

ANNUAL REPORT  
2009 - 2010



**FNFA**

FIRST NATIONS FINANCE AUTHORITY

**T H E   R O A D   T O   P R O S P E R I T Y**



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





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## Board of Directors



**Chief Joe Hall**, *Chair*

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

A graduate of the BCIT and BC Vocational School, Joe subscribes to the life-long learning concept and has enhanced his skill set through training at UBC, the University of Victoria, the Justice Institute and the University College of the Fraser Valley. Prior to coming to the Sto:lo Nation in 1986, Joe was employed for eleven years with the Genstar Development Company as a Civil Engineering Technician, where he was primarily involved in land development.

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

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



**Deanna Hamilton**, *Deputy Chair*

Deanna Hamilton is Okanagan and a member of the Westbank First Nation in British Columbia, Canada. Ms. Hamilton coordinated the development of the First Nations Finance Authority (FNFA) from its conception in 1992 through to Royal Assent in March 2005. She is currently a director and President and Chief Executive Officer of the FNFA.

Ms Hamilton returned to her community in 1990 and accepted the position of Surveyor of Taxes and established the system of property tax administration at Westbank. Ms. Hamilton was elected Councillor to the Westbank First Nation (WFN) from 1996 to 1998 and then again from 2000 to 2002. She is very active in Band administration and governance and has been a part of numerous community organizations sitting on many community boards including: the WFN Self-Government Agreement and Constitution, the WFN treaty negotiations; additions to the reserve committee; and was a founding director of the WFN Economic Development Commission.

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

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

**THE  
OBJECTIVE  
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CONTINUOUS  
ACCESS TO  
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GOVERNMENTS**



**Sophie Pierre OBC, Director**

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

On April 02, 2009 Sophie was appointed as the Chief Commissioner of the BC Treaty Commission in recognition of her leadership and commitment to Aboriginal issues in British Columbia. As co-chair of the First Nations Summit, she was involved in the work of the British Columbia Claims Task Force which led to the creation of the BC Treaty Commission. Over the last three decades she has served on a number of Boards and Committees including: Chairperson of the Board of Regents for the Ktunaxa Independent School System, a board member of BC Hydro Power Authority, Chairperson of the St. Eugene Mission Development Board, an executive member of the First Nations Congress, a Board Member of the Native Courtworkers and Counselling Association, a Board Member of UNESCO - Decade for Culture, and a Board Member and Chairperson of the College of the Rockies.

Presently, Sophie serves as Board Chair for Aboriginal Tourism of BC and as Co-chair of the Native Nations Institute associated with the University of Arizona. Sophie Pierre was recipient of the 2003 National Aboriginal Achievement Award for Public Service and in June 1994 was awarded the Order of British Columbia.

*Borrowing from FNFA can speed up the development of First Nations projects and help reduce dependence on other government revenues*



**Chief Robert Sam, Director**

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

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

Within the Songhees government, Chief Sam was the driving force in developing the local government bylaws including taxation and fire protection. He successfully negotiated a local education agreement with the Victoria School Board.

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



**Chief Terrance Paul, Director**

Mi'kmaw Chief Terrance Paul is a dedicated and highly respected leader in Nova Scotia. He has been instrumental in facilitating economic development, advancement, and opportunity for his community and the Mi'kmaw Nation. Originally elected as Chief twenty-six years ago, Paul is a proud member of the Membertou First Nation in Unama'ki, Cape Breton Island, Nova Scotia.

As an innovative, strong and unyielding advocate for the recognition of Mi'kmaw, Aboriginal and Treaty Rights, Chief Paul has served Membertou as Economic Development Officer and Band Manager before being elected chief in 1984. Paul, one of original founders of the National Aboriginal Capital Corporation Association assisted the group to grow from seven members at inception, to more than fifty Aboriginal corporations across Canada.

Throughout his many dedicated years as Chief, Paul has been the driving force behind Membertou's success, doubling the land base and increasing the employment rate within Membertou to nearly 80 per cent. The evolution of business and community development in Membertou is a testament to Paul's leadership and the confidence he has in his people.

Financial sustainability, family, community, culture, and the commitment to preserve his people's language and history are top priorities for Chief Paul. He continues to exemplify humble dedication and determination to the successful future for youth and his community. Chief Paul also assisted Donald Marshall Jr. in his successful Supreme Court defense of the Mi'kmaq Treaty Rights to fish, which resulted in approximately \$600 million dollars in benefits for the Mi'kmaq people.

Chief Paul's commitment, perseverance, ingenuity, and confidence in his people have guided Membertou to become one of the most progressive, efficient, and sustainable Native communities in the country.

## Message from the Chair



Last year the capital markets continued to recover after the recent unprecedented credit crunch and the turmoil it caused throughout the international financial world. First Nations were, of course, not immune to the crisis. It is in the aftermath of this crisis and the ongoing public debate and scrutiny as to how markets operate and are regulated that the First Nations Finance Authority (the "Authority") continues to establish its presence within Canada and beyond. The Authority continues to work towards the issuance of our first debenture.

The Authority was established in 1995 as a special purpose, not-for-profit, corporation under federal statute, the *First Nations Fiscal and Statistical Management Act* (FSMA) to raise public financing for First Nations' governments and their entities. In order to borrow through the Authority a First Nation must first become a Borrowing Member of the Authority. In order to become a Borrowing Member the First Nation must be certified by the First Nations Financial Management Board (FMB), one of the other three institutions created under the FSMA. This certification process has two steps: Firstly, the FMB

performs a Financial Performance Review that enables the First Nation to apply for borrowing membership in the FNFA and request its first loan; secondly, after the First Nation has applied to the FNFA for borrowing membership, the FMB works with the Band to progress towards full certification. Once achieved, the First Nation can request further loans up to its borrowing limit, which is determined by the size and scope of its revenue base.

