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The objective of the FNFA is to ensure continuous access to affordable financing for First Nation Governments.

“FNFA is a great tool that has been lacking in First Nations country for forever…… to have access to a financing organization controlled by First Nations, providing very low interest rates, their staff understand First Nations...”

Don Morin, Senior Manager, Economic Development, Enoch Cree Nation | July 2019
Board of Directors

CHIEF Warren Tabobondung, ON

CHIEF

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

COUNCILLOR Katy Gottfriedson, BC

DEPUTY CHAIR

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

COUNCILLOR Veronica McGinnis, BC

Councillor Veronica McGinnis, Osoyoos Indian Band, is a staunch advocate of transparency and accountability for First Nations band members. The Osoyoos Indian Band is renowned as a leader in First Nations Economic Development and for the tenacity of its people. The Osoyoos Indian Band honours the hard working, self-supporting lifestyle of their ancestors by developing their own economy through homegrown business initiatives, including the spectacular Spirit Ridge Resort and the award winning Nk'Mip Wine Cellars. Councillor McGinnis places her focus on the stabilization of the physical, emotional and mental wellbeing of First Nations with priority on prevention methods. Councillor McGinnis brings her 25 years of experience in nurturing the social fabric of the First Nations community to the FNFA.
COUNCILLOR Patrick Courtois, QC

Councillor Patrick Courtois, la Première Nation des Pekuakamiulnuatsh (Mashteuiatsh), adds representation from the communities of Quebec. Mashteuiatsh is in the Saguenay-Lac-Saint-Jean region of Quebec, located on a headland jutting out on the western shores of Lake Saint-Jean known as Pointe-Bleue. Economically, Mashteuiatsh is heavily involved in producing hydro-electricity. The nation is also involved in logging, construction, transport, and tourism. There are some 130 businesses on the reserve that provide services such as: food, hotel accommodations, sawmills, electrician, auto mechanics, taxi, arts and handicrafts, post office, excavation, plumbing, translation, camping, hardware, convenience stores and restaurants. Mashteuiatsh has the distinction of being the first Quebec First Nation to be certified by the First Nations Financial Management Board and to achieve Borrowing Membership in the FNFA. Councillor Courtois works with First Nations youth to preserve culture, increase sustainable employment and reduce poverty. He brings his bridge-building skills to the FNFA to open communication and create unity among nations.

CHIEF David Crate, MB


CHIEF Dean Roy, ON

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

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

Councillor Steven Johnston of Mistawasis Nêhiyawak is an undergraduate of the College of Commerce at the University of Saskatchewan. He is currently serving his third consecutive term on the Board of Directors of the Aboriginal Financial Officers Association, Saskatchewan. Involved in a number of local boards and committees with Mistawasis Nêhiyawak including Lands and Economic Development, his background also includes six years as Chief Financial Officer for Mistawasis Nêhiyawak. Prior to his election as Councillor, he was involved as a co-manager working through third party management with various communities in central Saskatchewan where he gained working knowledge of diversification while growing his skills with the communities he worked for.

COUNCILLOR Cathy Hall, BC

Councillor Cathy Hall, Tzeachten First Nation, carries expertise in Finance, Housing, Education, Youth and Land Codes. Tzeachten First Nation is located east of the Greater Vancouver/Lower Mainland Region of British Columbia; this area is also referred to as the Fraser Valley Regional District. The Tzeachten Council and their administration strive to work with the entire community to preserve and promote their language and culture, support the educational, social and economic growth of the community so that the membership and residents can flourish and prosper. Councillor Hall has served the First Nations community for many years and sits on a wide variety of committees. She is very active in many aspects of First Nations daily life and planning for the future. Her tireless effort is to achieve self-sustainability for First Nations through good governance, financial management and responsible land use policy. Councillor Hall brings her positive outlook and vast knowledge of First Nations Administration to the FNFA.

COUNCILLOR Alexander Cope, NS

A member of the Millbrook First Nation Councillor Alexander Cope is presently serving his 14th, two-year term as Band Councillor. Alex graduated from the University of New Brunswick in 1987 with a Bachelor of Business Administration and currently holds the position of Band Administrator. Alex also serves on the Millbrook Gaming Commission, Millbrook Economic Development Corporation, Budget Review & Projects Committee and the Millbrook Housing Commission.

Chief Ross Perley, NB

Chief Ross Perley has been an elected leader of Tobique (Neqotkuk) First Nation for over a decade, serving as Chief for the last 16 years. As one of six Wolastoqiyik or Maliseet communities, Chief Perley serves as President of the Maliseet Nation Conservation Council, Vice-President of Mawiw tribal council, Chairman of Wocawson Energy Inc., Board member of Atlantic Health Partnership and Board member of the Atlantic First Nation Water Authority. Chief Perley is committed to building safe, healthy and sustainable communities using progressive public policy, economic development and renewable energies. Chief Perley brings his trail-blazing spirit and broad-minded perspective to the FNFA.
Message from the Chair

“Sweetgrass is a gift from the creator and is used as sacred, indigenous medicine. A braid of sweetgrass represents the strength of our people when we stand together. During these uncertain times it is the traditional knowledge of our ancestors that will provide strength and resiliency to our people.”

CHAIR,
Chief Warren Tabobondung (Wasauksing), ON

FOREWORD:
As I write my third Message from the Chair report, I am reflecting on our members and their ability to be stronger together. The past number of months have tested our core purpose as we faced an unprecedented world-wide crisis. I am proud of all of our communities, and I am proud that the FNFA staff and the Board of Directors accepted the challenge and worked towards supporting our membership immediately. We focused on ensuring our members’ loan payments were structured in a manner that helped community budgets, that business continuity was maintained where achievable, and we communicated to the Federal Government the economic impacts of the self-quarantine mandates. By taking these initiatives, we ensured that FNFA did the steps possible to help maintain our members’ economic health. Also, our credit ratings were maintained that enabled us to continue to process loan requests as they were received.

Going forward, we have structured FNFA and its membership to be well positioned to participate in the economic growth that will follow.
CHAIR’S MESSAGE:
The fiscal year 2019/20 was one of steady growth within our membership, our loan portfolio, and our path to self-sufficiency. 103 First Nations across 9 Provinces and 1 Territory have requested FNFA Borrowing Membership. We look forward to a community in PEI requesting membership, and then we will truly be a financial authority representing First Nations from coast-to-coast-to-coast.

Financially, the FNFA has now reached self-sufficiency. Our self-generated revenues are able to cover our operating expenditures. Going forward, as our surpluses continue to grow the Board of Directors will discuss how to best benefit our membership.

As at March 31, 2020, the FNFA had issued loans to our membership of approximately $758 million. A further $82 million was issued in early April 2020 bringing the total to $840 million at the time of writing this Report. The allocation of FNFA’s loans by Province is shown in the table that follows.

FNFA’s members used these loans to build schools, office/administration buildings, houses, elder and youth centres, social needs buildings, economic development, infrastructure, and equity ownership in independent power projects. To date, FNFA’s loans to members have created 8,957 jobs spread within our communities and in the general population of Canada.

When issuing a debenture to raise fixed-rate financing for our Borrowing Members, the FNFA utilizes the services of two rating agencies: Moody’s Investors Service and Standard & Poor’s. These two organizations provide detailed analysis to the investors that purchase our debentures. After completing their annual analysis in 2019/20, Moody’s and Standard & Poor’s rated FNFA’s debenture at “Aa3” and “A+” respectively. These solid ratings enabled the FNFA to raise the financing it required at interest rates that were beneficial to our membership.

To meet our members’ financing needs, the FNFA issued its sixth debenture in October 2019. The issuance was a “re-opening” of our debenture originally issued in October 2017, and raised a further $170 million for our members. This debenture now sits at $427 million in size and matures on June 1, 2028. The purpose for this “re-opening” was to attract investors who like to invest in larger size debenture issuances. I am happy to report that the debenture sold out very quickly. Thank you to our Banking Syndicate and our staff for a job well done.

Towards the end of the fiscal year, the Honourable Carolyn Bennett (Minister, Crown-Indigenous Relations and Northern Affairs) announced that Canada was further supporting our Credit Enhancement Fund (the Fund acts as a secondary back-stop for any non-payments from our members on their

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<tr>
<th>PROVINCE</th>
<th>SCHEDULED</th>
<th>PENDING</th>
<th>FNFA MEMBERS</th>
<th>FNFA MEMBERS W/LOANS</th>
<th>TOTAL BORROWED ($M)</th>
<th>NATIONAL ECONOMIC OUTPUT ($M)</th>
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| 293 | 8 | 103 | 60 | $840 | $1,838 | 8,957 |

FNFA Annual Report 2019/2020
loan service) and provided the FNFA with an additional $12 million. Our Fund now stands at $42.5 million. This compares to FNFA’s annual interest obligation on its debentures of approximately $21.6 million.

In November 2019, the FNFA added two new staff members: Fabien Lamothe (Business Development Analyst) and James Byra (Financial Controller); a further staff member was added in January 2020: Leanne Hunter (Senior Advisor). I personally want to welcome them to the FNFA family.

Other key items that occurred in the past fiscal year were a re-design of both the FNFA logo and the FNFA’s website, the Leading the Way Conference, and the FNFA’s AGM held in Osoyoos Indian Band’s resort and conference centre.

I would like to end my message on two personal notes. Thank you to FNFA’s Board of Directors for their dedication, hard work and willingness to be available on short notice to meet our members’ time requirements. During the fiscal year, the Board approved 14 new membership requests, approved 17 new Borrowing Laws totalling future loan requests of $185.7 million, and approved loans issued during the year totalling $141 million. And, I would like to thank the staff who continue to grow this organization into a valuable tool for First Nations communities across Canada.

