

EMBRACING CHANGE BUILDING CONNECTIONS

ANNUAL REPORT | 2020



OUR Vision

As we focus on increasing the opportunities for on-reserve market-based homeownership, our vision is that: Every First Nation family has the opportunity to have a home on their own land in a strong community.

OUR Mandate

Our mandate is to facilitate access to financing for market-based housing in First Nations communities. We help create the capacity in First Nations communities to support and sustain market-based housing programs, thereby contributing to the social welfare and civic improvement of First Nations communities and their residents. Our overarching goal is to promote a system in which First Nations residents have the same housing opportunities on communally held lands – be they reserve, settlement or lands set aside – as other Canadians have in communities across the country.



Image:
Fund-backed home -
Skidegate Band Council



MESSAGE FROM THE CHAIRPERSON OF THE TRUSTEES

It is my honour to present for my first time, the annual report of the First Nations Market Housing Fund.

2020 began with the core objective of renewing the First Nations Market Housing Fund. A major piece in this renewal was the completion of the appointments of new Trustees to the Board. The Fund welcomed five new Trustees in mid-2020, and the reappointment of founding Board Chair John Beaucage, who continued to share his vital expertise. Together with the three new Trustees who had been appointed to the Fund in 2019, the Fund now has a full Board of nine Trustees for the first time in many years. I am thankful that the new Board of Trustees is made up entirely of First Nations citizens, a commitment secured from the Government of Canada by the founding Trustees.

Our new Board shares a wealth of broad experience across the social, political, economic and financial spectrums, creative ideas, and a keen focus on the needs of our communities. The Trustees are working together, EMBRACING CHANGE, BUILDING CONNECTIONS, using our combined talents to expand upon the Fund's strong foundation laid by the founding Trustees to improve the lives of First Nations people across Canada.

The fight against COVID-19 has been a reminder that deep-rooted economic, societal, and racial inequalities, disproportionately affecting First Nations, continue to exist in Canada. Overcrowding together with substandard housing and weak infrastructure make social distancing more difficult. Limited access to quality health care forced many First Nations to implement lockdowns and, sometimes multiple times, to close communities to protect their citizens from COVID-19. Food insecurity was highlighted in many communities. First Nations businesses were negatively impacted causing further hardship. Insufficient broadband and technology, especially in remote communities, made it difficult for individuals to work from home or collaborate remotely. As vaccines are becoming increasingly available, we have hope. We can see a light at the end of the tunnel and begin planning a post-pandemic recovery.

The COVID-19 pandemic has shown how a collective focus and agile response supported by science and technology are essential for better policy outcomes. Institutions and governance models must keep up with this new reality. Many Indigenous organizations, whether they be infrastructure or fiscal financing, must seek ways to engage our citizens by enhancing coordination of activities to better serve our communities. The Fund must be part of the collaborative process and we must reflect the needs of those we serve.

Successful First Nations market housing systems are a critical recovery building block by creating and sustaining a culture that sees homeownership as a path to economic opportunity. A home offers safety and shelter and can serve as an economic asset to build a nest egg and leverage equity. True Nation building must empower Indigenous peoples to access capital and own an affordable home in their community. Nation building is also about creating knowledge and capacity at the local level so that housing and financial systems are in place to support homeowner ambitions. We acknowledge that so many of the First Nations we partner with embrace these principles and demonstrated their continued success in the face of the pandemic. The Board of Trustees remains focussed on ensuring that Indigenous values are reflected throughout the Fund's work. We must ensure that our values lift us up by building trust and confidence. Compassion, generosity, collaboration, and consensus building, together with the lessons of our elders must be actively advanced throughout our relations with our communities and partners.

The Fund aligns with the Government of Canada's ambition to advance reconciliation with Indigenous Peoples. By embracing change and building connections, we can create a more modern and just Canada through a reconciliation model supported by a vibrant housing market that empowers real self-governance, and self-determination.

I hope you enjoy our report.
Respectfully,



Lydia Hwitsum, JD



MESSAGE FROM THE EXECUTIVE DIRECTOR

Little did we know that our plans would come to a screeching halt the day we returned from a First Nations gathering in mid-March 2020.

COVID-19 changed everything overnight, for our clients, for the Trustees, for our staff. The health and safety of our community was paramount. Early on we made commitments to our clients that we would be here to resume when they were ready. We continued our respectful practice of working at the pace of the First Nation, understanding we were not the priority. We told our clients that our support was unwavering, and we have kept our word.

Partnering First Nations were focused on many fronts related to the pandemic. This meant that some capacity development initiatives were stalled. Where possible, initiatives were reimagined and adjusted to be delivered on-line. More than \$2 million in capacity development commitments for the projects that could not proceed safely or effectively due to the pandemic will be honored as we move into 2021.

As we pivoted to an online strategy there were some hiccups – not unexpected. We endeavored to get solid information out to people to help them make informed decisions. Throughout the year we continued to work around community closures and openings and reclosures. We respected that people were occupying different positions in communities, often focused on health and food (in)security.

Home loan activity was slower than anticipated as folks grappled with pandemic related priorities and employment uncertainty. That being said, the Fund celebrated the backing of home loans in five communities for the first time, with these communities having successfully customized their market housing loan programs and prepared citizens to take on the responsibilities of homeownership.

Typically Fund staff attend conferences and trade shows across the country and visit in-person with First Nations interested in partnering with the Fund. Despite pandemic related travel restrictions, four new First Nations chose to work with us, and one went all the way from application to approval through a virtual process.

While 2020 was a challenging year I am grateful on so many fronts.

The Fund's staff and our families stayed healthy throughout the year. Our community partners showed great resilience as they worked to keep their communities safe. We got a glimpse of the Fund's future by embracing technology and collaborative work tools to serve and engage with our First Nations partners more efficiently.

The founding Trustees were unwavering in their commitment to the Fund, welcoming the new Trustees to the table and passing on their wisdom. The new Trustees are enthusiastic and engaged; they want to make a difference. They dove into their responsibilities and brought a sense of renewal, fresh ideas and energy that will strengthen the Fund for years to come.

I look forward to the day when we can all meet in person and share a hug.



Deborah Taylor

MESSAGE FROM THE DIRECTOR, FINANCE & ADMINISTRATION

The First Nations Market Housing Fund showed tremendous resilience in 2020 responding to the unprecedented challenges posed by the COVID-19 pandemic. Overall, the staff adapted well to the new normal of working remotely and working from home.

To some extent, the Fund's staff were already well equipped to be able to work from home as they had access to a Virtual Private Network (VPN) and each staff member was equipped with an upgraded notebook computer and a voice over IP telephone device.

In the first few months of the pandemic related lockdowns, management supported staff to get everyone up to speed with video conference software such as Zoom and Microsoft Teams. To foster a team environment and ensure that staff were adapting well, online meetings were held each week between management and staff. The staff worked hard so that many business procedures could be achieved remotely. Fund staff who would normally travel to First Nations communities were now able to carry out remote meetings and presentations virtually.

Even with many obstacles in place, Fund staff were able to carry on with various projects and initiatives scheduled for 2020. One example was the implementation of an IT security action plan actioning recommendations from an IT security assessment released early in the year. The actions resulted in improvements to IT policies and security practices. It was timely to focus on IT security at a time when Fund staff were becoming more reliant on the Fund's IT infrastructure.

2020 brought another major change with the transition to new investment managers - Leith Wheeler Investment

Counsel and CIBC Asset Management - and the implementation of active investment management. The transition to new investment managers provided an opportunity for Finance staff to increase our knowledge and build capacity in reporting on investment management performance.

The Fund's staff were also focussed on professional development. Our new video conference capabilities and our stay-at-home orders made it easier for staff to participate in remote learning such as webinars and attend virtual conferences. In 2020, several staff enrolled in French language training to improve their skills. One staff member was able to enrol and complete the Certified Information Security Professional (CISSP) designation to bolster our internal IT security knowledge while other staff pursue advanced credentials in Enterprise Risk Management, Internal Controls and Project Management, undertakings which will all serve the Fund well.

Many lessons were learned from the Fund's experience of operating during a pandemic. As a group, we learned how to better use technology to stay connected, to engage our partners in communities and to work collaboratively from home. These lessons will guide our operations into the future.