To date one First Nation, Songhees, has passed a financial administration law and is currently waiting for final certification by FMB to become a Borrowing Member.

With respect to Borrowing Members that wish to borrow through the Authority using 'local revenue' generated under the FSMA (property taxes, development cost charges and business taxes) the Authority expects a number of communities to be included in our first bond issue. These First Nations still, however, must be certified by FMB and have made borrowing laws in accordance with the FSMA and the standards set by the First Nations Tax Commission, the third institution created under the FSMA.

With respect to First Nations using revenues other than local revenues, Canada is making a regulation to adapt the FSMA (as contemplated when creating the FSMA) and as set out in the Authority's business plan. The regulatory framework for other revenues borrowing will be appropriate in recognizing that these monies are the First Nations own revenues, not those of a third-party ratepayer. First Nations will still have their financial management systems certified by the FMB, the key body to the overall regulatory structure of the Authority's borrowing system. FNFA is currently in discussion with approximately two dozen

First Nations that have shown interest in using their other revenues for borrowing, and are contemplating being a part of our first debenture issue.

Regulations are also being developed to facilitate the use of the Authority by self-governing First Nations. Regulations are being proposed for the Tsawwassen First Nation and Westbank First Nation. Over time, as more First Nations transition from *Indian Act* government, it is expected that the majority of the Authority's Members will eventually be self-governing. The Regulations for self-governing First Nations will respect the advanced regulatory framework created under such agreements reached between a self-governing First Nations and Canada, and where First Nations have demonstrated capacity to govern and are no longer restricted in their activities by the limitations of the *Indian Act*. Self-governing First Nations, as with all Borrowing Members, will, of course, still be required to achieve certification by FMB.

Until such time as the Authority has Borrowing Members, the current Board of Directors of the Authority will continue to govern the Authority in accordance with the FSMA. Once First Nations become Borrowing Members, regardless of revenue source or legal status (*Indian Act* or self-governing), they will elect from amongst themselves a new Board of Directors. A Borrowing Member may borrow through the Authority using any number of revenue sources as permitted and in accordance with the FSMA and the Regulation.

Once the Other Revenues Regulation has been made and the first group of Borrowing Members has been determined, the Authority will seek its formal public credit rating from two international credit rating agencies. This

will be the first Aboriginal credit in the world. This credit is supported by the regulatory framework and a number of credit enhancement features we are using, including the use of Debt Reserve Funds (DRF), a Credit Enhancement Fund (CEF), and an intercept mechanism called a trust account system. The DRF will be funded by withholding 5% of each Borrowing Member's financing request, and will form the first defence against a missed loan repayment. These monies are repaid to the Borrowing Member when they have fully repaid their loan. During the year Canada approved \$10 million dollars to our CEF, and these monies can be made available to the Authority upon the Authority giving notice to Canada that it is ready for debenture issuance. This CEF will be a second investor defence against a missed loan repayment. With the CEF approval and assuming that the federal regulation is made as planned, and First Nations are certified by the FMB, the Authority will finally be in a position to issue our first bond in 2011.

In the current market conditions we believe a 5% DRF backstopped further by the \$10 million CEF and the use of the intercept mechanism, could support a maximum borrowing of approximately \$120 million. At this debt level the "equity/debt" ratio might be maximized. The Authority has discussed with Canada the potential for additional funds to establish a much larger CEF commensurate with the projected size of future borrowing requirements of First Nations. These discussions will continue once FNFA has issued its inaugural debenture.

First Nations own source revenues are currently estimated, conservatively, exceeding \$2.7 billion. The Authority estimates current public borrowing limits of First Nations in the range

of \$2.5 billion - \$3.0 billion. To meet demand up to this limit, without impairing our credit rating, would require, when compared to similar public borrowing pools in Canada, a larger CEF. This larger CEF backstopping the 5% DRF would allow the FNFA to increase debenture issuance without credit rating impairment.

The securities issued by the Authority will be exempt from certain filing requirements of securities legislation across Canada, including the filing of a full prospectus. This exemption, available to all governments in Canada, is in recognition of the public financing role of the Authority for First Nations' governments. It is expected the Authority will achieve an investment grade credit rating given the regulatory framework, the stability of the revenues securitized and the various credit enhancement features under the FSMA and the Regulation.

Issuance of the first bond will be an important milestone for the Authority and all those involved in this initiative that have supported the concept of pooled borrowing for First Nations; a concept that has worked so well for other small diversified governments in Canada and beyond. It will certainly be a milestone for many of our Board Members who were involved at the start of this initiative and have looked forward to the Authority's first debenture.

For our communities, access to long-term debt at interest rates that reflect the true credit worthiness of our collective credit as First Nations' governments is long overdue. Far too many of our communities are forced into short-term loans or tiered loans with financial institutions on a retail lending basis as access to public financing has not previously been feasible for our communities. The ability

to secure competitive and stable interest rates over longer periods of time for our public financing requirements based on our collective credit will provide considerable financial benefits and freedom to our communities.

I would like to thank our staff for their continued hard work in ensuring that the Authority is now in a position to issue our first bond once sufficient numbers of First Nations have been certified to become Borrowing Members and the regulatory framework is complete. I believe I speak for all the Board when I say that we have remained supportive in getting Borrowing Members certified and the Other Revenues Regulation completed, and remain steadfastly committed to the principle of pooled borrowing and its economic benefits. We remain confident that the Authority is poised to make a significant contribution to the financial future of our communities, providing our governments with the ability to raise revenues to build our economies and therefore realize our visions. At the same time our bonds will provide an investment and diversification opportunity for the private sector that support our collective goal of providing a better and stronger future for Aboriginal peoples.