Finally, I would like to acknowledge and thank Cathy Hall, Councillor for Tzeachten First Nation, who served as a FNFA Board member since 2012, and retired from public service at March 31, 2020. Her dedication helped FNFA grow into the organization it is today.
How We Operate

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

Representation  |  The FNFA is governed by a Board of Directors, elected annually at our AGM. Board eligibility, and voting, is only open to Chiefs and Councillors from amongst FNFA’s borrowing members. Under the FMA, the Board of Directors can consist of 5 to 11 Directors, including a Chairperson and Deputy Chairperson. Currently, there are 10 Board members, dispersed through 7 different provinces.

Mandated Areas
The purposes of the FNFA are to:
(a) secure for its borrowing members, through the use of property tax revenues,
   (i) long-term financing of capital infrastructure for the provision of local services on reserve lands,
   (ii) lease financing of capital assets for the provision of local services on reserve lands; or
   (iii) short-term financing to meet cash flow requirements for operating or capital purposes under a law made under paragraph 5(1)(b) or to refinance a short-term debt incurred for capital purposes;
(b) secure for its borrowing members, through the use of other revenues prescribed by regulation, financing for any purpose prescribed by regulation;
(c) secure the best possible credit terms for its borrowing members;
(d) provide investment services to its members and First Nations organizations; and
(e) provide advice regarding the development of long-term financing mechanisms for First Nations.
Our Capital Financing Programs

Administration of the loan programs are prescribed under the FMA. The use of other revenues, including the eligible revenue streams to support financing from the FNFA and the eligible uses of the financing, are set in the FMA and in the Financing Secured by Other Revenues Regulations. Requirements have been established for property tax supported loans including the First Nations Tax Commission (FNTC) approval processes. The FNTC represents the collective interests of First Nations and ratepayers and promotes the fairness of the First Nation’s property tax system, which safeguards ratepayer interests. No property tax supported loans are yet included in FNFA’s debentures.

Regardless of which revenue stream the First Nation chooses to support its loan, they must receive certification from the First Nations Financial Management Board (FMB) prior to requesting borrowing member status in the FNFA. Certification is intended to provide comfort that a First Nation has implemented appropriate elements of a Financial Administration Law and has passed required financial ratio tests.

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

LONG TERM LOANS  ••• The FNFA’s mandate allows First Nations to support loan requests with two types of revenue streams: other revenues, and property taxation revenues. Other revenues are defined in the Financing Secured by Other Revenues Regulations and are revenue streams other than property tax. This distinction is made since property tax revenues are almost exclusively collected from ratepayers that are non-band members, and rules are established to protect their rights since they are non-voting. Other revenues are a First Nation’s own revenues and might be subject to rules under which the revenues were generated or a band’s own governance policies. To date, two members have requested property tax supported loans and 61 members have loans supported by other revenues.

INTERIM FINANCING LOANS  ••• The FNFA offers all First Nations that become FNFA borrowing members access to Interim Financing. The current FNFA Interim Loan rate is 2.40% (Chartered Bank prime for comparison is currently 2.45%). Interim Financing is temporary financing and has two functions:

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

2. Bridge Financing Until FNFA Issues its Next Debenture: Where FNFA does not plan to issue a debenture for a few months, but the borrowing member wants financing now to start a project, FNFA will lend monies from its Interim Loan program. When the debenture is issued, the borrowing member will have their Interim Loan rolled into a fixed-rate long term debenture loan.
How We Safeguard Our Investors

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

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

Secondly, prior to the release of any loan the FNFA establishes for other revenues borrowers an irrevocable intercept mechanism (i.e. Trust Account arrangement) whereby the other revenues stream supporting a loan flows from the payor into the trust account, bypassing the First Nation. The FNFA has contracted with Computershare to act as trustee of these accounts, who firstly allocates out of the trust account the debt service payments to the FNFA, and secondly the remaining balance to the borrowing member. Approximately 81% of these revenues were from Federal/ Provincial revenue sharing agreements; the balance being contractual revenues, lease agreements and established band businesses.

Thirdly, when a borrowing member requests a loan, the FNFA withholds 5% and deposits into a Debt Service Reserve Fund (DRF). Should a revenue source supporting a loan payment be interrupted, the FNFA will pull sufficient funds from the DRF to fully cover its loan obligation to the lenders. The defaulting member must find an alternate revenue source to replenish their DRF within a reasonable period. If this does not occur, the FNFA’s Board may then require the full borrowing membership to proportionally replenish the DRF. These members will be reimbursed their replenishment monies when the defaulting member covers its default.

The Board is obligated to initiate DRF replenishment should the value of the DRF fall below 50% of its intended value. A review of FNFA’s members’ 2019 audited statements showed there were in excess of $725 million in non-intercepted revenues that could be substituted for an interrupted stream. FNFA members have never experienced a late or insufficient loan service payment.

When a borrowing member has repaid its loan in full, the FNFA refunds back its 5% DRF deposit plus net interest earnings.

Fourthly, both the FMA and the Regulations provide the FNFA with the power of intervention through Third Party Management or Co-Management should a First Nation default on its loan payments or appear imminent of default. The FNFA works with the FMB in the intervention area. FMB has the authority to act as the treasurer of the First Nation’s finances (sections 51, 52 and 53 of the FMA; Section 14 of the Regulations).

Fifthly, in addition to the DRF, the FNFA contracted an agreement with Canada and received $42.5 million in Credit Enhancement Fund (CEF) monies. This CEF is a secondary investor safeguard whose purpose is to support the DRF.

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

Legislative Protection

The FMA and the Regulations establish a strict regulatory system that ensures borrowing members are certified and meet specific borrowing standards that ensure safeguards on indebtedness are maintained. The FNFA shall only accept a First Nation as a borrowing member where the FNFA is of the opinion that the loan will be repaid. A First Nation may cease to be a borrowing member after all their outstanding loans have been repaid in full, and only with the consent of the other borrowing members.
Our Pooled Investment Funds Program

The FNFA has established short-term pooled investment funds. These Funds are operated by the Municipal Finance Authority of BC and are governed by the Investment Advisory Board which sets parameters around eligible investment purchases.
What We Do

The FNFA provides First Nations access to the capital required to finance social projects, economic ventures, community-owned housing, land purchases, infrastructure on reserve, equity participation and equipment. All FNFA loans are supported by qualified existing revenue streams.

MULTI-PURPOSE AND ECONOMIC DEVELOPMENT:
SALT RIVER FIRST NATION

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

SALT RIVER MULTI-PURPOSE FACILITY (NWT)

DEVELOPMENT OF SUSTAINABLE POWER SOURCES

Independent power projects are an excellent example of First Nations leading the way on sustainable and green energy development. Several FNFA borrowing members have received FNFA loans to participate as equity holders in energy projects. Projects include run-of-river, solar and wind.

PREMIÈRE NATION DES PEKUAKAMIULNUATSH (MASHTEUATSH, QC)

TRANSPORTATION SYSTEMS

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

PAQTNKEK MI'KMAW NATION - HIGHWAY INTERCHANGE PROJECT (NS)
INFRASTRUCTURE FOR PUBLIC USE

Rehabilitation, renovation, or expansion of existing infrastructure for public use or benefit such as community centres, recreational facilities, local arenas and community and cultural facilities.

SIKSIKA – CHIEF CROWFOOT SCHOOL (AB)

DEVELOPING MULTI-PURPOSE INFRASTRUCTURE

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

SONGHEES WELLNESS CENTRE (BC)

HOUSING DEVELOPMENT PROJECTS

First Nations communities don’t have to start big. Many started small with sustainable housing developments. The FNFA can help your community develop the infrastructure needed to support housing developments.

SKAHA HILLS, PENTICTON INDIAN BAND - HOUSING PROJECT (BC)
Scheduled First Nations

Acadia First Nation
Adams Lake
Ahousaht
Ahtahkakoop
Atchelitz
Akiq'ukh First Nation
Alegoqua of Pikwàkanagàn
Animakee Wa Zing #37
Anishnaabeg of Naongasingh
Annapolis Valley
Aqam (St. Mary's)
Atikamekwsheng
Anishnawbek
Atikamekw d'Opitciwan
Bande des Innus de Pessamit
Bear River
Beardy's and Okemasis
Beausoleil
Bear River
Bande des Innus de Pessamit de Opitciwan
Aqam (St. Mary's)
Aitchelitz
Ahtahkakoop
Ahousaht
Adams Lake
Acadia First Nation
Wemotaci Nation Abitibiwinni
Petawawa
Abitibi-Winni
Lil'Wat Nation
Lhtako Dene Nation
Paq'tnkek Mi'kmaw Nation
Osoyoos
Oromocto
Ogopogo
Pokemkwak
Ogopogo
Pokemkwak
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Statement of Management Responsibility

The financial statements of First Nations Finance Authority (the “FNFA”) for the year ended March 31, 2020 have been prepared by management in accordance with Canadian public sector accounting standards (“PSAS”). The integrity and objectivity of these statements are management’s responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

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

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

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

On behalf of First Nations Finance Authority

Chief Executive Officer
May 26, 2020
Independent Auditors’ Report

To the Members of First Nations Finance Authority

Opinion

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

- the statement of financial position as at March 31, 2020
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- the statement of remeasurement gains and losses for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies (Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of FNFA as at March 31, 2020, and its results of operations, its changes in net financial assets, its cash flows and its remeasurement gains and losses for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

We are independent of FNFA in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged With Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing FNFA’s financial reporting process.
Auditors’ Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of FNFA’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on FNFA’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause FNFA’s to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants
May 26, 2020 | Kelowna, Canada
# Statement of Financial Position