**Travis Seymour
CPA, CGA,
MBA, CAFM**

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FORWARD-LOOKING STATEMENTS

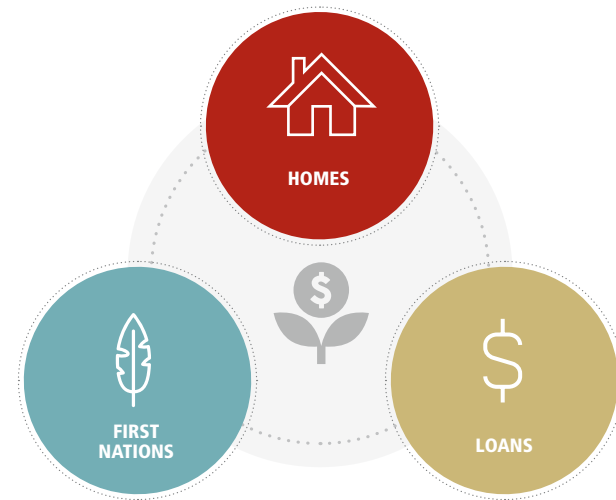
The Annual Report of the First Nations Market Housing Fund (“the Fund”) contains forward-looking statements regarding objectives, strategies, and expected financial results. There are risks and uncertainties beyond the control of the Fund that include, but are not limited to, economic, financial, and regulatory conditions. These factors, among others, may cause actual results to differ substantially from the expectations stated or implied in the forward-looking statements.

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2020 HIGHLIGHTS

First Nations Market Housing Fund

The Fund is the first national fund created to support financing arrangements for housing on reserve and settlement lands – it supports market-based housing on reserve by providing easier access to homeownership, rental, and renovation loans in First Nations communities.



Capacity Development Pillars

There are three pillars within the Fund's Capacity Development Program: Financial Management; Good Governance; and Community Commitment (and evidence of demand for market-based housing).

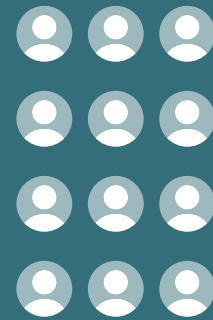
The three pillars are intertwined; success in one area supports growth in the others. Strong capacity development initiatives in the areas of finance and governance for instance, support overall community development while fostering a positive environment for the implementation and sustainability of a strong market-based housing system.



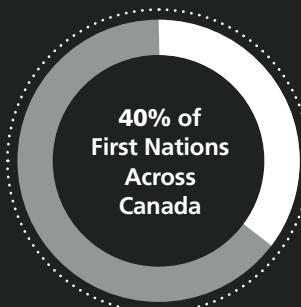
\$992 M
in potential credit approved to support an estimated

6,767
loans

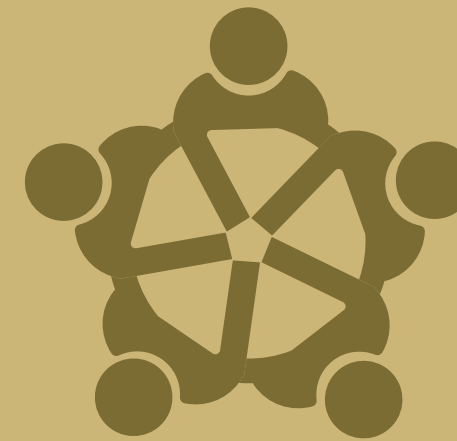
12
Lenders



259
Partners

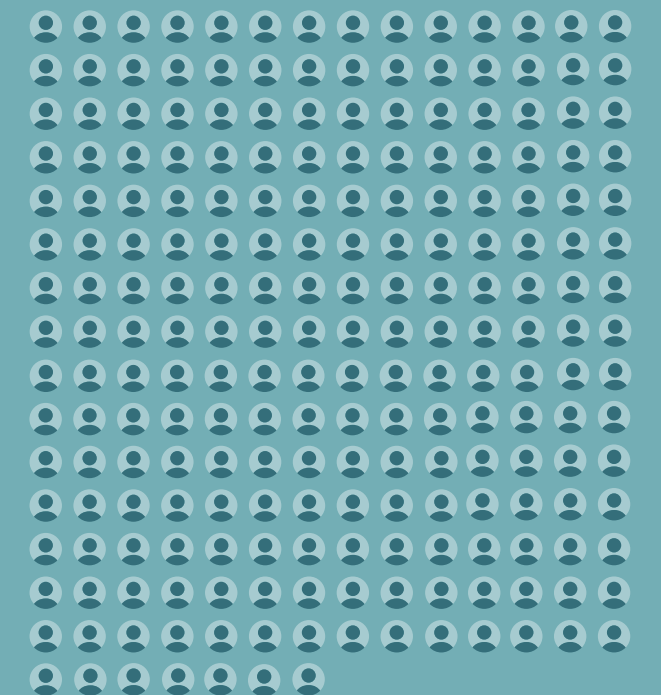


1,432
capacity development initiatives



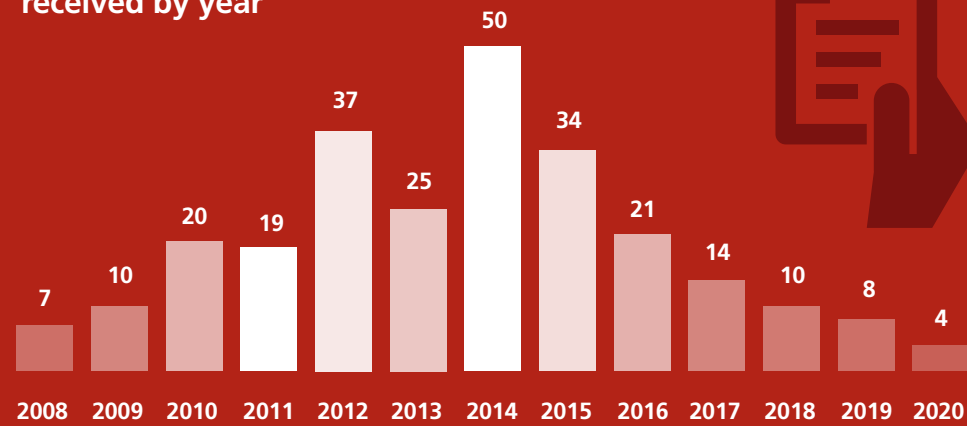
151
participating First Nations.

217 First Nations Market Housing Fund partners approved for CE and/or CD



419
Fund-backed homes

Number of applications received by year



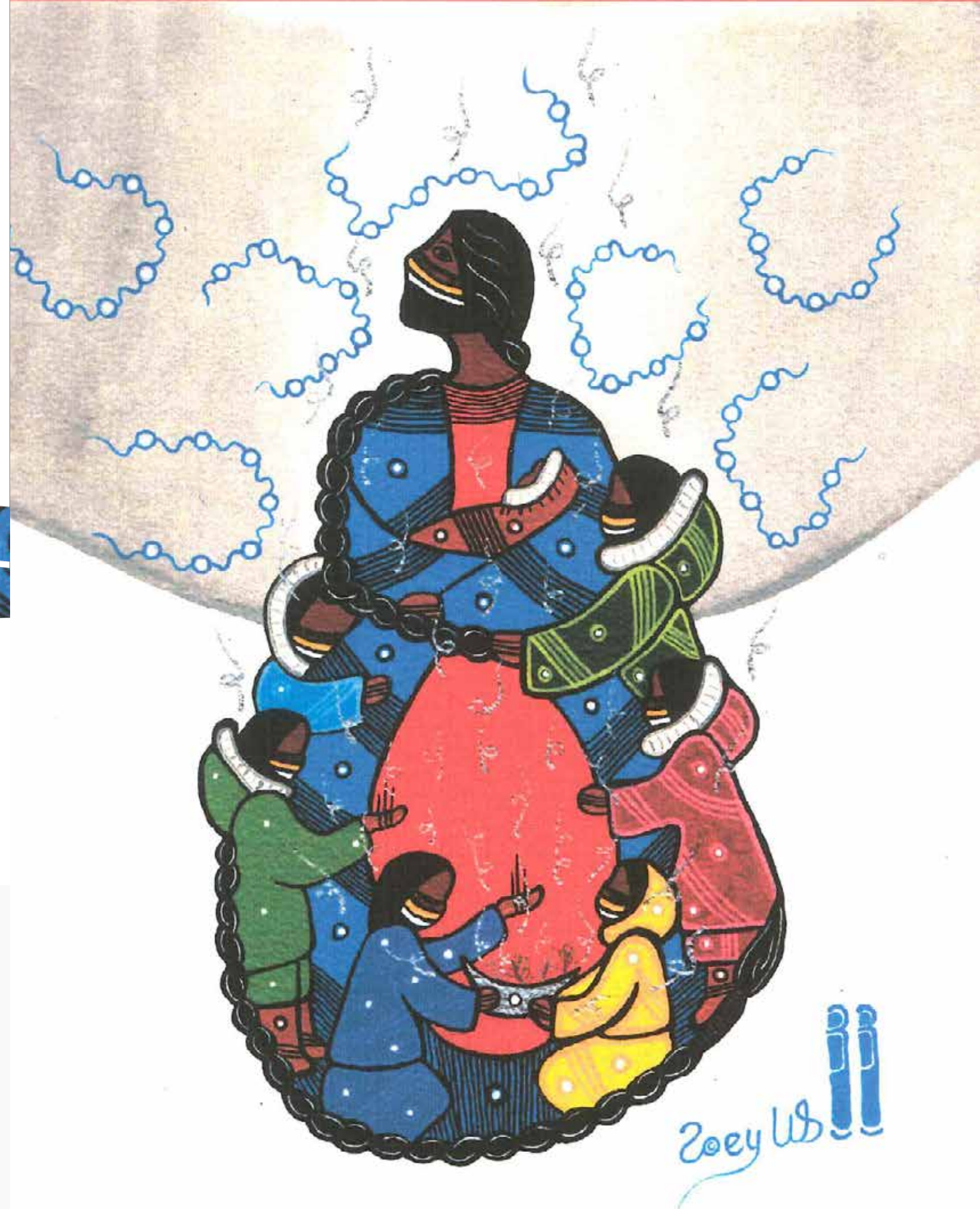
\$24.6 M
spent on Nation building in First Nations communities