Yours sincerely,



Chief Joe Hall  
Chair

# FIRST NATIONS FINANCE AUTHORITY AT A GLANCE

## HOW WE OPERATE

### Legal Authority

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

### Representation

The Authority has two types of members: Borrowing Members and Investing Members. Borrowing Members are First Nations that have applied to and have been accepted by the Authority's Board as a Borrowing Member. Investing Members are First Nations that have invested in the Authority's Pooled Investment Funds. The Authority is managed by a Board of Directors, consisting of from 5 to 11 Directors, including a Chairperson and Deputy Chairperson. These Directors are elected by the Borrowing Members from among the Borrowing Members; the Investing Members cannot be elected.

### Mandate

The purposes of the Authority are to:

- (a) secure for its Borrowing Members, through the use of **property tax revenues**,
  - (i) long-term financing of capital infrastructure for the provision of local services on reserve lands,
  - (ii) lease financing of capital assets for the provision of local services on reserve lands, or
  - (iii) short-term financing to meet 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.



# FIRST NATIONS FINANCE AUTHORITY AT A GLANCE

## OUR CAPITAL FINANCING PROGRAM

### Long Term Loans

The Authority's mandates allow First Nations to support loan requests by two types of revenue streams: property taxation revenues, and other revenues. Other revenues are defined in the *Securitization of 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 monies, and might be subject to rules under which the revenues were generated or a band's own governance policies.

Appropriate oversight has been established for property tax revenues in the FSMA, and incorporates the First Nations Tax Commission (FNTC) approval process. 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. Oversight processes regarding other revenues are now



being finalized in consultation with INAC in the *Securitization of Other Revenues Regulations*.

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 Authority Borrowing Member status. Certification is intended to provide some assurance that a First Nation has implemented appropriate elements of a financial administration system.

Loan requests presented to the Authority are subject to approval by the Authority's Borrowing Members. Upon approving a loan request, the Authority's Borrowing Members are stating that each Member stands behind the loan – initiating the Debt Reserve Fund replenishment obligation. Taking into account market and economic conditions, the Borrowing Members of the Authority may authorize staff to issue the sale of securities in an amount sufficient to meet the requests.

The Authority has the power to provide for the creation, management and application of sinking funds or other means of securing the repayment of securities issued by the Authority. A separate sinking fund account will be maintained for each debenture issue. Contributions to this fund may be invested only in eligible investments as outlined in the FSMA and the Regulations.

### Short Term Loans

FNFA is working with Canada to develop and implement its short-term loan program. It is expected to begin operating after the long term program has been initiated.



# FIRST NATIONS FINANCE AUTHORITY AT A GLANCE

## HOW WE SAFEGUARD OUR INVESTORS

### Financial Protection

The Authority is finalizing various investor safeguards.

Firstly, the combined credit of all the Borrowing Members stands behind the Authority's debt obligations. When a Borrowing Member requests a loan, the Authority withholds 5% and deposits into a Debt Reserve Fund (DRF). Should a Borrowing Member default on its loan payment to the Authority, the Authority will pull sufficient funds from the DRF to fully cover its loan obligation to the bondholders. The Authority's Board may then require the Borrowing Members 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. When a Borrowing Member has repaid its loan in full, it receives back its 5% plus earnings.

Secondly, both the FSMA and the Regulations provide the Authority 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 Authority works with the FMB in the intervention area.

Thirdly, in addition to the DRF, the Authority must establish a fund for the enhancement of the Authority's credit rating, the capital of which can be used to temporarily offset any shortfalls in the DRF. This fund is called the Credit Enhancement Fund and is a secondary investor safeguard after the DRF. A submission to the Treasury Board for \$10 million has been approved. In order to access this \$10 million, the Authority must give Canada formal notice that it is intending to issue a debenture, and then do so within 60 days. If the 60 days pass without a debenture being issued, the Authority must re-submit formal notice.

Fourthly, the Authority is establishing for other revenue borrowers an intercept mechanism (i.e. Trust Account arrangement) whereby the revenue stream supporting the loan flows into

a trust account at a financial institution, and the financial institution under an irrevocable Assignment Agreement allocates the monies – firstly to the Authority in the amount of the loan payment, and the balance to the First Nation.

Fifthly, borrowing power factors on each revenue stream will mitigate over leveraging by a Borrowing Member. Feedback from capital market players and best practices will provide the Board with information to establish policy.

### Legislative Protection

The FSMA 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 Authority shall only accept a First Nation as a Borrowing Member where the Authority 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.

The completion of the *Securitization of Other Revenues Regulations* will finalize the details around the points listed above.

## OUR POOLED INVESTMENT PROGRAM

### Organization

The Authority 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.

The Authority receives a small management fee off the monies invested, and uses these fees to help support the Authority's operations. The Fund's are operated under the *Municipal Finance Authority Act* and a charter of investment policies, objectives and guidelines.



# AUDITORS' REPORT



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## AUDITORS' REPORT

To the Members of First Nations Finance Authority

We have audited the statement of financial position of the First Nations Finance Authority (the "FNFA") as at March 31, 2010 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the FNFA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the FNFA as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP'. The letters are stylized and slanted.