**FIRST NATIONS FINANCE AUTHORITY**

March 31, 2020 with comparative figures for 2019

<table>
<thead>
<tr>
<th>Financial Assets</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$14,348,183</td>
<td>$9,258,743</td>
</tr>
<tr>
<td>Debt Reserve Funds investments (note 2(a))</td>
<td>40,853,029</td>
<td>32,609,591</td>
</tr>
<tr>
<td>Sinking Funds investments (note 3)</td>
<td>49,516,508</td>
<td>34,084,008</td>
</tr>
<tr>
<td>Loans to members (note 4)</td>
<td>710,999,632</td>
<td>585,976,984</td>
</tr>
<tr>
<td>Restricted cash and cash equivalents: (note 5)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funds held due to members</td>
<td>15,828,735</td>
<td>22,149,371</td>
</tr>
<tr>
<td>Principal and interest payments received in advance</td>
<td>9,408,743</td>
<td>8,313,115</td>
</tr>
<tr>
<td>Other</td>
<td>324,035</td>
<td>324,035</td>
</tr>
<tr>
<td><strong>Total Financial Assets</strong></td>
<td><strong>841,278,865</strong></td>
<td><strong>692,715,847</strong></td>
</tr>
</tbody>
</table>

| Liabilities                                                                      |        |        |
| Accounts payable and accrued liabilities                                        | 305,658 | 253,089 |
| Accrued interest payable                                                        | 6,474,666 | 5,276,925 |
| Deferred contributions (note 12)                                                | 199,360 | 609,655 |
| Due to members (note 2(b))                                                      | 40,853,029 | 32,609,591 |
| Funds held due to members                                                       | 15,828,735 | 22,149,371 |
| Principal and interest payments received in advance                             | 9,408,743  | 8,313,115  |
| Interim financing (note 6)                                                       | 74,802,640 | 104,470,416 |
| Debenture financing: (note 7)                                                    |        |        |
| Principal                                                                       | 678,000,000 | 515,000,000 |
| Unamortized premium (discount)                                                   | 10,679,249 | 2,982,127  |
| Unamortized debenture issuance costs                                            | (4,326,199) | (4,048,137) |
| **Total Liabilities**                                                            | **832,225,881** | **687,616,152** |

| Net Financial Assets                                                             |        |        |
| **Total Financial Assets**                                                       | **9,052,984** | **5,099,695** |
| **Net Financial Assets**                                                         |        |        |

| Non-Financial Assets                                                             |        |        |
| Credit Enhancement Fund assets (note 8)                                         | 42,529,075 | 30,529,075 |
| Capital assets (note 9)                                                          | 234,132  | 178,346  |
| Prepaid expenses                                                                 | 306,482  | 482,699  |
| **Total Non-Financial Assets**                                                    | **43,069,689** | **31,190,120** |

| Commitments and contingencies (note 10)                                         |        |        |
| Accumulated surplus                                                              | **$52,122,673** | **$36,289,815** |

Accumulated surplus is comprised of:

| Accumulated surplus (note 11)                                                   | **$53,173,323** | **$36,548,213** |
| Accumulated remeasurement loss                                                   | (1,050,650) | (258,398) |

| **Total Accumulated surplus**                                                    | **$52,122,673** | **$36,289,815** |

See accompanying notes to the financial statements.

On behalf of the Board:

Chief Warren Tabobondung
Chair

Ernie Daniels
Chief Executive Officer
### Statement of Operations and Accumulated Surplus

**FIRST NATIONS FINANCE AUTHORITY**  
Year ended March 31, 2020 with comparative figures for 2019

<table>
<thead>
<tr>
<th></th>
<th>2020 Budget (note 1(g))</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants and contributions: (note 12)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funding and grant arrangements</td>
<td>$ 4,285,884</td>
<td>$ 4,345,884</td>
<td>$ 4,264,803</td>
</tr>
<tr>
<td>Deferred contributions</td>
<td>(199,360)</td>
<td>(609,655)</td>
<td></td>
</tr>
<tr>
<td>Interest from members</td>
<td>23,520,742</td>
<td>22,931,857</td>
<td>18,603,120</td>
</tr>
<tr>
<td>Debenture issuance premium amortization</td>
<td>1,176,536</td>
<td>1,621,566</td>
<td>1,181,789</td>
</tr>
<tr>
<td>Investment income</td>
<td>1,848,215</td>
<td>2,937,250</td>
<td>1,712,082</td>
</tr>
<tr>
<td>Management fees</td>
<td>436,506</td>
<td>440,930</td>
<td>385,732</td>
</tr>
<tr>
<td>Goods and services tax recovery</td>
<td>-</td>
<td>20,758</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>31,267,883</td>
<td>32,098,885</td>
</tr>
<tr>
<td><strong>Expenses (note 1(h))</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on financing</td>
<td>21,791,378</td>
<td>21,677,340</td>
<td>17,538,371</td>
</tr>
<tr>
<td>Debenture issuance discount amortization</td>
<td>371,211</td>
<td>353,686</td>
<td>214,183</td>
</tr>
<tr>
<td>Debenture issuance costs amortization</td>
<td>716,112</td>
<td>699,938</td>
<td>609,181</td>
</tr>
<tr>
<td>Interim financing fees amortization</td>
<td>159,753</td>
<td>103,585</td>
<td>264,398</td>
</tr>
<tr>
<td>Financing fees</td>
<td>725,106</td>
<td>540,618</td>
<td>517,143</td>
</tr>
<tr>
<td>Professional fees</td>
<td>412,650</td>
<td>395,283</td>
<td>367,758</td>
</tr>
<tr>
<td>Travel and workshops</td>
<td>602,000</td>
<td>512,367</td>
<td>354,988</td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>1,969,682</td>
<td>1,983,800</td>
<td>1,579,096</td>
</tr>
<tr>
<td>Operations and management</td>
<td>427,495</td>
<td>506,654</td>
<td>408,373</td>
</tr>
<tr>
<td>Investment revenue due to members</td>
<td>1,266,253</td>
<td>1,089,204</td>
<td>873,296</td>
</tr>
<tr>
<td>Amortization of capital assets</td>
<td>56,038</td>
<td>43,311</td>
<td>50,978</td>
</tr>
<tr>
<td></td>
<td></td>
<td>28,497,678</td>
<td>27,905,786</td>
</tr>
<tr>
<td><strong>Annual operating surplus</strong></td>
<td>$ 2,770,205</td>
<td>$ 4,193,099</td>
<td>$ 2,760,105</td>
</tr>
<tr>
<td>Credit Enhancement Fund contribution (note 8)</td>
<td>-</td>
<td>12,000,000</td>
<td>529,075</td>
</tr>
<tr>
<td>Net realized remeasurement gains (losses)</td>
<td>-</td>
<td>432,011</td>
<td>(174,212)</td>
</tr>
<tr>
<td><strong>Surplus</strong></td>
<td></td>
<td>2,770,205</td>
<td>16,625,110</td>
</tr>
<tr>
<td>Accumulated surplus, beginning of year</td>
<td>36,548,213</td>
<td>36,548,213</td>
<td>33,433,245</td>
</tr>
<tr>
<td><strong>Accumulated surplus, end of year</strong></td>
<td>$ 39,318,418</td>
<td>$ 53,173,323</td>
<td>$ 36,548,213</td>
</tr>
</tbody>
</table>

See accompanying notes to the financial statements.
# Statement of Changes in Net Financial Assets

**FIRST NATIONS FINANCE AUTHORITY**

Year ended March 31, 2020 with comparative figures for 2019

<table>
<thead>
<tr>
<th></th>
<th>2020 Budget (note 1(g))</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Surplus</strong></td>
<td></td>
<td>$ 2,770,205</td>
<td>$ 16,625,110</td>
</tr>
<tr>
<td><strong>Changes to non-financial assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in Credit Enhancement Fund assets</td>
<td>-</td>
<td>(12,000,000)</td>
<td>(529,075)</td>
</tr>
<tr>
<td>Acquisition of capital assets</td>
<td>-</td>
<td>(99,097)</td>
<td>(143,887)</td>
</tr>
<tr>
<td>Amortization of capital assets</td>
<td>56,038</td>
<td>43,311</td>
<td>50,978</td>
</tr>
<tr>
<td><strong>Net change in prepaid expenses</strong></td>
<td>56,038</td>
<td>(12,055,786)</td>
<td>(621,984)</td>
</tr>
<tr>
<td><strong>Net remeasurement gains (losses)</strong></td>
<td>-</td>
<td>(792,252)</td>
<td>277,298</td>
</tr>
<tr>
<td><strong>Increase in net financial assets</strong></td>
<td>2,826,243</td>
<td>3,953,289</td>
<td>2,696,199</td>
</tr>
<tr>
<td><strong>Net financial assets, beginning of year</strong></td>
<td>5,099,695</td>
<td>5,099,695</td>
<td>2,403,496</td>
</tr>
<tr>
<td><strong>Net financial assets, end of year</strong></td>
<td>$ 7,925,938</td>
<td>$ 9,052,984</td>
<td>$ 5,099,695</td>
</tr>
</tbody>
</table>

See accompanying notes to the financial statements.
# Statement of Cash Flows

**FIRST NATIONS FINANCE AUTHORITY**

Year ended March 31, 2020 with comparative figures for 2019

Cash provided by (used in):

