INVESTMENTS PORTFOLIO		\$1,636,405,000	\$1,631,808,856	100%

FIRST NATIONS FINANCE AUTHORITY

Intermediate Fund – Schedule of Investments

Reproduced from the annual report of the Municipal Finance Authority of BC

December 31, 2008

	MATURITY DATE	PAR	MARKET VALUE	% OF TOTAL
Short-term Investments				
Treasury Bills				
Government of Canada	February 5, 2009	\$ 175,000	\$ 174,865	0.10%
Discount Commercial Paper				
Bay Street Funding Trust	February 12, 2009	325,000	323,921	0.10%
Plaza Trust	January 27, 2009	150,000	149,674	
		475,000	473,595	0.26%
Total Short-term Investments		\$ 650,000	\$ 648,460	0.36%
Canadian Bonds				
Federal Bonds				
Government of Canada	June 1, 2009	\$ 1,125,000	\$ 1,151,814	0.64%
Corporate Bonds				
American Exp Canada Credit	January 27, 2009	\$ 7,000,000	\$ 7,131,235	
Bank of Montreal	January 28, 2010	8,025,000	8,642,482	
Bank of Nova Scotia	June 8, 2010	8,200,000	8,459,313	
Canada Housing Trust No 1	March 15, 2009	53,225,000	54,064,084	
Canada Housing Trust No 1	September 15, 2009	17,000,000	17,673,226	
Canadian Credit Card Trust	April 26, 2010	4,300,000	4,340,259	
Canadian Imperial Bank of Commerce	September 2, 2010	8,200,000	8,532,379	
GE Capital Canada Funding Co.	June 7, 2010	6,500,000	6,447,097	
Golden Credit Card Trust	June 15, 2010	8,500,000	8,560,716	
Great West Life Co. Inc.	August 10, 2015	8,225,000	8,676,760	
Greater Toronto Airport Authority	July 19, 2010	8,125,000	8,690,855	
Household Financial Corp Ltd.	April 13, 2009	4,225,000	4,266,888	
Master Credit Card Trust	November 21, 2009	8,475,000	8,611,956	
Royal Bank of Canada	June 24, 2015	8,900,000	8,724,879	
TD Capital Trust	December 31, 2009	8,500,000	8,599,509	
Wells Fargo Financial Canada Corp.	June 28, 2010	8,475,000	8,377,103	
		175,875,000	179,798,741	99%
Total Canadian Bonds		177,000,000	180,950,555	99.64%
TOTAL INVESTMENTS PORTFOLIO		\$177,000,000	\$181,599,015	100%

Staff



Steve Berna, CA
Chief Operating Officer

Steve spent 17 years, 7 as CEO, developing the cooperative borrowing/investing model used in British Columbia, where all 210 local governments, regardless of size, received the benefits of a "AAA" credit rating (Municipal Finance Authority of BC). Debenture issuance was international in scope, and included complex Public Private Partnerships in Metro Vancouver area.

Steve's current responsibilities as COO of FNFA include the responsibility of overseeing operations, and establishing programs for First Nations across Canada that includes: short and long term financing loans, investment services, and advice on capital projects.



Walter Schneider, CA
Director of Finance

As Director of Finance, Walter has management oversight and responsibility for all finance and accounting operations, financial policies, information systems, budget formulation and execution. In addition, he is responsible for managing investments as well as ensuring the efficiency, accuracy, integrity and compliance of all debt issuances.

Walter is a Chartered Accountant and is a member of the Institute of Chartered Accountants of British Columbia.



Aaron Barner, B.Mgt., MBA
*Director of Communications
& Client Relations*

Aaron is in charge of managing corporate and client communications, marketing FNFA products and programs and maintaining the FNFA Investment Fund Program. Aaron works directly with First Nation councils, Band employees and National Aboriginal organizations to generate understanding and build membership of the FNFA. Aaron is only a phone call away to provide you with investment advice, schedule a community visit or to plan a presentation and information session.



Pamela Severson
Financial Officer/Corporate Clerk

As Corporate Clerk, Pam is responsible to the Board of Directors, Committee and Senior Management for organizing and managing activities and records. As Financial Officer, Pam is responsible for payroll, and has signing authority for FNFA financial transactions, review of contracts, agreements and coordinating the legislative evaluation requisite.



Shannon Jenner
Administrative Assistant

Shannon is the voice and smile you hear when you call the FNFA. In addition to answering phones and greeting visitors Shannon is responsible for staff travel arrangements, incoming and outgoing mail, assisting in conference organization, monitoring the FNFA website and assisting administrative personnel with overflow projects.



Contact Information

FIRST NATIONS FINANCE AUTHORITY

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OFFICE HOURS

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Monday to Friday

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INDEPENDENT AUDITORS

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GENERAL LEGAL COUNSEL

Micha Menczer

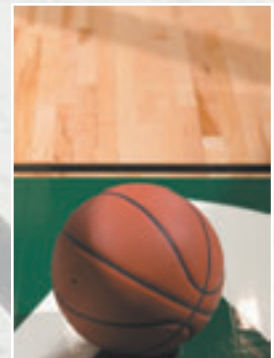
Barristers & Solicitors

Vancouver, B.C.

SENIOR POLICY ADVISORS

Dr. Tim Raybould,

Quathiaski Cove, B.C.





FIRST NATIONS FINANCE AUTHORITY



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