Chartered Accountants

Kelowna, Canada  
April 23, 2010

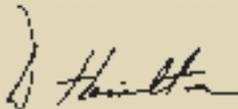
# FIRST NATIONS FINANCE AUTHORITY

## Balance Sheet

March 31, 2010, with comparative figures for 2009

	2010	2009
<b>Assets</b>		
Current assets:		
Cash and short-term investments (note 6)	\$ 558,887	\$ 890,552
Accounts receivable	81,075	117,350
Prepaid expenses	75,560	12,113
	<b>715,522</b>	<b>1,020,015</b>
Capital assets (note 2)	128,040	123,266
	<b>\$ 843,562</b>	<b>\$ 1,143,281</b>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 154,299	\$ 207,390
Deferred capital contributions	25,681	33,693
Net assets:		
Investment in capital assets	102,359	89,573
Unrestricted (note 6)	561,223	812,625
	<b>663,582</b>	<b>902,198</b>
	<b>\$ 843,562</b>	<b>\$ 1,143,281</b>
Commitments (note 3)		

On behalf of the Board



Director

See accompanying notes to financial statements.

# FIRST NATIONS FINANCE AUTHORITY

## Statement of Operations

Year ended March 31, 2010, with comparative figures for 2009

	2010	2009
<b>Revenue</b>		
Grants and Contributions (note 4)	<b>\$1,299,000</b>	\$ 1,778,000
Management fees (note 5)	<b>4,853</b>	4,452
Interest	<b>3,648</b>	28,955
Amortization of deferred capital contributions	<b>8,012</b>	10,803
	<b>1,315,513</b>	1,822,210
<b>Expenses</b>		
Professional fees	<b>326,696</b>	184,699
Travel and workshops	<b>227,574</b>	273,561
Salaries and benefits	<b>585,855</b>	654,128
Operation and management	<b>290,699</b>	432,690
Technology	<b>84,496</b>	82,596
Amortization of capital assets	<b>38,809</b>	32,412
	<b>1,554,129</b>	1,660,086
Excess (deficiency) of revenue over expenses	<b>\$ (238,616)</b>	\$ 162,124

See accompanying notes to financial statements.

# FIRST NATIONS FINANCE AUTHORITY

## Statement of Changes in Net Assets

Year ended March 31, 2010, with comparative figures for 2009

	Investment in capital assets	Unrestricted	2010 Total	2009 Total
Balance, beginning of year	\$ 89,573	\$ 812,625	\$ 902,198	\$ 740,074
Excess (deficiency) of revenue over expenses	(30,797)	(207,819)	(238,616)	162,124
Investment in capital assets	43,583	(43,583)	–	–
Balance, end of year	\$ 102,359	\$ 561,223	\$ 663,582	\$ 902,198

See accompanying notes to financial statements.



# FIRST NATIONS FINANCE AUTHORITY

## Statement of Cash Flows

Year ended March 31, 2010, with comparative figures for 2009

	2010	2009
<b>Cash provided by (used in):</b>		
<b>Operations:</b>		
Excess (deficiency) of revenues over expenses	\$ (238,616)	\$ 162,124
Amortization of capital assets	38,809	32,412
Amortization of deferred capital contributions	(8,012)	(10,803)
Net change in non-cash operating working capital:		
Accounts receivable	36,275	(73,846)
Prepaid expenses	(63,447)	12,205
Accounts payable and accrued liabilities	(53,091)	46,768
Cash provided by (used in) operating activities	(288,082)	168,860
<b>Investing:</b>		
Purchase of capital assets	(43,583)	(21,893)
Increase (decrease) in cash and short-term investments	(331,665)	146,967
Cash and short-term investments, beginning of year	890,552	743,585
Cash and short-term investments, end of year	\$ 558,887	\$ 890,552

See accompanying notes to financial statements.

# FIRST NATIONS FINANCE AUTHORITY

## Notes to Financial Statements

Year ended March 31, 2010

### 1. Significant accounting policies:

#### (a) Basis of presentation:

First Nations Finance Authority (the "FNFA" or the "Authority") was announced April 1, 2006 as a result of Bill C20 and operates under the *First Nations Fiscal and Statistical Management Act* (the "Act") as a not-for-profit corporation without share capital to develop borrowing capacity for First Nations governments and to provide investment pooling arrangements for its investing members. The FNFA, through an agreement with the Municipal Finance Authority of British Columbia (the "MFA"), acts as a non-assignable corporate investment vehicle contracting with the MFA for the provision of investment services for FNFA unitholders.

The financial statements of the FNFA have been prepared by management in accordance with Canadian generally accepted accounting principles. The Authority applies fund accounting as follows:

#### Operating Fund:

The FNFA has established an Operating Fund to meet the annual operating budget. In addition to funds received from grants and interest, the Operating Fund receives management fees from the Pooled Investment Funds and pays the cost of their operations. The Operating Fund is the only fund being utilized to March 31, 2010. Upon formal commencement of borrowing activities, the following additional funds are to be established:

#### Sinking Fund:

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

#### Debt Reserve Fund:

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

#### Credit Enhancement Fund:

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

#### (b) Revenue recognition:

The FNFA receives management fees with respect to investment services provided to unitholders. These fees are recognized over the related service period. The operations of the Pooled Investment Fund are reported separately to the Fund's unitholders.

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

#### (c) Short-term Investments:

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

# FIRST NATIONS FINANCE AUTHORITY

## Notes to Financial Statements (continued)

Year ended March 31, 2010

### (d) Capital assets:

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

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

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

### (e) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates. The majority of the Authority's assets and liabilities are recorded at amounts which, by their nature, do not require significant management estimates or assumptions.

### (f) Financial instruments:

Held for trading assets (cash and short-term investments) are measured at fair value and changes in fair value are recognized in the statement of operations. Accounts receivable and accounts payable are classified as other loans and receivables and other liabilities respectively and are recorded at amortized cost.