<table>
<thead>
<tr>
<th>Category</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating transactions:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual operating surplus</td>
<td>$ 4,193,099</td>
<td>$ 2,760,105</td>
</tr>
<tr>
<td>Debenture issuance premium amortization</td>
<td>(1,621,566)</td>
<td>(1,181,789)</td>
</tr>
<tr>
<td>Debenture issuance discount amortization</td>
<td>353,686</td>
<td>214,183</td>
</tr>
<tr>
<td>Debenture issuance costs amortization</td>
<td>699,938</td>
<td>609,181</td>
</tr>
<tr>
<td>Interim financing fees amortization</td>
<td>103,585</td>
<td>264,398</td>
</tr>
<tr>
<td>Amortization of capital assets</td>
<td>43,311</td>
<td>50,978</td>
</tr>
<tr>
<td>Net change in non-cash assets and liabilities</td>
<td>1,448,244</td>
<td>1,455,009</td>
</tr>
<tr>
<td><strong>Total Operating transactions:</strong></td>
<td>$ 5,220,297</td>
<td>$ 4,172,066</td>
</tr>
<tr>
<td><strong>Investing transactions:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in Credit Enhancement Fund</td>
<td>12,000,000</td>
<td>529,075</td>
</tr>
<tr>
<td>Acquisition of investments</td>
<td>(35,675,938)</td>
<td>(23,625,424)</td>
</tr>
<tr>
<td>Increase in amounts due to members</td>
<td>8,243,438</td>
<td>8,113,744</td>
</tr>
<tr>
<td>Net increase in restricted cash</td>
<td>5,225,008</td>
<td>(22,265,736)</td>
</tr>
<tr>
<td>Increase in funds held due to members</td>
<td>(6,320,636)</td>
<td>22,149,371</td>
</tr>
<tr>
<td>Increase in principal and interest payments received in advance</td>
<td>1,095,628</td>
<td>219,787</td>
</tr>
<tr>
<td><strong>Total Investing transactions:</strong></td>
<td>(15,432,500)</td>
<td>(14,879,183)</td>
</tr>
<tr>
<td><strong>Financing transactions:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans to members issued</td>
<td>(141,377,991)</td>
<td>(171,526,600)</td>
</tr>
<tr>
<td>Repayment of loans to members</td>
<td>15,563,091</td>
<td>39,330,866</td>
</tr>
<tr>
<td>Debenture financing issued, principal</td>
<td>163,000,000</td>
<td>138,000,000</td>
</tr>
<tr>
<td>Premium (discount) on debenture issuance</td>
<td>8,965,000</td>
<td>(2,765,520)</td>
</tr>
<tr>
<td>Debenture issuance costs</td>
<td>(978,000)</td>
<td>(828,000)</td>
</tr>
<tr>
<td>Proceeds from interim financing</td>
<td>74,967,640</td>
<td>104,519,000</td>
</tr>
<tr>
<td>Repayment of interim financing</td>
<td>(104,519,000)</td>
<td>(92,896,500)</td>
</tr>
<tr>
<td>Interim financing fees paid</td>
<td>(220,000)</td>
<td>(79,968)</td>
</tr>
<tr>
<td><strong>Total Financing transactions:</strong></td>
<td>15,400,740</td>
<td>13,753,278</td>
</tr>
<tr>
<td><strong>Capital transactions:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of capital assets</td>
<td>(99,097)</td>
<td>(143,887)</td>
</tr>
<tr>
<td><strong>Increase (decrease) in cash and cash equivalents</strong></td>
<td><strong>5,089,440</strong></td>
<td><strong>2,902,274</strong></td>
</tr>
<tr>
<td>Cash and cash equivalents, beginning of year</td>
<td>9,258,743</td>
<td>6,356,469</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents, end of year</strong></td>
<td>$14,348,183</td>
<td>$ 9,258,743</td>
</tr>
</tbody>
</table>

Supplemental cash flow information:

- **Interest paid**
  - 2020: $ 20,479,599
  - 2019: $ 17,778,688

See accompanying notes to the financial statements.
Statement of Remeasurement Gains and Losses
FIRST NATIONS FINANCE AUTHORITY
Year ended March 31, 2020 with comparative figures for 2019

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated remeasurement losses, beginning of year</td>
<td>$ (258,398)</td>
<td>$ (535,696)</td>
</tr>
<tr>
<td>Net remeasurement gains (losses) realized and reclassified to the statement of operations from:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative contracts</td>
<td>432,011</td>
<td>(174,212)</td>
</tr>
<tr>
<td>Unrealized gains (losses) generated during the year from:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative contracts</td>
<td>(1,224,263)</td>
<td>451,510</td>
</tr>
<tr>
<td>Net remeasurement gains (losses)</td>
<td>(792,252)</td>
<td>277,298</td>
</tr>
<tr>
<td>Accumulated remeasurement losses, end of year</td>
<td>$ (1,050,650)</td>
<td>$ (258,398)</td>
</tr>
</tbody>
</table>

See accompanying notes to the financial statements.
Notes to Financial Statements

FIRST NATIONS FINANCE AUTHORITY  |  Year ended March 31, 2020

First Nations Finance Authority ("FNFA") was announced April 1, 2006 as a result of Bill C-20 and operates under the First Nations Fiscal Management Act (the "Act") as a not for profit corporation without share capital to develop borrowing capacity for First Nations governments and to provide investment pooling arrangements for its investing members. FNFA, through an agreement with the Municipal Finance Authority of British Columbia ("MFA"), acts as a non-assignable corporate investment vehicle with MFA for the provision of investment services for FNFA unit holders. FNFA is exempt from income taxes pursuant to Section 149 (1)(c) and 149 (1)(d.5) of the Income Tax Act (Canada).

On March 11, 2020, the World Health Organization (WHO) declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic. This has resulted in governments worldwide, including the Canadian government, to enact emergency measures to combat the spread of the virus. These measures, which include social distancing, the implementation of travel bans and closures of non-essential businesses, have caused material disruption to businesses globally resulting in an economic slowdown. The FNFA Board of Directors have approved and instructed FNFA staff to work with the impacted members by restructuring loan payments when deemed necessary to ensure the safe functioning of the member community. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy is not known at this time.

1. **Significant accounting policies:**

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

   (a) **Basis of presentation:**

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

      **OPERATING FUND:**

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

      **CREDIT ENHANCEMENT FUND:**

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

      **SINKING FUNDS:**

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

      **DEBT RESERVE FUNDS:**

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

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

   (b) **Revenue recognition:**

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

      Interest on loans to members is recorded as revenue in accordance with FNFA's loan agreements with its members. Investment revenue is recorded as revenue in the period earned.
1. Significant accounting policies (continued):

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

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

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

(e) Capital assets:
Capital assets are recorded at cost, net of accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution and are also recorded as revenue. When management determines that an asset no longer contributes to FNFA’s operations, the asset’s net book value is written down to its net realizable value. Amortization is provided over the asset’s estimated useful life at the following bases and annual rates, once the asset is available for use:

<table>
<thead>
<tr>
<th>Asset</th>
<th>Basis</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td>Declining balance</td>
<td>20%</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>Declining balance</td>
<td>30 - 45%</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>Straight-line</td>
<td>lease term</td>
</tr>
</tbody>
</table>

(f) Use of estimates:
The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates. Significant areas requiring management estimates include the net recoverable amount and any impairment of financial assets, the fair value of financial liabilities on issuance, the fair value of derivative instruments and the effective interest rate of financial assets and liabilities measured at amortized cost. Actual amounts can differ from these estimates.

(g) Budget data:
The budget data presented in these financial statements have been derived from the budget approved by the Board of Directors on May 23, 2019. The budget is reflected in the statement of operations and accumulated surplus and the statement of changes in net financial assets.

(h) Segmented disclosure:
A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. FNFA has determined that it had only one operating segment for the year ended March 31, 2020. Accordingly, segmented disclosures have not been presented in these financial statements.

2. Debt Reserve Funds:

(a) Investments:
The Debt Reserve Funds investments are held by FNFA as security for debenture payments to bondholders and interim financing providers. If, at anytime, FNFA does not have sufficient funds to meet payments or sinking fund contributions due on its obligations, the payments or sinking fund contributions will be made from the Debt Reserve Funds.
2. Debt Reserve Funds (continued):

The Debt Reserve Fund assets, as at March 31, 2020 consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$38,910,993</td>
<td>$25,671,170</td>
</tr>
<tr>
<td>Government and corporate bonds</td>
<td>1,942,036</td>
<td>6,938,421</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$40,853,029</strong></td>
<td><strong>$32,609,591</strong></td>
</tr>
</tbody>
</table>

Government and corporate bonds include bonds with maturities from June 2026 to October 2028, with coupon rates from 2.40% to 3.05% and have a total par value of $1,925,000 (2019 - $6,175,000). The market value as at March 31, 2020 was approximately $2,034,368.

b) Due to members:

Amounts due to members in the Debt Reserve Fund will be repaid to a member when the member has satisfied all obligations related to the applicable loan agreement. The balance owing to members as at March 31, 2020, is due upon extinguishment of the underlying loan, consistent with the term of the financing agreements.

3. Sinking Funds:

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

The Sinking Fund assets, as at March 31, 2020 consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$43,288,222</td>
<td>$17,221,421</td>
</tr>
<tr>
<td>Government and corporate bonds</td>
<td>6,228,286</td>
<td>16,862,587</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$49,516,508</strong></td>
<td><strong>$34,084,008</strong></td>
</tr>
</tbody>
</table>

Government and corporate bonds include bonds with maturities from April 2024 to June 2028, with coupon rates from 2.15% to 3.40% and have a total par value of $5,850,756 (2019 - $16,578,799). The market value as at March 31, 2020 was approximately $6,291,388.

The Sinking Fund investment portfolio includes FNFA issued bonds. At March 31, 2020, the book value of these investments was $5,844,560 (2019 - $5,980,169) and related investment income during the year was $302,752 (2019 - $173,330).