Storyteller 2020

Mother Earth is gathering her children
our future leaders to pray
with their face masks of 4 colors
red, yellow, black & white
representing the four peoples of our earth
they are burning their smudge, sharing their stories
of isolation, loneliness, love & hope
during these tumultuous times
the smoke of their smudge rises up
taking their prayers to the Creator
as they pray for us all
the 7 children symbolize love, respect,
honesty, truth, wisdom, humility and bravery
we must clothe ourselves with these teachings
to reach new heights and understanding
with our brothers and sisters of our earth

by Zoey Wood-Salomon
North American Native Artist



Zoey is from the Wiikwemkoong Unceded Territory, home of the Three Fires, the Odawa, Ojibway, and Potawatomi on beautiful Manitoulin Island, Ontario. Zoey's art is painted in the traditional Woodland style that reflects Zoey's Odawa heritage. The originality of her paintings is marked by a combination of her everyday experiences and the traditional legends of her heritage. Zoey is a self-taught artist. Figuring heavily in her work is her own spiritual odyssey as a Christian.

The First Nations Market Housing Fund is honoured to share Zoey's Storyteller 2020

in this year's Annual Report. Since meeting Zoey in 2008 at the Rogers Centre PowWow in Toronto, the Fund has distributed Zoey's artwork to every First Nation in Canada each year through a Christmas card.

Today, Zoey and her husband Jim have made Bawating-the Rapids-Sault Ste. Marie their home. Jim is Zoey's greatest supporter. Says Zoey, "My family is very important to me. They have always believed in me, in my capabilities. They are part of my Sacred Circle. Gifts from God."

2020 A YEAR IN REVIEW

In early 2020, Canada and the globe were thrust into the COVID-19 pandemic and an altered world. Historic responses were initiated by federal, provincial, municipal, and First Nations governments to address the health and well-being of citizens. To fight the spread of COVID-19, businesses and citizens adopted new ways to respond to restrictions imposed by the pandemic, most notably the transition to a virtual world. The pandemic highlighted gaps in societal and racial inequalities and economic vulnerabilities, in particular the lack of adequate housing in many First Nations communities. Some First Nations across Canada made decisions to restrict access in and out of their communities to protect their citizens from the spread of COVID-19, especially those communities with limited access to health care facilities. Pandemic related restrictions also impacted First Nations businesses with many having slowed or closed completely. Health, travel, and economic challenges continued past the end of 2020, as the first of Health Canada approved vaccines began to be administered in the latter half of December.

In response to the pandemic, the First Nations Market Housing Fund adopted new ways to build connections with clients. In 2020, the Fund had planned to focus on increasing its touchpoints with First Nations partners. Travel restrictions meant that in-person meetings were changed to virtual meetings. There were challenges as everyone adjusted to the new reality including connectivity issues, learning new technologies, processing workflows differently, and client contact disruptions as pandemic impacts differed around the country and in communities.

Embracing change and building connections also applied to the Board of Trustees. In October 2018, the Government of Canada initiated a Notice of Opportunity to seek qualified individuals for appointment as Trustees to the Fund. The appointment process was almost finalized by the Government prior to the writ dropping for the federal election called for October 21, 2019, as evidenced by the appointment of three new Trustees by the Minister for

Indigenous Services Canada. The remaining six Trustees, including the former Chairperson, were appointed by the Minister for Canada Mortgage and Housing Corporation in early 2020 and onboarded effective July 2, 2020. All nine Trustees are First Nations citizens; a commitment the former Board of Trustees secured with the Government prior to the initiation of the Notice of Opportunity. The new Board of Trustees brings a wealth of business experience and new ideas to grow the Fund and take it to the next level, building on the solid foundation achieved by the former Board.

The challenges of trying to keep citizens safe during the pandemic personally resonated for the Board of Trustees. Insufficient housing resulting in overcrowding situations is of particular concern always, but more so in trying to mitigate the spread of COVID-19. The Trustees are motivated to integrate the human component and new resources into their work to ensure First Nations People are put first. This includes focussing on their contribution to addressing broader housing, reconciliation, and decolonization issues within the First Nations-government relationship. As the Chair stated –

“
We are all here due to the need in our communities.
”

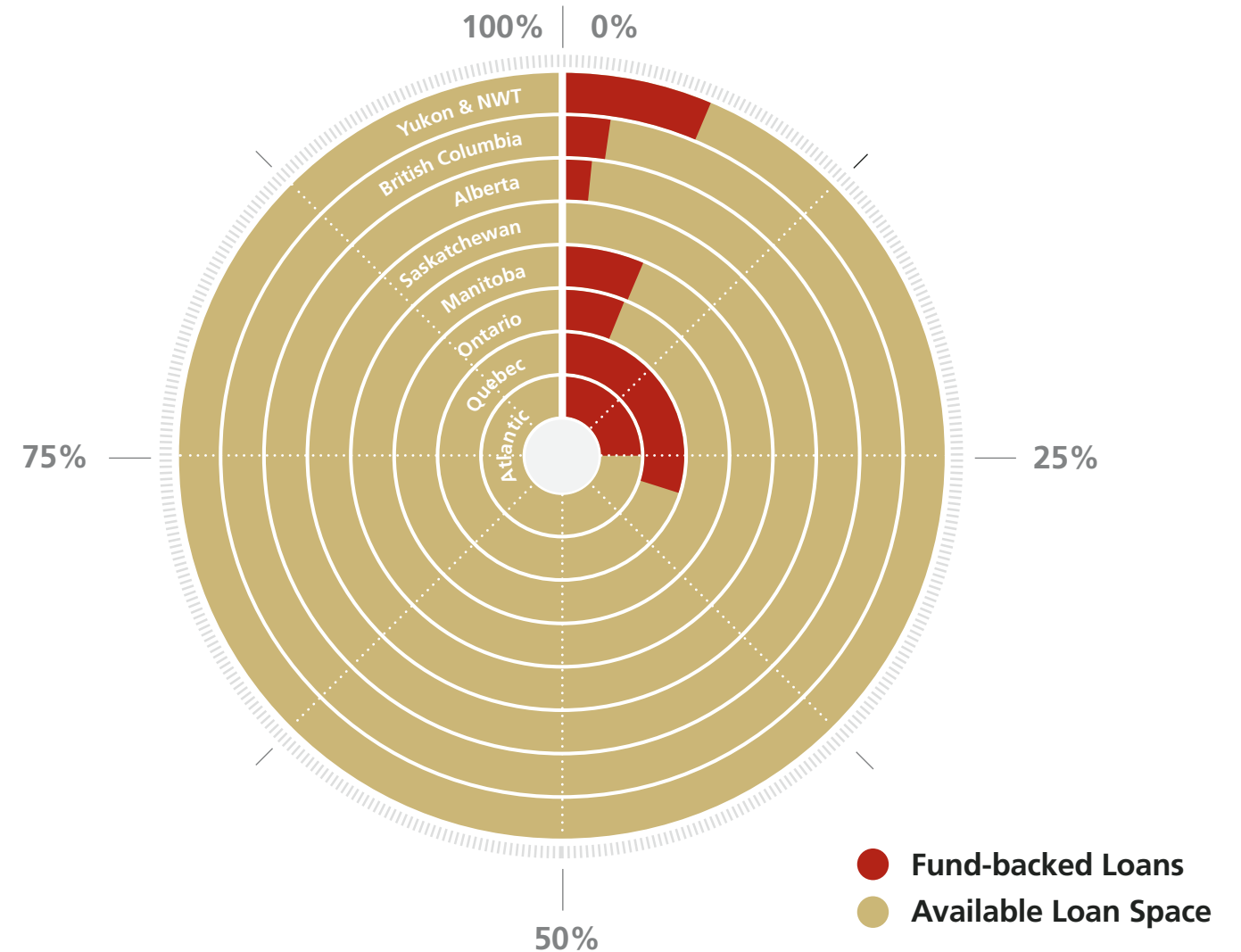
The process of achieving market housing in First Nations communities is lengthy. The Fund works with each First Nations partner at their own pace to introduce, prepare for, and implement each phase in building a sustainable market-based housing option for their citizens. Based on the Fund's experience, it often takes a number of years before the first homeowner unit can be realized. The good news is that five different First Nations celebrated their first Fund-backed loans in 2020!