### (g) New accounting pronouncements:

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

Effective April 1, 2009, FNFA adopted the amendments to Canadian Institute of Chartered Accountants (CICA) Handbook Sections 4400, Financial Statement Presentation by Not-for-Profit Organizations, and 4470, Disclosure of Allocated Expenses by Not-for-Profit Organizations. The amendments removed the requirement to disclose net assets invested in capital assets, clarify capital asset recognition criteria and amortization, and added a requirements for disclosure of allocated fundraising and general support expenses by Not-for-profit organizations, and a requirement to follow Handbook Section 1540, Cash Flow Statements. The application of these amendments did not have an impact on the financial statements.

Effective April 1, 2009, FNFA adopted the amendments in CICA Handbook Section 1000, Financial Statement Concepts. The amendments clarify the relationship between incurring expenditures and creating assets and clarifies that items which do not meet the definition of assets or liabilities, are not eligible for recognition. The application of the amendments did not have an impact on the financial statements.

#### ii) Accounting pronouncements issued but not yet effective:

In March 2010, the Accounting Standard Board ("AcSB") released an exposure draft prescribing a new accounting framework for Not-for-profit organizations ("NPOs"), such as the Authority. The proposed accounting framework will incorporate current CICA Handbook Sections 4400 to 4470 into the AcSB's new accounting handbook, which prescribes accounting standards for Canadian private and publicly accountable entities. The exposure draft is open for comment until July 15, 2010. The proposed accounting framework would be effective for the Authority for its fiscal year commencing April 1, 2012. The Authority is in the process of reviewing the impact of the these documents on its reporting framework and financial statements.

# FIRST NATIONS FINANCE AUTHORITY

## Notes to Financial Statements (continued)

Year ended March 31, 2010

### 2. Capital assets:

			2010	2009
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and equipment	\$ 63,856	\$ 32,632	\$ 31,224	\$ 35,015
Computer equipment	12,691	10,494	2,197	3,995
Computer software	53,720	32,947	20,773	29,676
Leasehold improvements	111,406	37,560	73,846	54,580
	\$ 241,673	\$ 113,633	\$ 128,040	\$ 123,266

### 3. Commitments:

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

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

Commencing April 1, 2010, FNFA entered an agreement with Acquired Intelligence Inc. to provide software maintenance and support services for a cost of \$90,300. This agreement expires on March 31, 2011.

FNFA entered agreements with Moody's Canada Inc. to provide indicative rating services for the 2011 fiscal year for a cost of \$77,500 and with Media Button Communications Inc. to develop professional website for a cost of \$46,500, of which \$15,500 was paid and expensed in the 2010 fiscal year.

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

2011	\$ 285,846
2012	87,046
2013	74,538
2014	6,000
	\$ 453,430

### 4. Grants and Contributions:

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

	2010	2009
Contribution Agreement 2009/10 and 2008/09	\$ 799,000	\$ 1,163,000
Grant Agreement 2009/10 and 2008/09	500,000	500,000
Grant Agreement 2006/07	—	115,000
	\$1,299,000	\$1,778,000

# FIRST NATIONS FINANCE AUTHORITY

## Notes to Financial Statements (continued)

Year ended March 31, 2010

INAC provided a Funding Contribution for the 2009-2010 fiscal year. The contribution is for delivery of specific programs, services and activities as set out in the arrangement. This funding agreement is reviewed annually based on the needs and the financial results of the Authority. Should this funding not be continued or it cannot be replaced, then the Authority would not be able to continue its operations at the current level.

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

### 5. Management fees:

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

### 6. 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 Authority. The FNFA's Board of Directors has resolved by way of a bylaw that, upon dissolution of the Authority, the total contribution to the Authority of \$324,035, being 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.

### 7. Financial instruments:

#### (a) Fair value:

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

#### (b) Credit risk exposure:

The maximum credit risk exposure for all financial assets is the carrying amount of that asset. Unless otherwise disclosed, the FNFA is not exposed to significant interest, currency or credit risks arising from its financial instruments.

### 8. Capital disclosures:

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

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

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

### 9. Comparative figures:

Certain 2009 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.



**FNFA**

**KEEPING**

**FIRST NATIONS MONIES**

**WORKING FOR**

**FIRST NATIONS**

**SINCE 1995**

# FIRST NATIONS FINANCE AUTHORITY

## Pooled Investments – Statement of Net Assets

December 31, 2009 with comparative figures for 2008

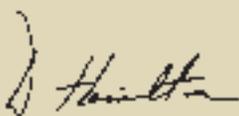
(Unaudited)

### NOTICE TO READER

On the basis of information provided by the Municipal Finance Authority of British Columbia and CIBC Mellon, the custodian, we have compiled the statement of net assets of the Money Market Fund and the Intermediate Fund of the First Nations Finance Authority (the "FNFA") as at December 31, 2009 and the statement of earnings and unitholders' equity of these Funds for the year then ended. These statements were prepared upon information provided by CIBC Mellon, who undergo both external and internal audits.

	Money Market Fund		Intermediate Fund		Total	
	2009	2008	2009	2008	2009	2008
<b>Assets</b>						
Cash	\$ 164	\$ 69	\$ 179	\$ 453	\$ 343	\$ 522
Investments (note 4)	10,002,938	6,602,330	6,828,973	3,678,781	16,831,911	10,281,111
Subscription receivable	5,746	161,849	17,556	10,129	23,302	171,978
	<b>\$10,008,848</b>	<b>\$ 6,764,248</b>	<b>\$ 6,846,708</b>	<b>\$ 3,689,363</b>	<b>\$16,855,556</b>	<b>\$ 10,453,611</b>
<b>Liabilities</b>						
Accrued management fees	\$ 1,387	\$ 851	\$ 1,137	\$ 655	\$ 2,524	\$ 1,506
Unitholder payable	736	33,595	17,291	–	18,027	33,595
	2,123	34,446	18,428	655	20,551	35,101
<b>Net assets and unitholders' equity</b>	<b>10,006,725</b>	<b>6,729,802</b>	<b>6,828,280</b>	<b>3,688,708</b>	<b>16,835,005</b>	<b>10,418,510</b>
	<b>\$ 10,008,848</b>	<b>\$ 6,764,248</b>	<b>\$ 6,846,708</b>	<b>\$ 3,689,363</b>	<b>\$ 16,855,556</b>	<b>\$ 10,453,611</b>

On behalf of the Board:



Director

See accompanying notes to financial statements.