4. Loans to members:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debenture financing loans</td>
<td>$637,385,702</td>
<td>$481,805,861</td>
</tr>
<tr>
<td>Interim financing loans</td>
<td>74,664,580</td>
<td>104,429,521</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>712,050,282</strong></td>
<td><strong>586,235,382</strong></td>
</tr>
</tbody>
</table>

The aggregate maturity of loans to members as at March 31, 2020 are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>Thereafter</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$91,382,681</td>
<td>17,167,971</td>
<td>17,167,971</td>
<td>17,167,971</td>
<td>17,167,971</td>
<td>551,995,717</td>
</tr>
<tr>
<td>2022</td>
<td></td>
<td>17,167,971</td>
<td>17,167,971</td>
<td>17,167,971</td>
<td>17,167,971</td>
<td></td>
</tr>
<tr>
<td>2023</td>
<td></td>
<td></td>
<td>17,167,971</td>
<td>17,167,971</td>
<td>17,167,971</td>
<td></td>
</tr>
<tr>
<td>2024</td>
<td></td>
<td></td>
<td></td>
<td>17,167,971</td>
<td>17,167,971</td>
<td></td>
</tr>
<tr>
<td>2025</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>17,167,971</td>
<td></td>
</tr>
<tr>
<td>Thereafter</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>551,995,717</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$712,050,282</strong></td>
<td><strong>$91,382,681</strong></td>
<td><strong>17,167,971</strong></td>
<td><strong>17,167,971</strong></td>
<td><strong>17,167,971</strong></td>
<td><strong>551,995,717</strong></td>
</tr>
</tbody>
</table>

(a) Debenture financing loans:

Debenture financing loans to members consists of loans to fifty-four (2019 -forty-five) borrowing members. The loans, documented by way of a promissory note, are repayable in annual principal payments to maturity, with interest payable semi-annually at 2.72% to 3.79%.
4. Loans to members (continued):

(b) Interim financing loans to members:

Interim financing loans to members as at March 31, 2020, consists of loans to sixteen (2019 - seventeen) borrowing members. The loans bear interest at 2.45% to 3.65%, payable monthly. Loans to fourteen borrowing members are due on the earlier of demand or the expiry of FNFA’s interim financing credit facility described in note 6. Loans to two borrowing members are due in June 2028. The interim financing loans have been issued by FNFA in anticipation of a bond issuance. The interim financing loans will be replaced by long-term financing agreements upon the issuance of such securities and the earlier of five years from the date of the issuance of the interim financing or the completion by the member of the purpose, as defined in their borrowing agreement, for the FNFA financing.

(c) Secured Revenues Trust Account:

FNFA determines, after reviewing contractual and other supporting revenue stream documents, which of the member’s revenue streams are to be intercepted. These revenues are intercepted directly from the payor, and are specified in the member’s Borrowing Law. Each revenue stream must maintain a minimum debt service coverage ratio established by FNFA’s Board. These intercepted revenues cover both interest and principal payments and are deposited by the payor into a Secured Revenues Trust Account (“SRTA”), as governed by a Secured Revenues Trust Account Management Agreement between the member and FNFA. As directed by FNFA, the following amounts are withdrawn from the SRTA:

- Scheduled principal and interest payments to FNFA in accordance with the terms and timing outlined in the respective promissory notes and borrowing agreements; and
- The excess in the SRTA may be paid to the member based on the terms of their respective promissory note or borrowing agreement.

(d) Loan impairment:

FNFA conducts periodic evaluations of its loans to members to determine if the loans are impaired. No impairment provision has been recorded to March 31, 2020 (2019 - $nil). A reduction in the carrying value of a loan may be recovered by a transfer from the applicable Debt Reserve Fund and, ultimately, intervention with the First Nations Financial Management Board on eligible revenue streams if it is believed that payments under the loan agreements may not be recovered within a reasonable period of time.

5. Restricted cash and cash equivalents:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds held due to members</td>
<td>$15,828,735</td>
<td>$22,149,371</td>
</tr>
<tr>
<td>Principal and interest payments received in advance</td>
<td>$9,408,743</td>
<td>$8,313,115</td>
</tr>
<tr>
<td>Members capital (note 11(b))</td>
<td>$324,035</td>
<td>$324,035</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$25,561,513</td>
<td>$30,786,521</td>
</tr>
</tbody>
</table>

6. Interim financing:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bankers acceptance liabilities, bearing interest at an average rate of 2.5777% (2019 - 2.9463%)</td>
<td>$74,967,640</td>
<td>$104,519,000</td>
</tr>
<tr>
<td>Deferred interim financing fees</td>
<td>(165,000)</td>
<td>(48,586)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$74,802,640</td>
<td>$104,470,416</td>
</tr>
</tbody>
</table>

The interim financing credit facility is available up to a maximum aggregate amount of $220 million. The credit facility is available through the issuance of bankers acceptances (“Bankers Acceptance Liabilities”) or the issuance of loans bearing interest calculated in relation to the lender’s prime rate (“Prime Rate Loans”). The applicable margin and standby fees are based on the credit rating of FNFA. Based on the credit rating as at March 31, 2020 the margins and rates are as follows. Bankers Acceptance Liabilities as at March 31, 2020 bear interest at the lender’s 30 to 60 day bankers’ acceptance fee plus a stamping fee of 1.0%. Prime Rate Loans as at March 31, 2020 bears interest at the lender’s prime rate with interest-only payments on a monthly basis. The undrawn portion of the revolving credit facility is subject to a standby fee of 0.175%. Amounts borrowed under the revolving credit facility are due the earlier of the terms of FNFA’s interim financing loans to members (note 4(b)) and October 9, 2021.

The interim financing is secured, ranking pari passu with the debenture financing, by liens on all real and personal, corporeal and incorporeal, present and future assets, including on all of the accounts of FNFA and the debt accounts of members with outstanding loans and the rights of FNFA in the Secured Revenues Trust Accounts.
7. **Debenture financing:**

The debenture financing consists of secured and unsubordinated bonds issued by FNFA. Security is pari passu between the FNFA debentures and the interim financing facility. The bonds provide for semi-annual interest payments at 3.40% and 3.05% and payment of the principal at maturity on June 26, 2024 and June 1, 2028, respectively. Debenture discounts or premium and debenture issuance costs including bond forward fees are amortized over the debenture term using the effective interest method. The resulting effective interest rate for the debenture financing is 3.131% (2019 - 3.131%) and 2.941% (2019 - 3.268%) respectively.

8. **Credit Enhancement Fund assets:**

FNFA entered into an agreement with Indigenous Services Canada (“ISC”), on March 24, 2011 and amended on December 6, 2016, March 27, 2019, March 20, 2020, and March 31, 2020 to transfer funds to FNFA for deposit into the Credit Enhancement Fund. Funds included in the Credit Enhancement Fund may be invested only in securities, investments or deposits specified under the Act. Investment income from the Credit Enhancement Fund may be used to temporarily offset shortfalls in the Debt Reserve Funds, to defray FNFA’s costs of operation, and for any other purpose prescribed by regulation. The capital of the Credit Enhancement Fund may be used to temporarily offset shortfalls in the Debt Reserve Funds and for any other purpose prescribed by regulation. During the year, no transfers were made to the Debt Reserve Fund. Earnings on the Credit Enhancement Fund investments are owed to the Operating Fund to offset the costs of operations.

During the year ended March 31, 2020, FNFA obtained Credit Enhancement Fund contributions of $12.0 million (2019 - $529,075), $2.5 million of which was received in April 2020.

The Credit Enhancement Fund assets, as at March 31, 2020 consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$41,464,793</td>
<td>$15,325,268</td>
</tr>
<tr>
<td>Government and corporate bonds</td>
<td>2,000,000</td>
<td>16,666,699</td>
</tr>
<tr>
<td>Contribution receivable</td>
<td>2,500,000</td>
<td>529,075</td>
</tr>
<tr>
<td>Due to Operating Fund</td>
<td>(3,435,718)</td>
<td>(1,991,967)</td>
</tr>
<tr>
<td></td>
<td><strong>$42,529,075</strong></td>
<td><strong>$30,529,075</strong></td>
</tr>
</tbody>
</table>

Government and corporate bonds include a bond with maturity of April 2020, a coupon rate of 2.15% and have a total par value of $2,000,000 (2019 - $16,300,000). The market value as at March 31, 2020 was approximately $2,000,000.

The Credit Enhancement Fund investment portfolio included FNFA issued bonds in the year. At March 31, 2020, the book value of these investments was $nil (2019 - $2,422,796) and related investment income during the year was $356,555 (2019 - $nil).

9. **Capital assets:**

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td></td>
</tr>
<tr>
<td>Cost:</td>
<td>$49,692</td>
</tr>
<tr>
<td>Balance, beginning of year</td>
<td>12,131</td>
</tr>
<tr>
<td>Disposals</td>
<td>(3,241)</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>58,582</td>
</tr>
</tbody>
</table>

| Accumulated amortization: | |
| Balance, beginning of year | $10,429 | 48,109 | 13,679 | - | 72,217 |
| Amortization              | 9,642 | 16,080 | 12,889 | - | 38,611 |
| Disposals                 | (1,322) | (5,464) | - | - | (6,786) |
| Balance, end of year      | 18,749 | 58,725 | 26,568 | - | 104,042 |

| Net book value, end of year | $39,833 | $32,102 | $51,557 | $110,640 | $234,132 |

Helping Aboriginal Communities build their own futures, on their own terms. FIRST NATIONS FINANCE AUTHORITY 27
9. Capital assets (continued):

<table>
<thead>
<tr>
<th></th>
<th>Furniture and equipment</th>
<th>Computer equipment</th>
<th>Leasehold improvements</th>
<th>Computer Software</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance, beginning of year</td>
<td>$19,328</td>
<td>$101,625</td>
<td>$13,416</td>
<td>-</td>
<td>$134,369</td>
</tr>
<tr>
<td>Additions</td>
<td>42,395</td>
<td>3,019</td>
<td>64,709</td>
<td>33,764</td>
<td>143,887</td>
</tr>
<tr>
<td>Disposals</td>
<td>(12,031)</td>
<td>(15,662)</td>
<td>-</td>
<td>-</td>
<td>(27,693)</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>49,692</td>
<td>88,982</td>
<td>78,125</td>
<td>33,764</td>
<td>250,563</td>
</tr>
</tbody>
</table>

Accumulated amortization:

|                      |                         |                    |                        |                   |           |
| Balance, beginning of year | 13,035                | 35,673             | 224                    | -                 | 48,932    |
| Amortization          | 7,106                   | 25,395             | 13,455                 | -                 | 45,956    |
| Disposals             | (9,712)                 | (12,959)           | -                      | -                 | (22,671)  |
| Balance, end of year | 10,429                  | 48,109             | 13,679                 | -                 | 72,217    |

Net book value, end of year $39,263 $40,873 $64,446 $33,764 $178,345

Computer software consist of costs incurred for internally developed software that was not available for use as at March 31, 2020. As a result, no amortization was recorded to March 31, 2020.