The Fund approved almost \$1 billion in credit by December 31, 2020 – enough to finance approximately 6,770 home loans in 119 First Nations communities. Progress is being made in building the foundational blocks for market-housing in each First Nation.

Market-based housing represents a transformative change in many First Nations communities. There are challenges with citizens qualifying for home loans, resulting in a lag in unlocking the credit already approved by the Fund. For example, saving for a down payment and repairing bruised credit take time. To address these challenges, in 2020, the Fund implemented new approaches to strengthen its governance and service delivery. Initiatives included

increasing touchpoints after a First Nation's application is received, conducting regular regional sessions, and supporting additional homeownership and personal finance sessions for citizens. The full implementation of these planned initiatives was impacted by the pandemic related restrictions. However, to ensure individuals interested in planning for and pursuing homeownership were able to continue to access resources, the Fund's CE Specialists conducted outreach, homeownership, personal finance, and one-on-one sessions virtually. The availability of online sessions was advertised in the communities, including through social media, to continue to engage and support interested citizens.

National Summary Fund-Backed Loans



EXTERNAL ENVIRONMENT

Budget 2020 was scheduled to be delivered March 30, 2020 and was postponed due to the suspension of Parliament in response to the COVID-19 outbreak. Since that time, the Government of Canada has focussed its efforts on the pandemic response.

On July 8, 2020, the Finance Minister delivered an economic and fiscal snapshot. The update highlighted the investment of over \$1.4 billion (to that date) to finance measures introduced by the Government to support Indigenous communities with their pandemic response.

On September 22, 2020, a Speech from the Throne was delivered by the Governor General of Canada. The Speech acknowledged that the pandemic laid bare fundamental gaps in Canada's society, specifically racialized Canadians and Indigenous Peoples who are confronted by systemic barriers. The Speech announced the Government's intention to keep building strong communities. Over the next two years, the Government will also invest in all types of infrastructure, including public transit, energy efficient retrofits, clean energy, rural broadband, and affordable housing, particularly for Indigenous Peoples and northern communities. The Speech further acknowledged the Government's commitment to walk the shared path of reconciliation with Indigenous Peoples and remain focused on implementing the 2019 commitments.

On December 11, 2020, the Government presented Canada's plan on climate action titled – A Healthy Environment and a Healthy Economy. The plan has five pillars to transition to a stronger and cleaner economy. Highlights from the plan directly impacting First Nations include:

- Investing \$1.5 billion over three years for green and inclusive community buildings and require that at least 10 percent of this funding be allocated to projects serving First Nations, Inuit, and Métis communities.
- Providing \$2.6 billion over seven years to help homeowners make their homes more energy efficient.

- Investing an additional \$300 million over five years to advance the government's commitment to ensure rural, remote, and Indigenous communities that currently rely on diesel can be powered by clean, reliable energy by 2030.
- Investing up to \$3.16 billion over 10 years, to partner with provinces, territories, non-government organizations, Indigenous communities, municipalities, private landowners, and others to plant two billion trees.
- Investing up to \$631 million over 10 years to work with provinces, territories, conservation organizations, Indigenous communities, private landowners, and others to restore and enhance wetlands, peatlands, grasslands, and agricultural lands to boost carbon sequestration.

Canada's Anti-Racism Strategy – Building a Foundation for Change – includes an Indigenous focused approach for the Government to work together with Indigenous Peoples to build a nation-to-nation, Indigenous-Crown, government-to-government relationship – one based on respect, partnership, and recognition of rights.

The Government of Canada has signalled its plan to continue to work with provinces, territories, municipalities, Indigenous Peoples, and businesses to drive a stronger and more resilient Canada through the pandemic crisis as long as it lasts.

The Fund's programs, and services align with the Government's priorities to advance reconciliation with Indigenous Peoples. They support self-governance, self-determination, and their ongoing work of Nation building. The Fund is committed to working with its First Nations Partners to build a successful housing market. A home is not just four walls – it has a multi-functional role. A home offers safety and shelter, but it also is an economic asset to build a nest egg, and leverage equity. Nation building must include providing Indigenous Peoples with the opportunity to benefit from homeownership in their community.



THE FUND IN ACTION

The Fund's annual strategic planning session was postponed from April to September 2020 to facilitate a transition session between the former and new Board of Trustees. The virtual sessions were facilitated by Harold Tarbell (Akwesasne Mohawk), Tarbell Facilitation Network and designed to invoke a well-rounded perspective for the new Board to take stock of the current environment, including the passing wisdom of the former Trustees, and to recast the Fund's strategic direction for the next five years. The Trustees also considered the Fund's strategic direction beyond the next five years to include the lead up to the reconstitution of the Indenture.

The strategic planning sessions identified three categories for grouping of critical discussion topics important to the new Board to guide the Fund's future work. These categories are: Learning from the Past; Building Trust in the Present; and Creating a Brighter Future.



LEARNING FROM THE PAST

As a new Board of Trustees, it is important to have an accurate understanding regarding historical aspects of the Fund in terms of grounding and guiding their path forward. This includes:

- The background in the creation of the Fund, the Indenture agreement, that the Fund is a Trust, and the restrictions that the Fund operates under within its current mandate;
- Where the Fund operates (on-reserve and within settlement lands but not within fee-simple lands or 'Urban' reserves), the programs it oversees (credit enhancement and capacity development), and the application process;
- What the Indian Act constraints are on the ability of First Nations and First Nations individuals to access capital for housing loans (land tenure);

- The long-term effort to move the Board of Trustees to an all First Nations Board; and
- The evolution in the relationship with CMHC and its roles as Funder, manager, and advisor to government.



BUILDING TRUST IN THE PRESENT

Building trust and transparency amongst the new Trustees, management, and staff is important to align collective efforts to move the Fund forward. Knowing where the Fund is presently, including its financial status, the number of participating First Nations in its two programs – Credit Enhancement Facility and Capacity Development Program, helped to build the foundation to shape the new future. Reviewing the 2020-2024 Strategic Plan and its four core strategic directions, assisted the new Trustees in recognizing that the former Board had left them with a strategic plan with room to grow, to build off of accomplishments to date, and to incorporate new ideas.



CREATING A BRIGHTER FUTURE

The new Board of Trustees is creative, inspired, and enthusiastic about engaging in the development of a new strategic plan. Their work will continue at the scheduled April 2021 planning sessions. Discussions have begun on the Fund's Vision Statement including positive actions such as the opportunity to grow, instilling ownership, self-sustaining, increasing access, respecting Nation building and self-determination. The Trustees also began discussions on the creation of a Mission Statement and expressed a desire to create a culturally-based Values Statement.



Barriers & Challenges

The Trustees identified several barriers and challenges to overcome to transition to market-based housing on reserve, to create a greater autonomy of the Fund, and to create on-reserve financing options. These include:

01

Indian Act restrictions related to tenure of land and financing on reserve.

02

Factors unique to First Nations demographics including remoteness factors, size of communities, and colonization.

03

Uncertainties created by the COVID-19 pandemic including travel restrictions, potential financial implications of the performance of the Fund's investments and tightening of lending requirements by financial institutions.

04

The large amount of capital required for all forms of First Nations housing (upwards of \$20 billion over ten years) versus the \$3 billion leveraging goal and focus of the Fund on market-based housing.

05

Indenture constraints that limit what can be done under the Fund.

06

Unequal relationships between the Fund and the Government of Canada acting through CMHC, including the lack of autonomy and control of the Fund by First Nations.