# FIRST NATIONS FINANCE AUTHORITY

## Pooled Investments – Statement of Earnings and Unitholders' Equity

Year ended December 31, 2009, with comparative figures for 2008

(Unaudited)

	Money Market Fund		Intermediate Fund		Total	
	2009	2008	2009	2008	2009	2008
<b>Investment income:</b>						
Interest income	\$ 84,533	\$ 222,048	\$ 241,973	\$ 216,948	\$ 326,506	\$ 438,996
Less management fees	10,638	9,137	11,696	9,041	22,334	18,178
	73,895	212,911	230,277	207,907	304,172	420,818
<b>Gain (loss) on investments:</b>						
Net realized gain	244	63	43,827	18,305	44,071	18,368
Net unrealized gain (loss)	–	–	(90,872)	16,560	(90,872)	16,560
Net gain (loss) on investments	244	63	(47,045)	34,865	(46,801)	34,928
<b>Net earnings distributed</b>	<b>\$ 74,139</b>	<b>\$ 212,974</b>	<b>\$ 183,232</b>	<b>\$ 242,772</b>	<b>\$ 257,371</b>	<b>\$ 455,746</b>
<b>Net assets and unitholders' equity:</b>						
Units outstanding, beginning of the year	\$ 6,729,802	\$ 4,711,353	\$ 3,688,708	\$ 5,360,300	\$ 10,418,510	\$ 10,071,653
Units subscribed	7,758,282	2,719,330	5,764,669	26,541	13,522,951	2,745,871
Distributions reinvested	74,139	212,974	183,232	242,772	257,371	455,746
Units redeemed	(4,555,498)	(913,855)	(2,808,329)	(1,940,905)	(7,363,827)	(2,854,760)
Units outstanding, end of the year	\$ 10,006,725	\$ 6,729,802	\$ 6,828,280	\$ 3,688,708	\$ 16,835,005	\$ 10,418,510

See accompanying notes to financial statements.

# FIRST NATIONS FINANCE AUTHORITY

## Pooled Investments – Notes to Financial Statements

Year ended December 31, 2009

(Unaudited)

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

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

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

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

### 1. Significant accounting policies:

Monies received from unitholders are invested in two Pooled Investment Funds administered by the MFA:

- Money Market Fund; and
- Intermediate Fund.

These funds are authorized to issue an unlimited number of units, each of which represents an equal undivided interest in the net assets of the respective funds, pro rata, with all other units from time to time issued and outstanding. Units are issued or redeemed at \$1,000 per unit. Under Section 149(1)(c) of the *Income Tax Act*, the funds are exempt from income taxes.

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

#### (a) Money Market Fund:

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

#### (b) Intermediate Fund:

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

# FIRST NATIONS FINANCE AUTHORITY

## Pooled Investments – Notes to Financial Statements continued

Year ended December 31, 2009

(Unaudited)

### 2. Financial Instruments:

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

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

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

#### a. Risk management

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

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

#### b. Liquidity risk

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

Each portfolio is exposed to daily and weekly cash redemptions of units at the current Net Assets Value per unit at the option of the unitholder.

The funds invest the majority of their assets in investment that are traded in an active market and can be readily disposed of. In addition each Fund retains sufficient cash and cash equivalent positions to maintain liquidity.

As of December 31, 2009 the duration of the funds was 88 days for Money Market Fund and 365 days for the Intermediate Fund.

#### c. Interest rate risk

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

The funds invest significantly in interest bearing securities and are therefore susceptible to market rate fluctuations. 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 fair value of investment portfolio includes consideration of the credit worthiness of debt issuers and the carrying value of all assets represents the maximum credit risk exposure as at December 31, 2009.

# FIRST NATIONS FINANCE AUTHORITY

## Pooled Investments – Notes to Financial Statements continued

Year ended December 31, 2009, with comparative figures for 2008  
(Unaudited)

### 3. Investments:

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

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

	2009		2008	
	Money Market Fund	Intermediate Fund	Money Market Fund	Intermediate Fund
Bankers' acceptance	6.34%	0.00%	5.49%	0.00%
Corporate bonds	0.00%	82.79%	13.69%	99.01%
Treasury bills and term deposits	25.21%	4.89%	13.46%	0.10%
Commercial paper	68.45%	0.00%	67.36%	0.26%
Government of Canada federal bonds	0.00%	12.32%	0.00%	0.63%
	100.00%	100.00%	100.00%	100.00%

The investments of the FNFA unitholders represent approximately 0.7% (2008 - 0.4%) of the Money Market Fund and 1.85% (2008 - 2.3%) of the Intermediate Fund administered by the MFA's Pooled Investment Funds.

### 4. Management fees:

A portion of management fees paid to the MFA is attributable and paid to the FNFA general operating fund by the MFA. Management fees of \$4,728 (2008 - \$4,452) were paid to the FNFA general operating fund through the MFA.