Amortization expense includes amortization of $38,611 plus a loss on disposal of capital assets of $4,700 (2019 - $45,956 plus a loss on disposal of capital assets of $5,022).

10. Commitments and contingent liabilities:

(a) Commitments:

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$140,857</td>
</tr>
<tr>
<td>2022</td>
<td>135,721</td>
</tr>
<tr>
<td>2023</td>
<td>113,385</td>
</tr>
</tbody>
</table>

$389,963

(b) Derivative financial instruments

At March 31, 2020, the FNFA had the following outstanding derivative financial instruments:

- Interest rate swap contract with a notional value of $6.59 million (2019 - $6.59 million) whose settlement extends to June 1, 2035.
- Bond forward contract with a notional value of $6.50 million whose settlement extends to October 29, 2020.
- Bond forward contract with a notional value of $25.00 million whose settlement extends to October 29, 2020.

The contracts were entered into as devices to control interest rate risk. The interest rate swap contract entered into on behalf of a borrowing member to provide a fixed lending rate for a predetermined period of time, commencing at the specified future date. At the specified future dates, the FNFA will cash settle the derivative contract with the financial institution, realizing either gains or losses dependent upon movements in interest rates, and attribute or recover these settlement gains or losses to or from the borrowing member over the remaining term of the loan.

The FNFA categorizes its fair value measurements for derivative contracts according to a three-level hierarchy based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety. The three levels of the fair value hierarchy based on the reliability of inputs are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The derivative contracts are considered level 2 financial instruments.

During the year-ended March 31, 2020 five bond forward contracts were settled for a net realized gain of $432,011. Four of the contracts were settled as a result of the debenture issuance in October 2019; a net realized gain has been recognized on the statement of operations.

A net unrealized loss at March 31, 2020, of $1,050,649 (2019 - $258,398) has been reflected in the statement of remeasurement gains and losses and as an offset to loans to members.
11. Accumulated surplus:

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

<table>
<thead>
<tr>
<th>Fund</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit Enhancement Fund</td>
<td>$ 42,529,075</td>
<td>$ 30,529,075</td>
</tr>
<tr>
<td>Operating Fund:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in capital assets</td>
<td>234,132</td>
<td>178,346</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>10,410,116</td>
<td>5,840,792</td>
</tr>
<tr>
<td></td>
<td>10,644,248</td>
<td>6,019,138</td>
</tr>
<tr>
<td></td>
<td><strong>$ 53,173,323</strong></td>
<td><strong>$ 36,548,213</strong></td>
</tr>
</tbody>
</table>

(b) Members capital:

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

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

<table>
<thead>
<tr>
<th>Credit Enhancement Fund</th>
<th>Invested in capital assets</th>
<th>Unrestricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, March 31, 2018</td>
<td>$ 30,000,000</td>
<td>$ 85,437</td>
<td>$ 3,347,808</td>
</tr>
<tr>
<td>Annual surplus (deficit)</td>
<td>917,325</td>
<td>(50,978)</td>
<td>1,893,758</td>
</tr>
<tr>
<td>CEF Contribution</td>
<td>529,075</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net realized remeasurement loss</td>
<td>-</td>
<td>-</td>
<td>(174,212)</td>
</tr>
<tr>
<td>Acquisition of capital assets</td>
<td>-</td>
<td>143,887</td>
<td>(143,887)</td>
</tr>
<tr>
<td>Transfers</td>
<td>(917,325)</td>
<td>-</td>
<td>917,325</td>
</tr>
<tr>
<td>Balance, March 31, 2019</td>
<td>$ 30,529,075</td>
<td>$ 178,346</td>
<td>$ 5,840,792</td>
</tr>
<tr>
<td>Annual operating surplus (deficit)</td>
<td>1,546,056</td>
<td>(43,311)</td>
<td>2,690,354</td>
</tr>
<tr>
<td>CEF Contribution</td>
<td>12,000,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net realized remeasurement gain</td>
<td>-</td>
<td>-</td>
<td>432,011</td>
</tr>
<tr>
<td>Acquisition of capital assets</td>
<td>-</td>
<td>99,097</td>
<td>(99,097)</td>
</tr>
<tr>
<td>Transfers</td>
<td>(1,546,056)</td>
<td>-</td>
<td>1,546,056</td>
</tr>
</tbody>
</table>

12. Grants and contributions:

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

<table>
<thead>
<tr>
<th>Fund</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comprehensive Funding Arrangement</td>
<td>$ 3,845,884</td>
<td>$ 3,764,803</td>
</tr>
<tr>
<td>Grant Agreement</td>
<td>500,000</td>
<td>500,000</td>
</tr>
<tr>
<td>Deferred contributions</td>
<td>(199,360)</td>
<td>(609,655)</td>
</tr>
<tr>
<td></td>
<td><strong>$ 4,146,524</strong></td>
<td><strong>$ 3,655,148</strong></td>
</tr>
</tbody>
</table>

ISC provided a Comprehensive Funding Arrangement, for delivery of specific programs, services and activities as set out in the arrangement. This funding agreement is reviewed annually based on the needs and the financial results of the FNFA.

Under the terms of the Grant Agreements, which is for the purpose of covering costs associated with the FNFA’s core business, the FNFA is to receive an annual maximum of $500,000. This arrangement expires on March 31, 2020 and has been renewed for the March 31, 2021 fiscal year.
13. Financial instruments:

(a) Liquidity risk:

Liquidity risk is the risk that FNFA will not be able to meet its financial obligations as they become due. For the year ended March 31, 2020, each interim financing loan to members was funded through interim financing with the same term. FNFA maintains Sinking Funds (note 3) to assist with managing its liquidity risk with respect to its debenture financing. FNFA monitors the maturity of its financial liabilities and assesses whether it has sufficient cash to settle these financial obligations when due.

FNFA is subject to non-financial covenants and restrictions in relation to its interim financing (note 6) and Credit Enhancement Fund (note 8). As at March 31, 2020, FNFA was in compliance with these covenants and restrictions.

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

<table>
<thead>
<tr>
<th>In thousands of dollars</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>On demand</td>
</tr>
<tr>
<td>Non-derivative financial liabilities</td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>$ -</td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td>-</td>
</tr>
<tr>
<td>Deferred contributions</td>
<td>-</td>
</tr>
<tr>
<td>Principal and interest received in advance</td>
<td>-</td>
</tr>
<tr>
<td>Funds held due to members</td>
<td>15,829</td>
</tr>
<tr>
<td>Due to members</td>
<td>40,853</td>
</tr>
<tr>
<td>Interim financing</td>
<td>74,803</td>
</tr>
<tr>
<td>Debenture financing</td>
<td>-</td>
</tr>
<tr>
<td>Derivative financial liabilities</td>
<td></td>
</tr>
<tr>
<td>Derivative contracts</td>
<td>-</td>
</tr>
</tbody>
</table>

| Total                            | $ 131,485 | $ 16,389      | $ 679,050          | $ 826,924 |

<table>
<thead>
<tr>
<th>In thousands of dollars</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>On demand</td>
</tr>
<tr>
<td>Non-derivative financial liabilities</td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>$ -</td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td>-</td>
</tr>
<tr>
<td>Deferred contributions</td>
<td>-</td>
</tr>
<tr>
<td>Principal and interest received in advance</td>
<td>-</td>
</tr>
<tr>
<td>Funds held due to members</td>
<td>22,149</td>
</tr>
<tr>
<td>Due to members</td>
<td>32,610</td>
</tr>
<tr>
<td>Interim financing</td>
<td>104,470</td>
</tr>
<tr>
<td>Debenture financing</td>
<td>-</td>
</tr>
<tr>
<td>Derivative financial liabilities</td>
<td></td>
</tr>
<tr>
<td>Derivative contracts</td>
<td>-</td>
</tr>
</tbody>
</table>

| Total                            | $ 159,229 | $ 14,453      | $ 515,258          | $ 688,940 |

(b) Credit risk:

Credit risk refers to the risk that counterparty may default on its contractual obligations resulting in a financial loss. FNFA holds its cash and cash equivalents, Credit Enhancement Fund assets and investments with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation.

Loans to members are also subject to credit risk. The organization manages its credit risk through review of historical financial information and First Nations Financial Management Board report before approving loan requests and having secured revenue streams supporting the loan and holding the debt reserve fund as security.

FNFA’s investment policies for its Credit Enhancement Fund, Debt Reserve Funds, and Sinking Funds are governed by the Act, which specifies eligible investments. FNFA’s investment policy for other cash and investments is monitored by management and the Board, consistent with its mandate.
13. Financial instruments (continued):

(c) Interest rate risk:

Interest rate risk relates to the impact of changes in interest rates on FNFA’s future cash inflows from its investments and loans to member and future cash outflows on its interim financing. FNFA’s cash and cash equivalents, Credit Enhancement Fund assets and investments are held in cash, short term money market instruments, or corporate and government bonds.

FNFA is subject to significant interest rate risk in regards to its corporate and government bonds. FNFA is subject to interest rate risk with respect to its interim financing, which bears interest at variable rates based on the lenders’ prime rate and 30-60 day bankers’ acceptance rates. FNFA monitors interest rate risk on interim financing borrowing and negotiates and renegotiates interest rates on interim financing loans to members in relation to these rates.

FNFA periodically enters into derivative financial instruments (note 10(b)) to manage certain interest rate exposure.