07

The challenge of creating a market-based housing environment on reserve where asset appreciation may be limited by the closed market.

08

Competitive approaches between key sectors, organizations, and institutions over the design, focus and constituents of the Fund.

09

The mindset in many First Nations communities that housing is a right and is to be provided free, and negativity about the process for obtaining and maintaining a home.

10

Achieving security for all parties involved in the emerging system of First Nations market-based housing.

THE FUND'S GROWING FOOTPRINT

The 2020 challenges did not impede First Nations partners from achieving their goals. Supported by the Fund, leadership, communities, and individuals sought new ways to continue Nation building in their pursuit of sustainable market-based housing. Success stories of the Fund's work and impact will be shared throughout the Annual Report.

During 2020, four First Nations chose to partner with the Fund, bringing the total number of First Nations partners to 259. Over \$992 million in potential credit for loans (approximately 6,770 homes) backed by the Fund were approved by the closing of 2020. These figures continue to advance towards the Fund's full potential of leveraging \$3 billion in additional on-reserve housing investments.

Twelve national and regional financial institutions partner with the Fund through the Credit Enhancement program. These partnerships support opportunities, especially in underserved geographic areas, for First Nations to establish new relationships with a financial institution for their citizens to access financing to purchase, build or renovate a home in their community.



A home is not just a place of shelter and safety in which to raise a family, share in traditions, formulate, and realize your dreams. Owning a home also represents an opportunity to participate in asset building and generate personal wealth and security."

- Lydia Hwitsum, JD – Chairperson of the Trustees

CAPACITY DEVELOPMENT

The Fund has invested a total of \$24.6 million on Nation building to support the foundation required to implement and/or sustain market-based housing on communally held First Nations lands across the country. Over 1,430 initiatives are now underway or completed in 151 First Nations.

A sustainable market-based housing system requires an established governance framework that includes laws, policies, codes, and practices that are clear, well understood, implemented by qualified people, and most importantly trusted by its citizens. Citizens wishing to pursue homeownership may require assistance in understanding and navigating the housing finance process. The Fund's Capacity Development Program supports various areas of Nation building identified by First Nations that are vital for a market-based housing system and prepare citizens to become homeowners. The Fund works with each partnering First Nation at their own pace, to address their distinct housing challenges. Each partnership is specifically customized to the community's capacity, challenges, and opportunities.

Nation building begins with the land. Is it suitable for housing – to actually hold what is constructed, without it being contaminated or unstable? Is the land spoken for other purposes or is the land better suited for another purpose such as manufacturing or recreation, or should it be respected as a sacred space? Is there potable water, a key component to sustain housing development? These types of elements require study by qualified people and a plan that reflects the vision of the First Nation.



Lands and Economic Development

55
First Nations
Participating in
Nation Building

56
People
Trained



Nation building needs met by the Fund in lands and economic development have included:

- Economic Develop Training
- Engineering Study
- Environmental Plan, Assessment, Policy, Program
- Environmental Training
- GIS & Lands Management Training
- Land Management Manual
- Land Use Plan, Land Use Bylaw, Zoning Bylaw
- Lands Act, Land Tenure, Land Code
- Lands Registry System
- National Aboriginal Land Managers Association Certification
- Real Estate Institute of Canada Training & Certification
- Development on Land Management Information System
- Land Surveys

LAC SEUL FIRST NATION

Finding Ways to Achieve Effective and Meaningful Community Engagement During COVID-19 Times

The Lac Seul First Nation is located in the northwest part of Ontario and is made up of three distinct and separate settlements – Frenchman’s Head, Kejick Bay and Whitefish Bay – with a total land base of 66,248 acres. The current on-reserve population is approximately 925, with a total registered population of just over 3,600.

In 2020 with the Fund’s support, the Lac Seul First Nation and Urban Systems Ltd., a community planning and engineering firm, embarked on a project to develop a Comprehensive Community Plan (CCP) and a Land Use Plan (LUP). Karen Ningewance, CCP Coordinator, Lac Seul and Dan Penner, Planner, Urban Systems were challenged to outline a process that would include joint planning and a public engagement process in the three communities, as well as with membership living off reserve.

From the beginning, it was understood that the work project and meeting plans would need to be safely conducted in compliance with the COVID-19 protocols and regulations. The Fund also introduced a no-travel policy applicable to all Fund staff and CD service provider contractors. This meant that the engagement process needed to be flexible. Ideally, the engagement plan would follow the traditional format of community gatherings and workshops including finding common ground, and consensus on priorities among their three communities. The pandemic restrictions meant finding new ways to involve the membership in this process.

The key challenge was to figure out how to conduct effective and meaningful community engagement to meet the objectives of the project when stay-at-home orders were in effect. Numerous tactics and strategies were considered and acted upon to ensure activities were undertaken in a safe and respectful manner. This included:

KEEPING MEMBERSHIP INFORMED AND INVOLVED

- Getting information out to the members with less emphasis on lengthy documents.
- Additional outreach to the elders to keep them informed and involved.
- Utilizing various forms of communication to reach people in all age groups.
- The Local Coordinator narrated a video which was developed to introduce the project.

EFFECTIVE USE OF TECHNOLOGY APPROPRIATE TO THE INTENDED AUDIENCE

- Increasing the utilization of Facebook.
- Increasing the use of online technology.
- Utilizing different online tools to actively engage the membership.
- Conducting surveys via mail and online.
- Incorporating virtual engagement based on a suite of tools used by Urban Systems that are compatible for different audiences.

MOBILIZE LOCAL RESOURCES TO SUPPORT ENGAGEMENT AND THE PROCESS

- Additional local hiring to assist with the gathering of member input.
- Sought additional local resources to support the project such as distributing and gathering surveys. For example, high school students requiring volunteer student hours.
- Utilizing local resources such as the elementary schools, Youth Chief and Council.
- Engaging managers of various departments who will play a huge role in the implementation of the CCP and LUP.
- Reallocation of the community budget given the reduction in travel.
- Increasing reliance on the Local Coordinator to ensure an effective engagement process.
- Increasing support to the Local Coordinator to conduct one-on-one interviews and to work out the details of those interviews in advance.
- Regular check-in calls to ensure the First Nation and the consultant are on the same page.

LESSONS LEARNED

- Allow more time to complete tasks.
 - Recognize that some tasks require more time or effort which could result in some delays. For example, information gathering may be challenged due to limited access to information or the need to meet one-on-one versus in small groups. This is especially important for those who either do not have access to the internet or are uncomfortable using online technology.
- Learn how to be creative in the absence of the usual form of engagement.
- Find different ways to keep people informed and engaged.
- Use different materials based on different audiences in the community and off reserve.
- Be flexible.
- Be inclusive – do not forget the children.
- Invite other resources in the community that could help.
- Recognize the limitations of working from home and not having the benefits of a fully functional office space.
- Recognize the importance of having the capacity to use technology and the infrastructure and people to support it. Some communities may not have the functionality to support a similar process.

- The importance of the community’s commitment to making the process work, including having Chief and Council buy-in and support for the process together with the flexibility of the Local Coordinator.
- Not compromising the effort that we need to put into future tasks.
- Communication is a real key to project success.

While the project will not be concluded until 2021, the experience of the Lac Seul First Nation and Urban Systems partnership to date is one that the Fund is honoured to share, especially given the significance of their undertaking in the challenging time of COVID-19. The commitment to community outreach is a shining example of embracing change and building new connections.

LAC SEUL

COMMUNITY COMPREHENSIVE PLAN (CCP) SURVEY

For more information about the project and other ways to contribute, please contact:
 Karen Ningewance
 Community Coordinator
 T: 1-807-582-0386
 E: karenningewance@lacseulfn.org

**Please complete the survey online by:
 NOVEMBER 30**

Lac Seul First Nation is starting to create a Comprehensive Community Plan (CCP). A CCP is a document that will help us plan for the future of our Nation. The CCP will establish our community's goals and the actions needed to achieve them over the next 10 to 20 years.

The CCP will be rooted in the current and future needs and dreams of our Nation. Please complete the survey at the website below to ensure your voice is included in the CCP!