# FIRST NATIONS FINANCE AUTHORITY

## Money Market Fund – Schedule of Investments

December 31, 2009

(Unaudited)

### Short-term Investments

	MATURITY DATE	PAR	MARKET VALUE	% OF TOTAL
<b>Treasury Bills</b>				
Government of Canada	January 7, 2010	\$ 51,240,000	\$ 51,154,429	
Government of Canada	March 4, 2010	90,000,000	89,890,200	
Government of Canada	May 13, 2010	74,600,000	74,432,896	
Province of Ontario	March 17, 2010	37,500,000	37,454,250	
Province of Ontario	April 7, 2010	18,000,000	17,973,180	
Province of Ontario	June 2, 2010	36,250,000	36,197,075	
Province of Ontario	June 9, 2010	14,950,000	14,927,426	
Province of Ontario	June 23, 2010	10,000,000	9,983,700	
Province of Quebec	June 18, 2010	10,000,000	9,984,100	
		\$ 342,540,000	\$ 341,997,256	25.22%
<b>Bankers Acceptance</b>				
CIBC	February 8, 2010	\$ 54,600,000	\$ 54,476,952	
CIBC	February 19, 2010	2,840,000	2,833,780	
CIBC	February 25, 2010	14,250,000	14,217,938	
CIBC	June 25, 2010	14,400,000	14,367,600	
		\$ 86,090,000	\$ 85,896,270	6.33%
<b>Discount Commercial Paper</b>				
CDP Financial	February 19, 2010	\$ 15,665,000	\$ 15,632,104	
Caisse Desjardin BDN	February 9, 2010	28,000,000	27,937,280	
Caisse Desjardin BDN	February 10, 2010	15,800,000	15,765,556	
Caisse Desjardin BDN	February 17, 2010	8,650,000	8,631,057	
Core Trust	March 26, 2010	19,800,000	19,738,026	
Core Trust	April 16, 2010	18,600,000	18,539,922	
Core Trust	April 23, 2010	8,350,000	8,323,865	
Core Trust	April 26, 2010	15,000,000	14,955,150	
Core Trust	May 19, 2010	5,360,000	5,343,920	
Darwin Rec TR	March 12, 2010	1,500,000	1,495,305	
Darwin Rec TR	March 17, 2010	17,500,000	17,444,875	
Darwin Rec TR	March 18, 2010	23,750,000	23,675,188	
Darwin Rec TR	March 24, 2010	6,000,000	5,981,100	
Darwin Rec TR	April 21, 2010	18,700,000	18,639,225	
Diversified TR	March 17, 2010	16,400,000	16,346,700	
Diversified TR	March 25, 2010	29,000,000	28,906,330	
HSBC Securities BDN	January 12, 2010	20,000,000	19,943,000	
HSBC Securities BDN	February 11, 2010	3,000,000	2,991,600	
HSBC Securities BDN	April 23, 2010	10,850,000	10,820,163	
HSBC Securities BDN	May 5, 2010	9,000,000	8,975,250	
HSBC Securities BDN	June 8, 2010	16,500,000	16,454,625	
Inter PPL COR	January 11, 2010	15,500,000	15,462,924	

# FIRST NATIONS FINANCE AUTHORITY

## Money Market Fund – Schedule of Investments continued

December 31, 2009

(Unaudited)

	MATURITY DATE	PAR	MARKET VALUE	% OF TOTAL
<b>Discount Commercial Paper continued</b>				
Inter PPL COR	February 2, 2010	\$ 1,700,000	\$ 1,697,620	
Inter PPL COR	February 4, 2010	9,000,000	8,986,680	
Inter PPL COR	March 16, 2010	14,000,000	13,946,380	
King St Trust	February 9, 2010	3,750,000	3,746,063	
King St Trust	March 11, 2010	4,775,000	4,770,225	
Merit Trust	March 16, 2010	1,250,000	1,246,063	
Merit Trust	March 17, 2010	3,800,000	3,787,764	
Merit Trust	March 23, 2010	21,000,000	20,933,850	
Merit Trust	April 1, 2010	16,000,000	15,949,920	
Merit Trust	April 6, 2010	4,500,000	4,484,700	
Merit Trust	April 28, 2010	15,650,000	15,600,703	
Merit Trust	May 6, 2010	5,000,000	4,984,250	
Prime Trust	March 30, 2010	22,650,000	22,578,653	
Prime Trust	April 1, 2010	11,000,000	10,965,570	
Prime Trust	April 14, 2010	19,300,000	19,236,310	
Prime Trust	April 29, 2010	9,000,000	8,971,650	
Prime Trust	May 6, 2010	5,000,000	4,984,250	
Reliant Trust	March 9, 2010	13,000,000	12,961,130	
Safe Trust S96 1	May 11, 2010	12,640,000	12,597,782	
Safe Trust S96 1	May 12, 2010	5,750,000	5,730,450	
Safe Trust S96 1	May 20, 2010	30,650,000	30,555,905	
Safe Trust S96 1	May 21, 2010	9,500,000	9,470,550	
Safe Trust S96 1	May 27, 2010	9,000,000	8,972,100	
Smart TR S96 1	May 5, 2010	13,650,000	13,603,590	
Smart TR S96 1	May 12, 2010	12,000,000	11,959,200	
Smart TR S96 1	May 21, 2010	11,000,000	10,965,900	
Sound Trust	March 3, 2010	23,250,000	23,161,185	
Sound Trust	March 11, 2010	5,000,000	4,981,350	
Sound Trust	March 19, 2010	5,000,000	4,982,500	
Sound Trust	April 5, 2010	15,200,000	15,147,104	
Sound Trust	April 7, 2010	5,000,000	4,982,600	
Sound Trust	April 22, 2010	12,000,000	11,958,000	
Sound Trust	May 27, 2010	2,050,000	2,043,912	
Stars Trust	March 18, 2010	42,000,000	41,864,340	
Summit Trust	March 16, 2010	7,700,000	7,674,975	
Summit Trust	March 25, 2010	48,400,000	48,243,668	
Summit Trust	June 11, 2010	10,600,000	10,570,002	
Suncor Energy	February 8, 2010	3,900,000	3,895,768	
Suncor Energy	February 10, 2010	5,000,000	4,995,550	
Suncor Energy	March 3, 2010	8,230,000	8,221,605	
Suncor Energy	March 10, 2010	5,000,000	4,994,750	
Suncor Energy	March 24, 2010	15,000,000	14,982,000	
Vancity Cr Union BDN	March 22, 2010	29,500,000	29,469,615	
Vancity Cr Union BDN	March 23, 2010	5,000,000	4,994,750	
YPG Holdings	February 12, 2010	11,660,000	11,652,304	
Zeus Rec Trust	January 11, 2010	6,500,000	6,487,350	