Fair value sensitivity analysis for fixed rate instruments

The Authority does not account for any fixed rate financial assets and liabilities at fair value through profit or loss therefore a change in interest rates at the reporting date would not affect profit or loss.

A 100 basis point change in interest rates would have a parallel change in annual operating surplus, at the reporting date, by $24,642 (2019 - 48,570).

14. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.
Statement of Net Assets (unaudited)
December 31, 2019, with comparative information for 2018

<table>
<thead>
<tr>
<th></th>
<th>Money Market Fund</th>
<th>Intermediate Fund</th>
<th>Bond Fund</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$ 288</td>
<td>79</td>
<td>28</td>
<td>37</td>
</tr>
<tr>
<td>Unitholder receivable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>28,016</td>
</tr>
<tr>
<td>Investments (note 3)</td>
<td>19,098,020</td>
<td>14,452,812</td>
<td>883,499</td>
<td>835,658</td>
</tr>
<tr>
<td></td>
<td>$19,098,308</td>
<td>14,452,891</td>
<td>883,527</td>
<td>863,711</td>
</tr>
<tr>
<td><strong>Liabilities, Net Assets and Unitholders’ Equity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued management fees</td>
<td>$ 2,591</td>
<td>1,960</td>
<td>158</td>
<td>151</td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unitholder payable</td>
<td>-</td>
<td>13,062</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>2,591</td>
<td>15,022</td>
<td>158</td>
<td>151</td>
</tr>
<tr>
<td>Net assets and unitholders’ equity</td>
<td>19,095,717</td>
<td>14,437,869</td>
<td>883,369</td>
<td>863,560</td>
</tr>
<tr>
<td></td>
<td>$19,098,308</td>
<td>14,452,891</td>
<td>883,527</td>
<td>863,711</td>
</tr>
</tbody>
</table>

See accompanying notes to the financial statements.

On behalf of the Board:

[Signature]
Chief Warren Tabobondung
CHAIR
### Statement of Earnings and Unitholders’ Equity (unaudited)

Year ended December 31, 2019, with comparative information for 2018

<table>
<thead>
<tr>
<th></th>
<th>Money Market Fund</th>
<th></th>
<th>Intermediate Fund</th>
<th></th>
<th>Bond Fund</th>
<th></th>
<th>Total</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment income:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>$331,215</td>
<td>253,358</td>
<td>22,577</td>
<td>34,415</td>
<td>65,070</td>
<td>44,348</td>
<td>$418,862</td>
<td>332,121</td>
</tr>
<tr>
<td>Less management fees</td>
<td>25,814</td>
<td>21,845</td>
<td>1,836</td>
<td>2,383</td>
<td>5,121</td>
<td>3,637</td>
<td>32,771</td>
<td>27,865</td>
</tr>
<tr>
<td></td>
<td>305,401</td>
<td>231,513</td>
<td>20,741</td>
<td>32,032</td>
<td>59,949</td>
<td>40,711</td>
<td>386,091</td>
<td>304,256</td>
</tr>
<tr>
<td>Gain (loss) on investments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net realized gain (loss)</td>
<td>-</td>
<td>-</td>
<td>(1,197)</td>
<td>(21,685)</td>
<td>4,795</td>
<td>(40,340)</td>
<td>3,598</td>
<td>(62,025)</td>
</tr>
<tr>
<td>Net unrealized gain (loss)</td>
<td>-</td>
<td>-</td>
<td>265</td>
<td>22,675</td>
<td>11,693</td>
<td>42,953</td>
<td>11,958</td>
<td>65,628</td>
</tr>
<tr>
<td>Net gain (loss) on investments</td>
<td>-</td>
<td>-</td>
<td>(932)</td>
<td>990</td>
<td>16,488</td>
<td>2,613</td>
<td>15,556</td>
<td>3,603</td>
</tr>
<tr>
<td>Net earnings distributed</td>
<td>$305,401</td>
<td>231,513</td>
<td>19,809</td>
<td>33,022</td>
<td>76,437</td>
<td>43,324</td>
<td>$401,647</td>
<td>307,859</td>
</tr>
</tbody>
</table>

Net assets and unitholders’ equity:

<table>
<thead>
<tr>
<th></th>
<th>Money Market Fund</th>
<th></th>
<th>Intermediate Fund</th>
<th></th>
<th>Bond Fund</th>
<th></th>
<th>Total</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Units outstanding, beginning of the year</td>
<td>14,437,869</td>
<td>13,406,391</td>
<td>863,560</td>
<td>2,670,538</td>
<td>2,589,481</td>
<td>2,495,488</td>
<td>$17,890,910</td>
<td>$18,572,417</td>
</tr>
<tr>
<td>Units subscribed</td>
<td>4,551,548</td>
<td>906,009</td>
<td>-</td>
<td>-</td>
<td>199,101</td>
<td>105,909</td>
<td>4,750,649</td>
<td>1,011,918</td>
</tr>
<tr>
<td>Distributions reinvested</td>
<td>305,401</td>
<td>231,513</td>
<td>19,809</td>
<td>33,022</td>
<td>76,437</td>
<td>43,324</td>
<td>401,647</td>
<td>307,859</td>
</tr>
<tr>
<td>Units redeemed</td>
<td>(199,101)</td>
<td>(106,044)</td>
<td>(1,840,000)</td>
<td>(357,661)</td>
<td>(55,240)</td>
<td>(556,762)</td>
<td>(2,001,284)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>19,095,717</td>
<td>14,437,869</td>
<td>883,369</td>
<td>863,560</td>
<td>2,507,358</td>
<td>2,589,481</td>
<td>$22,486,444</td>
<td>$17,890,910</td>
</tr>
</tbody>
</table>

See accompanying notes to the financial statements.
Pooled Investments
NOTES TO FINANCIAL STATEMENTS (UNAUDITED) | Year ended December 31, 2019

First Nations Finance Authority (the “FNFA”) was announced April 1, 2006 as a result of Bill C-20 and operates under the First Nations Fiscal Management Act (the “Act”) as a non-profit corporation without share capital to provide investment pooling arrangements and to develop borrowing capacity for First Nations governments. The FNFA acts as a non-assignable corporate investment vehicle with the MFA for the provision of investment services for FNFA unitholders.

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

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

In accordance with the Pooled Investment Regulation made under the First Nations Fiscal Management Act, the Authority has arranged to continue to participate in the short to intermediate term investment pools established by the Municipal Finance Authority of British Columbia (the “MFA”). These funds are the Money Market Fund, the Intermediate Fund and the Bond Fund.

1. Significant accounting policies:

Monies received from unitholders are invested in three pooled investment funds administered by the MFA:

- Money Market Fund;
- Intermediate Fund; and
- Bond Fund.

These funds are authorized to issue an unlimited number of units, each of which represents an equal undivided interest in the net assets of the respective funds, pro rata, with all other units from time to time issued and outstanding. Units are issued or redeemed at $10 per unit. Under Section 149(1)(c) of the Income Tax Act, the funds are exempt from income taxes.

The following is a summary of the significant accounting policies used in the preparation of the financial statements.

(a) Money Market Fund:

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

(b) Intermediate Fund and Bond Fund:

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

2. Financial instruments:

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

Transaction costs are expensed and included in the statement of earnings and unitholders’ equity in the period incurred.
2. **Financial instruments continued:**

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 FTSE TMX 30-Day Treasury Bill Index, the FTSE TMX 365-Day Treasury Bill Index, and the FTSE TMX Short Term Index.

(b) **Liquidity risk:**

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

Each portfolio is exposed to daily cash redemptions of units at the current Net Assets Value per unit at the option of the unitholder. The funds invest the majority of their assets in securities that are traded in an active market and can be readily disposed of. In addition each Fund retains sufficient cash and cash equivalent positions to maintain liquidity. As of December 31, 2019 the duration of each of the funds was 39 days for Money Market Fund, 1.0 years for the Intermediate Fund and 2.8 years for the Bond Fund.

(c) **Interest rate risk:**

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

The funds invest primarily in interest bearing securities and are therefore susceptible to market rate fluctuations. The short duration of the investments lessens the affect of changes in interest rates.

(d) **Credit risk:**

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

The fund manager moderates risk through a conservative selection of securities and diversification within the parameters of the investment policy.

The investment portfolio is carried at fair value and represents the maximum credit risk exposure as at December 31, 2019.

(e) **Currency risk:**

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

3. **Investments:**

The investments held by the FNFA represent their unitholders’ proportionate share of securities invested in the Money Market Fund, Intermediate Fund and Bond Fund administered by the MFA’s Pooled Investment Funds.

As at December 31 the Money Market Fund, Intermediate Fund and Bond Fund of the MFA held the following securities:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bankers’ acceptance</td>
<td>3.41%</td>
<td>-</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>1.00%</td>
<td>69.96%</td>
</tr>
<tr>
<td>Commercial paper</td>
<td>95.59%</td>
<td>0.44%</td>
</tr>
<tr>
<td>Federal bonds</td>
<td>-</td>
<td>8.97%</td>
</tr>
<tr>
<td>Provincial bonds</td>
<td>-</td>
<td>20.63%</td>
</tr>
<tr>
<td>Municipal bonds</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mortgages</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Pooled funds</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>100.00%</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

The investments of the FNFA unit holders represent approximately 1.52% (2018 - 1.31%) of the Money Market Fund, 0.35% (2018 - 0.32%) of the Intermediate Fund, and 0.47% (2018 - 0.46%) of the Bond Fund administered by the MFA’s Pooled Investment Funds.
Ernie Daniels  CPA, CGA, CAFM  
**PRESIDENT AND CEO**

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

Ernie moved from Ottawa to Kelowna in 2011 to work with the FNFA as Director of Finance and was subsequently appointed as President and CEO in June 2012. Prior to FNFA, he was the President and Chief Operating Officer of the Aboriginal Financial Officers Association (AFOA) of Canada for 7 years and the Director of Assessment and Finance Operations at the Aboriginal Healing Foundation (AHF) for 5 years.