<https://www.surveymonkey.com/r/LacSeulCCP>





GOVERNANCE

95

First Nations
Participating in
Nation Building

1,655

People
Trained



Nation building needs met by the Fund in governance have included:

- Aboriginal Law & Policy Training
- Arrears Management
- Business Writing
- Bylaw Development
- CAPA Courses
- Capital Planning
- Communications, Web Design
- Social Media & Toastmasters Training
- Community Management
- Community Strategic Plan
- Comprehensive Community Plan
- Election Code
- Engineering Study
- Governance Policy
- Leadership, Governance & Management
- Matrimonial Real Property Law
- Membership Code
- Organizational Review & Development
- Project Management Training
- Public Administration Training
- Staff/Management Development
- University Degree Course
- Effective Management Act Plan
- Ethical Decision Making
- First Nations Sustainable Development Guideline
- Credit Enhancement Implementation
- CIL Course / FNTI Course
- IT & Computer Training

For laws and policies to be developed, studied, communicated, voted upon, and proclaimed, there must be a system of governance that promotes participation. The Fund has supported the development and passage of community election codes and laws with communities essential to strong governance. This may include learning from the past and traditional forms of governance, to move forward into the future. Understanding the community's needs as articulated through a comprehensive community plan can be an empowering piece of governance – something the Fund has supported in many communities. A road map which considers the community needs in terms of new household formations, including birth/morbidity/migration rates to plan for appropriate housing responses is another key factor in Nation building in terms of meeting needs both now and into the future.

HEATHER FADER, SHACKAN BAND

Executive MBA – Indigenous Business and Leadership

In December 2020, Heather graduated from Simon Fraser University with an Executive MBA in Indigenous Business and Leadership. Her graduation celebration will be held in June 2021. Heather is the Executive Director at the Shackan Band in British Columbia.

The Fund asked Heather to share her thoughts on how the professional development would benefit her as it pertains to her current role and to future endeavours.



This program provided education, skills, tools, and a network to better enable me to engage with the community, identify goals, plan projects, and implement activities to meet the goals of the membership.

With this knowledge, I can assess opportunities in detail to determine estimated costs and benefits of a project. I can assess funding opportunities to maximize dollars received to build a stronger, more self-sustaining government to provide enhanced programs, services, and economic development to the community.”

Congratulations Heather!





HOUSING AND INFRASTRUCTURE

119

First Nations Participating in Nation Building

495

People Trained

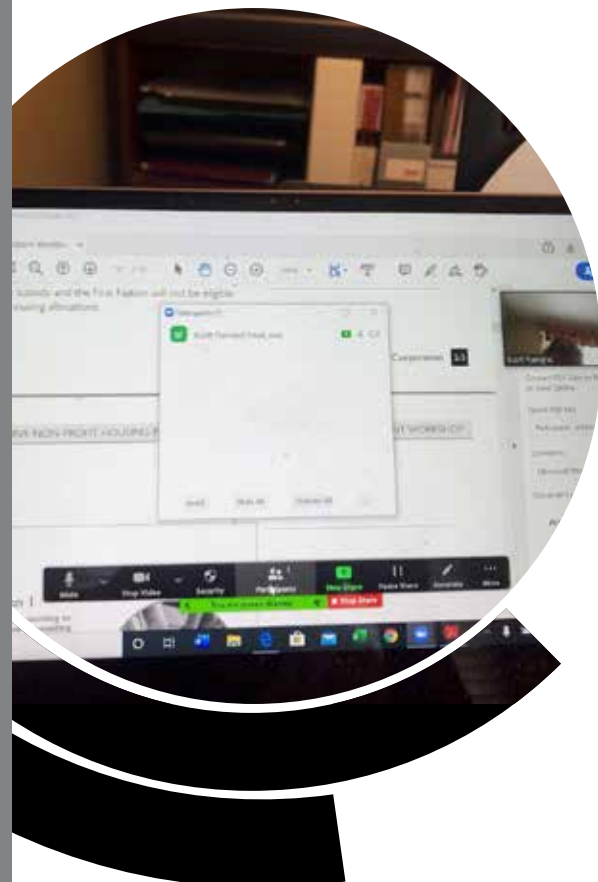


Nation building needs met by the Fund in housing and infrastructure have included:

- Housing Authority
- Housing Committee Training
- Housing Condition Assessment
- Housing Inventory Management System
- Housing Legal Review
- Housing Manager Training
- Housing Policy
- Housing Standard
- Housing Strategy
- Operational Review
- Operations, Maintenance & Public Works
- Staff Workshop & Conference Attendance

Strong housing governance is essential in removing uncertainty around home and land control/tenure for both the First Nation and its citizens in sustaining a market-based housing system.

Image: Many capacity development initiatives moved to online platforms in 2020.



EMMETT MACLEOD, CREE NATION OF MISTISSINI

First Nations Housing Manager Certificate and Accounting Certificate Program

In March 2020, Emmett successfully achieved the First Nations Housing Manager Certificate through Vancouver Island University. In June, he participated in the first virtual graduate recognition celebration, as a result of pandemic restrictions. During the celebration, Sylvia Olsen, VIU, commented that Emmett is only the second male in this class to graduate, as for some reason it is mostly women in the field. She noted that Emmett works in both Cree and English, is strong and focused on results and practical solutions.

In December 2020, Emmett also completed the Accounting Certificate Program through Algonquin College. This story of perseverance and accomplishment is highlighted in the Regional Report for Quebec.

Emmett was supported by the Fund in his successful completion of both accreditations. The Fund asked Emmett to share his thoughts on how the professional development would benefit him as it pertains to his current role and to future endeavours.

// The training/education provided me the opportunity to help understand the unique service of the Cree Nation of Mistissini Housing Department and functions towards our members and services.

The Housing Department focuses on the main portions of finance, administration, construction/renovations (project management) and social matters. Both education programs I completed will assist in improving our programs and services.

Through the re-structure of the department with the support of Fund, we were able to review the existing services and identify new potential areas of programs by conducting surveys with the members and other stakeholders. The housing audit financial statements for 2019-20 was the best year recorded, as was our ability to track each of the four main housing programs. Also, the tracking of the programs will be able to identify additional areas of improvement in the future as well.

The professional development I have completed has helped me develop into a more efficient manager. I am better equipped to aid the community members in areas relating to private housing programs, how the applications are completed, project management, and home management.

Recently, I have moved to another employment with our regional school board as "Contracting Manager" and I still use many of the tools I have learned in my programs. Communications and working with people are important skills outlined from the Housing Manager Program and can apply to many types of workplaces."

Congratulations Emmett!





FINANCIAL MANAGEMENT

104

First Nations
Participating in
Nation Building

1,375

People
Trained



Nation building needs met by the Fund in financial management have included:

- AFOA Courses
- Accounting, Business Accounting, General Ledger & Financial Reporting Training
- ACCPAC & Accounting Software Training
- Asset Management Training & Planning
- Conference Attendance
- Finance Manual Development
- University Degree Course
- Financial Literacy Training
- Financial Management Analysis
- Financial Planning
- Financial Policy, Bylaw & Law
- HST Recovery Training
- Trust Management

Financial needs are abundant in First Nations communities. They extend to laws, to policies, to procedures, and to people. Well beyond the cost of a home is its maintenance and upkeep costs. Whether or not a housing loan is in place, housing costs money.

Staff require the proper knowledge and skillset and potentially appropriate professional designations to support a First Nation in taking their financial resources to the next level. Developing, recovering from the pandemic, and/or expanding economic opportunities to create employment for individuals to support their ability to take on homeowner responsibilities is yet another key to sustaining market-based housing and building a resale market.

JULIA DICK, COLDWATER INDIAN BAND

Certified Aboriginal Financial Manager (CAFM)

In October 2020, Julia was thrilled to receive notification from AFOA Canada that her application for the designation of Certified Aboriginal Financial Manager was approved. Julia is the Finance Officer at the Coldwater Indian Band, B.C. The Fund supported Julia's education through the Capacity Development Program. Staff recently caught up with Julia to get her feedback on the professional development support she received and how it will help her professionally in her current role and in future endeavours.



This designation shows that I am a First Nations professional and have the qualifications to be a part of the finance department of any organization. Also, I sit on a couple of Audit/Finance Committees who want someone with a professional designation."

Congratulations Julia!





HUMAN RESOURCES

41

First Nations
Participating in
Nation Building

494

People
Trained



Nation building needs met by the Fund in human resources have included:

- Employment Law
- HR Training & Workplace Safety
- HR/Personnel Management & Policy
- Human Rights & Occupational Training
- Internal Communications Plan
- Workplace Investigations Certificate
- Labour Relations Certificate Program
- Team Building

In addition to these 'hard' areas of lands, housing, and finance, there are very important ancillary needs to address within a community. For example, does the First Nation involve citizens in major developments; does the communication process work; does Chief and Council see itself as an employer, respect and apply laws and policies to keep its employees safe. These too are areas the Fund has supported in partnering First Nations across the country.