## Money Market Fund – Schedule of Investments continued

December 31, 2009

(Unaudited)

	MATURITY DATE		PAR	MARKET VALUE	% OF TOTAL
<b>Discount Commercial Paper continued</b>					
Zeus Rec Trust	March 19, 2010	\$	10,000,000	\$ 9,968,500	
Zeus Rec Trust	March 23, 2010		6,000,000	5,981,100	
Zeus Rec Trust	March 26, 2010		7,700,000	7,675,745	
Zeus Rec Trust	April 21, 2010		3,000,000	2,990,250	
Zeus Rec Trust	April 28, 2010		8,300,000	8,273,855	
Zeus Rec Trust	May 4, 2010		3,600,000	3,588,660	
Zeus Rec Trust	May 11, 2010		16,500,000	16,450,500	
Zeus Rec Trust	June 10, 2010		2,300,000	2,293,330	
			930,880,000	928,215,687	68.45%
<b>Cash</b>					
Cash (CAD)			22,264	22,264	
			22,264	22,264	0.00%
<b>TOTAL INVESTMENTS PORTFOLIO (Note 3)</b>			<b>\$1,359,532,264</b>	<b>\$1,356,131,477</b>	<b>100%</b>

## Intermediate Fund – Schedule of Investments

December 31, 2009

(Unaudited)

	MATURITY DATE	PAR	MARKET VALUE	% OF TOTAL
<b>Short Term Notes</b>				
<b>Federal</b>				
Government of Canada	September 30, 2010	\$ 18,090,000	\$ 18,025,238	
		18,090,000	18,025,238	4.95%
<b>Bonds</b>				
<b>Federal</b>				
Government of Canada	September 1, 2010	3,155,000	3,227,505	
Canada Housing Trust	March 15, 2010	11,025,000	11,100,341	
Canada Housing Trust	September 15, 2010	60,925,000	62,198,920	
Canada Housing Trust	March 15, 2011	20,000,000	20,747,114	
		95,105,000	97,273,880	26.72%
<b>Provincial</b>				
Province of Ontario	November 19, 2010	40,000,000	41,861,198	
		40,000,000	41,861,198	11.50%
<b>Corporate</b>				
407 INTL INC	October 4, 2010	9,300,000	9,582,273	
407 INTL INC	January 25, 2011	7,400,000	7,661,994	
Bank of Montreal	January 31, 2011	15,700,000	16,318,823	
Bank of Nova Scotia	May 9, 2011	16,250,000	16,911,302	
CDN Credit CRD Trust	April 26, 2010	4,300,000	4,341,621	
CIBC	March 28, 2011/16	16,250,000	16,876,145	
CU INC	June 1, 2011	3,000,000	3,220,373	
Golden Credit Card	April 15, 2011	16,050,000	16,741,595	
Great West Life Co.	August 10, 2010	7,175,000	7,411,701	
Greater TOR Airport	July 19, 2010	14,025,000	14,476,755	
Greater TOR Airport	February 28, 2011	2,500,000	2,590,779	
Hydro One	March 3, 2011	7,000,000	7,244,902	
Hydro One	November 19, 2010	7,000,000	7,179,875	
John Deere Cred INC	March 30, 2011	3,500,000	3,612,790	
Master CDT Card 06-2	November 21, 2011	5,000,000	5,223,293	
Nav Canada	February 24, 2011	13,744,000	14,261,177	
Royal Bank CDA	April 12, 2011	15,925,000	16,861,762	
Schlumberger CAN LTD	July 12, 2010	2,500,000	2,550,555	
Toronto-Dominion F/F	January 18, 2011/16	16,350,000	16,861,040	
Wells Fargo FIN CDA	February 28, 2011	16,425,000	16,992,303	
		199,394,000	206,921,058	56.83%
<b>Cash</b>				
Cash (CAD)		29,737	29,737	
		29,737	29,737	0.00%
<b>TOTAL INVESTMENTS PORTFOLIO (Note 3)</b>		<b>\$352,618,737</b>	<b>\$364,111,111</b>	<b>100%</b>

## Staff



**Deanna Hamilton**  
*President/CEO*

Deanna Hamilton has been involved with the FNFA as President/CEO since its inception in the mid 1990's. Deanna holds delegated powers to manage the business and affairs of the Authority. Deanna's key responsibility is to align the company, internally and externally, with their strategic vision.

Deanna also serves as the Deputy Chair on the FNFA's Board of Directors.



**Pamela Severson**  
*Financial Officer/Corporate Clerk*

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



**Steve Berna, CA**  
*Chief Operating Officer*

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

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



**Dan McIntosh**  
*Director of Communications and Client Relations*

Dan is in charge of managing corporate and client communications, marketing FNFA products and programs and maintaining the FNFA Investment Funds Program. Dan works directly with First Nations councils, Band employees and National Aboriginal Organizations to generate understanding and build membership of the FNFA. Call Dan and the FNFA today to schedule a community visit or plan a presentation and information session.



**Shannon Jenner**  
*Administrative Assistant*

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

## Contact Information

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