Ernie has worked for Indigenous non-profit organizations in various leadership and management positions. He has served on numerous boards and committees: member of the Canadian Institute of Chartered Accountants (CICA) Research Study Group looking at financial reporting by First Nations; Chair of the NWT Legislative Assembly Society; Vice-Chair of the NWT Development Corporation; Board member of the First Nations Financial Management Board (FMB) and Chair of the Audit Committee and was a member of the Standards, Approvals, and Certification Committee. He was also a Board member of the Canadian Executive Service Organization (CESO).

Steve Berna  CPA, CA  
**CHIEF OPERATING OFFICER**

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

Steve moved from Victoria, B.C., in 2008 to help develop the FNFA’s operating policies, and the Other Revenues Regulations. Prior to commencing work at the FNFA, Steve was the CEO of the Municipal Finance Authority of BC. Steve received his accounting designation as an employee of KPMG.

Several times Steve has, upon the request of the World Bank, developed and presented the beneficial concepts of pooled borrowing models for developing countries. He has also taught courses in finance at colleges in the Vancouver area.

Rachel McAllister  CPA, CA  
**CHIEF FINANCIAL OFFICER**

Rachel leads the Finance department of FNFA, which handles the financial reporting of FNFA to various stakeholders, analyzes membership and loan requests, and prepares continued compliance reviews of existing loans. She is also charged with continued enhancement and development of internal processes and policies to streamline and improve FNFA’s function as the organization and membership grows.

Her background as an Assurance Manager at a Chartered Accountant firm developed her skill set in analytics and both project and team management which contribute to her effective leadership of the Finance team.

Rachel is proud to be a member of a team that is focused on playing a part in First Nation governments’ strength and advancement.
Shannon Jenner  
EXECUTIVE ASSISTANT/CORPORATE CLERK
Shannon manages FNFA’s main office, co-ordinates all staff and Board member travel, prepares external communications design/layout, and organizes workshops, conferences and our Annual General Meeting. As the Corporate Clerk Shannon is responsible to the Board of Directors, Committees and Senior Management for organizing and managing activities and records. She maintains all external contacts, records organizational activities and controls purchasing for the organization.

Shannon is a member of the Westbank First Nation (WFN) and prior to helping establish FNFA’s offices, she worked 15 years for the WFN in Membership, Employment and Training and as Executive Assistant to Chief and Council.

Jo-Ann Derrickson  
DIRECTOR OF MEMBER SERVICES
As Director of Member Services, Jo-Ann and the Member Services Team work closely with First Nation Council and staff to provide the initial and ongoing support to the borrowing members of the FNFA. Her knowledge and experience in the area of First Nation business administration and governance provides an extensive skill set in leadership, managing both people and systems with a strong focus on organizational excellence.

Jo-Ann came to work with the FNFA in 2012 and was appointed Director of Member Services in January 2019. Jo-Ann is a member of the Westbank First Nation (WFN) and contributed to her community through her various roles over twenty years including Residential Care Facility Administrator, Director of Operations, and Manager of Community Services.

Jayne Fosbery  
MEMBER SERVICES COORDINATOR
As a Member Services Coordinator, Jayne Fosbery works with potential and existing FNFA members to achieve their capital goals. Within the Member Services Team the mandate is to communicate with and support the membership over the long term. Jayne is a Professional Aboriginal Economic Developer as well as has a diploma in Local Government Administration.

Jayne is an active member of Westbank First Nation and has worked in various capacities including Manager of Economic Development and Communication. She also worked within the banking industry after completing her formal education.
Sybil Campbell
MEMBER SERVICES COORDINATOR

As Member Services Coordinator, Sybil Campbell manages current and potential members of the First Nations Finance Authority (FNFA) to achieve their capital projects. As a part of the Member Services Team her role is to communicate with members building long term relationships. Sybil attained her post-secondary education at Okanagan College in the Business Administration Program.

Sybil is a member of Musqueam Indian Band, a Coast Salish Community located in Vancouver, BC. She has experience working with the BC AFN Vice Chief’s Office, Musqueam Indian Band Land Management Office and Chief and Councils. Sybil has experience in policy development, human resources and finance, and possesses strong leadership skills. She has an interest in the advancement of First Nation independence and self-sufficiency.

Nathalie Castonguay
BUSINESS DEVELOPMENT OFFICER, quebec

Nathalie is a member of the Innu Nation of Uashat mak Mani-utenam in Quebec. As Business Development Officer, she is in charge to promote FNFA’s services and to assist the First Nation Governments of Quebec in becoming borrowing members in order to access FNFA’s financing funds.

Her university studies in finance and business administration enabled her to pursue a career in economic development and commercial banking. For over a decade, she occupied the position of Executive Director of an Aboriginal Credit Corporation in Quebec (CDEM). This position allowed her to be actively involved in First Nations community economic development and she had the privilege of contributing in the creation and expansion of many Indigenous businesses in the province of Quebec.

Her involvement in several important boards of key regional organizations helped shape the economic development of the North Shore of Quebec. She acted as Vice-president of the Pension Fund Board of the Native Benefits Plan (NBP) for many years and she participated in the creation of the First Nations Venture Capital of Quebec (FNVCQ).

Stephen Blancher
TECHNICAL COORDINATOR

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

Stephen was born and raised in Prince Albert, Saskatchewan, and moved to British Columbia in 2005. Always having an interest in computers, he attended the Computer Information Systems diploma course at Okanagan College. After obtaining his diploma he wanted to continue studies the following year. He graduated the BCIS Degree Program after 4 years of education.

After graduating, Stephen was diligently working as a web developer and looking for work in software development. Not satisfied utilizing only a subset of his skills, he continued looking for work in Software Development. He was eventually discovered by the FNFA, who brought him on to take on the task of developing for their financial systems and has grown into his position as Technical Coordinator from there.
Jody Anderson  CAPA
BUSINESS DEVELOPMENT MANAGER, ONTARIO

Jody is Anishinaabe kwe from Treaty 3 and a proud member of Couchiching First Nation. As the Business Development Manager in Ontario, Jody is responsible for building and advancing relationships with First Nations who are pursuing development and prosperity for their communities. Her role is to educate and advocate the mandate and services offered by the FNFA and to act as the liaison for First Nations clients throughout the province.

She has attended Harvard Business School’s Executive Education program and is a Business Administration graduate from Fleming College with a focus in Human Resources Management. She has also received her Certified Aboriginal Professional Administrator (CAPA) designation from AFOA Canada.

Prior to joining the FNFA, Jody worked with AFOA Canada for 13 years leading the public relations and marketing department. In this capacity, Jody witnessed the correlation between financial literacy and community development across Canada. She has a keen interest in the advancement and recognition of Indigenous professionals and their communities.

She recognizes the importance of reconciliation and providing sustainable solutions to meet the current and future needs of communities.

In her spare time, Jody volunteers with various community initiatives, boards and loves being active with her family. She currently resides in Ottawa with her husband and two sons.

Shelley Mills
FINANCE ASSISTANT

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

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

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

James Byra
FINANCIAL CONTROLLER

As a Financial Analyst, James is responsible for review of new and existing membership and loan requests as well as preparation of internal financial statement preparation and other accounting and reporting functions.

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

James enjoys his role on the FNFA team, working with like-minded people all contributing to the success of First Nations across Canada.
Leanne Hunter  
SENIOR ADVISOR  
Leanne’s role as Senior Advisor focuses on organizational planning including acting as a liaison between senior management and Ottawa officials. She is responsible for internal and external communications, acting as the media contact in a public relations role, including human resources management.  
Leanne is a member of Moose Cree First Nation and resides in Ottawa. Prior to FNFA, she has worked in various federal government departments and national Indigenous organizations in administration and management positions: Department of National Defence (DND); Health Canada - First Nations Inuit Health Branch (FNIHB); Aboriginal Healing Foundation (AHF); AFOA Canada; Assembly of First Nations (AFN); and most recently at the First Nations Education Administrators Association (FNEAA).

Chammi Weerasekera  
SYSTEMS ANALYST  
While working closely with the Technical Coordinator, as a Systems Analyst, Chammi facilitates the design and development of the Financial Management System of FNFA. Work includes customizing and adding new functionality to the system for efficiency and reporting.  
Chammi started his journey as a Software Developer for PricewaterhouseCoopers in 2006, in Sri Lanka, assisting in developing award-winning software in Finance, Human Resources, Education, Healthcare, and Retail industry both locally and internationally. He completed his Master’s degree in Information Technology from Central Queensland University, Australia, before he moved to Canada, his second home.

Fabien Lamothe  
BUSINESS DEVELOPMENT ANALYST  
Fabien joined the FNFA as a Business Development Analyst. This role involves the enhancement and strengthening of mutually beneficial relationships with First Nation Governments and key stakeholders, as well as doing the financial review of new and existing FNFA members to ensure they meet criteria for borrowing.  
Fabien is a Mohawk from Kanesatake who completed his university studies in Business Administration and Finance at HEC Montreal. Spanning a period of over 25 years, his career has focused on economic development for the First Nations of Quebec and Nunavut as well as thriving in the commercial banking and real estate financing sectors.  
While working at Aboriginal Business Canada, Fabien was involved in the creation of numerous individual and community business ventures in addition to facilitating the expansion of many existing Indigenous business entities. Prior to joining the FNFA team, Fabien was a Senior Analyst at CMHC working for the National Housing Strategy and existing Affordable Housing programs.
Outgoing Staff

The FNFA Board of Directors and staff would like to acknowledge outgoing staff members Frank Busch and Darryn Melchart. We wish you all the very best in your future endeavors and want to thank you for your outstanding contribution to FNFA and our members over the years.

Frank Busch
COMMUNITY OUTREACH

Darryn Melchart
FINANCIAL CONTROLLER