Due to COVID-19 related restrictions, the Fund's support of many Nation building initiatives in 2020 were re-imagined accommodating online facilitation and participation. The perseverance and dedication of First Nations leadership, communities, capacity development providers, individuals, and Fund staff to achieve desired growth and results are to be celebrated. For example, the story of a number of staff at the Cree First Nation of Mistissini who have been working hard over the past three years to obtain an accounting certificate through Algonquin College will be shared.

As First Nations are approved for Credit Enhancement (CE) and move forward to implement a homeownership program, the Fund's CE Specialists deliver a variety of workshops to assist potential homeowners in understanding and navigating the housing finance process. Since 2019, close to 1,000 individuals participated in Outreach, Homeownership, Personal Finance, and One-on-One Sessions. Prior to the pandemic, these sessions were held in the community. Since mid-March 2020, the sessions were moved to online delivery. The following workshops are offered on an on-going basis:

Image:
Gail Joe,
CE Specialist



OUTREACH

These sessions provide the opportunity for citizens to begin thinking about homeownership and the possibility of market-based housing. The sessions cover a breadth of topics including homeownership and increasing personal finance awareness.



HOMEOWNERSHIP

The various paths to homeownership available to citizens through the Fund's Credit Enhancement Program are discussed. These include building, purchasing, renovating, or refinancing a home.



Left: Outreach Workshop
Right: Scott Flamand, CE Specialist



PERSONAL FINANCE

Information regarding mortgages and the steps to buying a home are presented at these sessions. Topics include budgeting and setting financial goals, understanding credit, managing debt, and debt servicing ratios.



ONE-ON-ONE SESSION

Citizens are offered the opportunity to confidentially discuss their financial situation in terms of preparedness to qualify for a home loan. Options to strengthen credit worthiness, and steps to take to budget and save for a down payment are also discussed.





COMMUNITY EDUCATION

16

First Nations Participating in Nation Building

292

People Trained



Nation building needs met by the Fund in community education have included:

- Community Engagement
- Financial Literacy
- Home Maintenance & Repair
- Homeownership
- Managing Credit/Debit & Mortgages
- Rental & Tenancy
- Construction Trades Training

In addition to the foregoing workshops, the Fund has supported other Nation building initiatives to strengthen community understanding and support for a market-based housing system.

2020 GRADUATES

The First Nations Market Housing Fund wishes to congratulate the following 2020 Graduates who were supported by the Fund's Capacity Development Program.

<p>SIMON FRASER UNIVERSITY</p> <p>Master of Business Administration degree in the Beedie School of Business</p>	<ul style="list-style-type: none"> • Heather Fader 	<p>Shackan Band</p>
<p>AFOA CANADA</p> <p>Certified Aboriginal Finance Manager (CAFM)</p>	<ul style="list-style-type: none"> • Julia Dick 	<p>Coldwater Indian Band</p>
<p>CAMOSUM COLLEGE</p> <p>Carpentry Apprenticeship Program</p>	<ul style="list-style-type: none"> • Sasha Patrick • Keshia Schooner • Dustin Newcombe • Sam Schooner • Brandon Jeffery • Cody Robson • Thomas Walkus • Shelley Cahoose • Louis Edgar • Garret Mack • Willis Johnson • Adam Hood 	<p>Nuxalk Nation</p>
<p>ALGONQUIN COLLEGE</p> <p>Accounting Certificate Program</p>	<ul style="list-style-type: none"> • Emmett MacLeod • Nellie Brien • Tonya Hughboy • Leonda Voyageur • Trisha Gunner • Virginia Coonishish 	<p>Cree Nation of Mistissini</p>
<p>VIU</p> <p>First Nation Housing Manager Certificate</p>	<ul style="list-style-type: none"> • Emmett MacLeod 	<p>Cree Nation of Mistissini</p>



//

This program provided education, skills, tools, and a network to better enable me to engage with the community, identify goals, plan projects, and implement activities to meet the goals of the membership."

- Heather Fader, Shackan Band



50%

of the First Nations in the Atlantic have applied to work with the Fund.



17

First Nations are partners with the Fund



3 First Nations approved for CE and CD



12 First Nations approved for CD Only



2 First Nations currently participating in the assessment process



102 visits

TO



22 First Nations



48 presentations

presentations

\$13M

 in credit approved for 167 potential home loans

41

 Fund-backed Homes

- New Construction - Homeowner
- New Construction - Rental/Rent-to-Own
- Purchase
- Renovation



As at December 31, 2020



53%

of First Nations approved for CE and/or CD are utilizing the Fund's CD Program

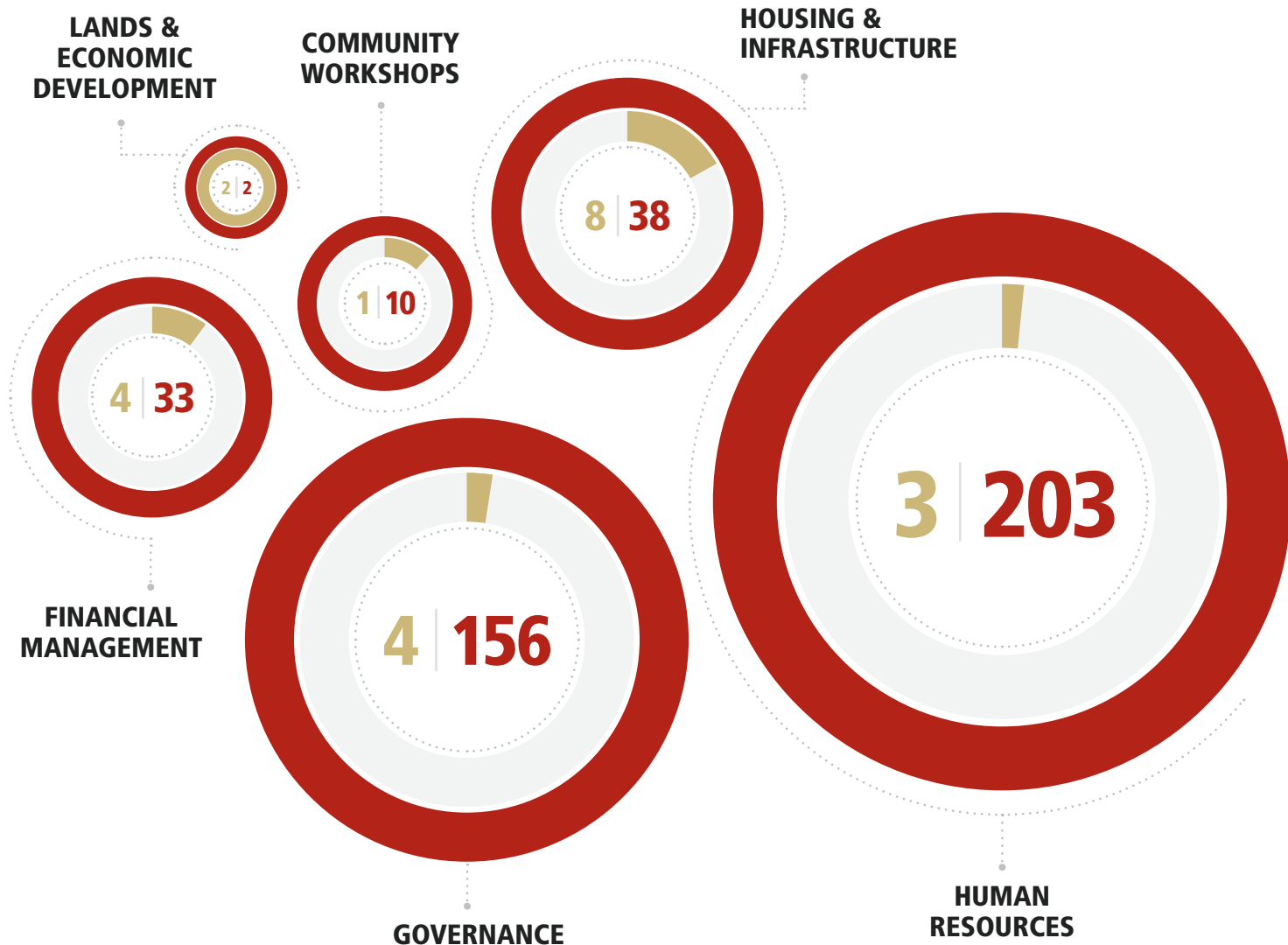
REGIONAL REPORT: ATLANTIC

Capacity Development

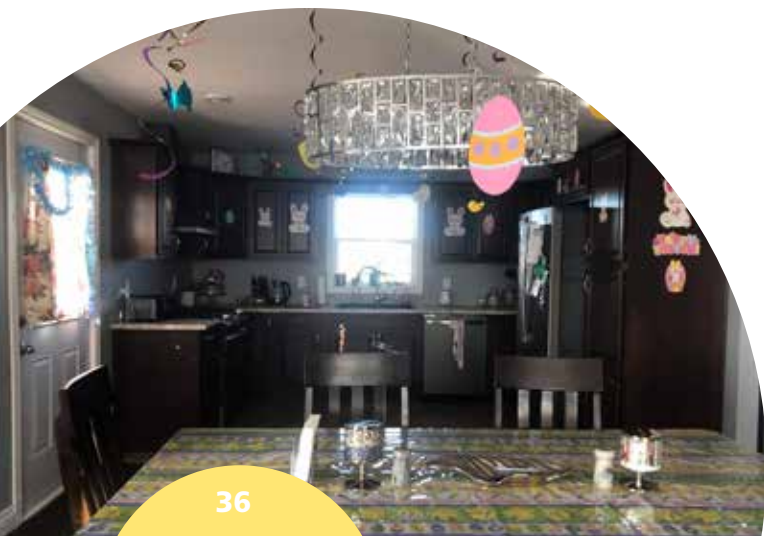
Fifty-three percent (53%) of First Nations approved for Credit Enhancement and/or Capacity Development are utilizing the Fund's CD Program – 442 people were trained in 91 initiatives. The Fund has committed over \$1.47 million for capacity development initiatives in the Atlantic region.

- Number of First Nations Participating in CD by Activity
- Number of People Trained in CD by Activity*

*some CD activities do not involve training



FUND-BACKED HOMES



2020 HIGHLIGHT

Miawpukek First Nation - First Fund-backed loans initiated in 2020

Miawpukek First Nation has the distinction of being the very first First Nation to apply to work with the Fund after we opened our doors in 2008, as well as being the first community to be approved for both a loan program and capacity development. Mi'sel Joe, Chief of this Mi'kmaq community, travelled to Ottawa to celebrate these milestones in 2009, determined that he would ensure he had the right policies in place to make it a lasting success.

'Miawpukek First Nation is pleased to have the opportunity to work with the Market Housing Program to secure an alternative avenue of funding for individuals and families looking to renovate, build or purchase homes on reserve. The market housing program has alleviated fiscal strain on our internal housing program. In partnership, we are working to build a stronger community where families can have access to safe and affordable housing,' said Mi'sel Joe recently.

Notoria Hinks and Jarrod Tibbo are the proud owners of a bungalow, built in the new subdivision where there are lots of children to play with their 5-year-old son, Mckenzie and his soon-to-be-born sibling. Perched on a hill, they can see the entire community as well as the spectacularly beautiful Conne River from their custom-built windows.

Living between St. John's and Miawpukek for the last few years has been a struggle, says Notoria, a health care worker in the community. She was happy to come home to the community she was born and raised in and jumped at the chance to build a home.

Notoria and Jarrod were able to sell their home in St. John's and use the equity as a down payment on their forever home in Miawpukek. While the construction is being completed,

the family has been living with Notoria's parents in the community.

The young homeowners were able to take advantage of programs offered in Miawpukek to help with the construction including carpentry, electrical and plumbing. These services give local construction professionals the chance to keep their skills sharp while reducing costs for the homeowners who may be building new, renovating, or simply maintaining their homes. Labour contributed by Jarrod who works in construction, also helped reduce the costs on this bungalow.

Notoria is very proud of the colour scheme they chose for the home noting she had a vision which her husband trusted. Other features that reflect their personal choices and lifestyle include a corner walk-in pantry, as well as walk-in closets. The finished basement boasts a kitchenette for when family comes to stay.

Notoria said it was challenging building during the pandemic; materials were hard to find and when you did find them, they took a long time to get onto the island.

Grateful for the support provided by her Government, Notoria cited Les Benoit and Fernando Jeddore as having helped them understand the loan process with a checklist so that the borrowers were well-prepared before they went to the bank. Notoria and Jarrod would highly recommend the market housing program to others interested in owning their own home.





35%

of the First Nations in Quebec have applied to work with the Fund.



14

First Nations are partners with the Fund



6

First Nations approved for CE and CD



5

First Nations approved for CD Only



3

First Nations currently participating in the assessment process



88
visits

TO



18

First Nations



46

presentations

\$77.3M in credit approved for 423 potential home loans

127 Fund-backed Homes

- New Construction - Homeowner
- New Construction - Rental/Rent-to-Own
- Purchase
- Refinancing-Home Renovation



As at December 31, 2020



82%

of First Nations approved for CE and/or CD are utilizing the Fund's CD Program

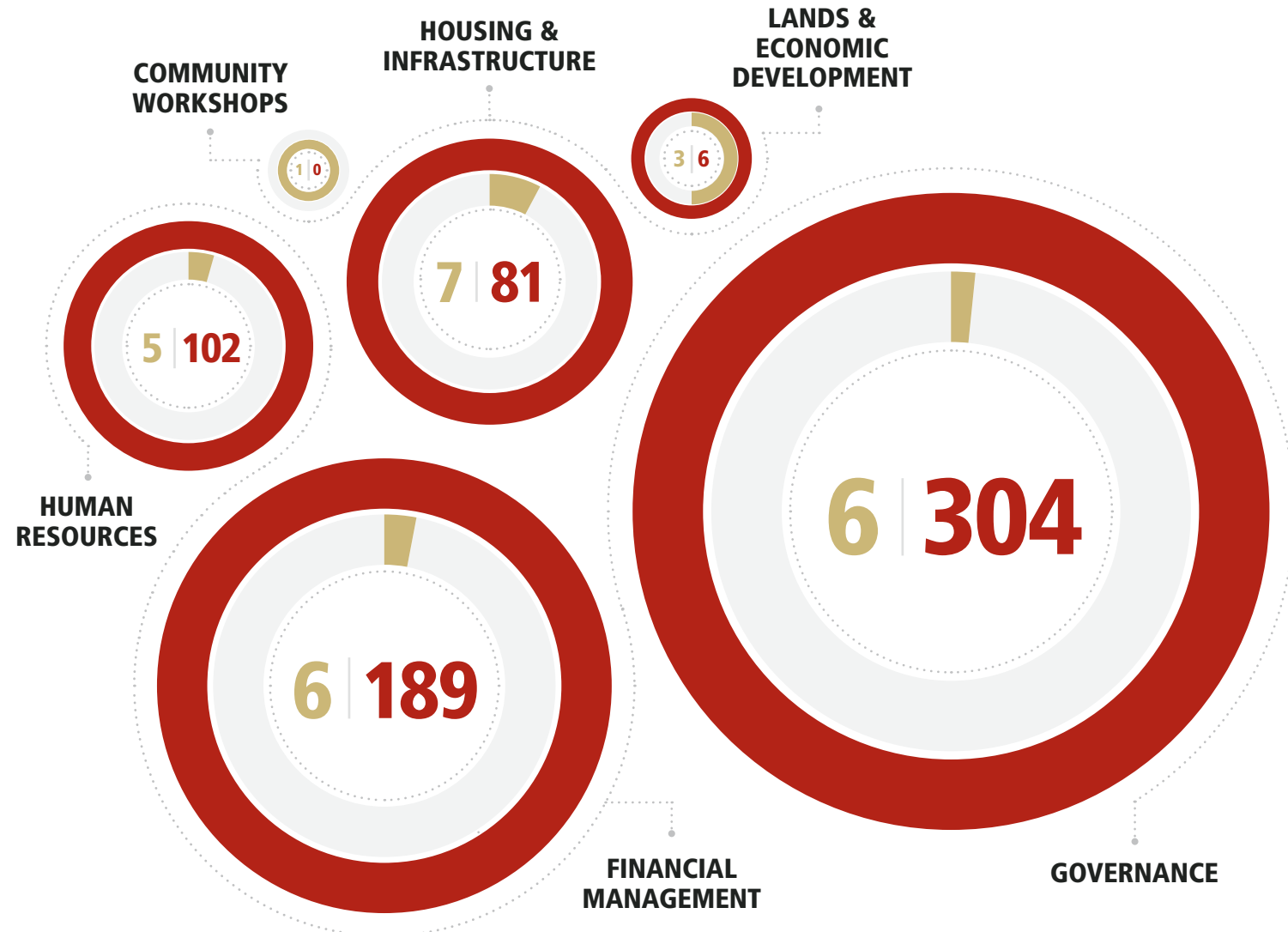
REGIONAL REPORT: QUEBEC

Capacity Development

Eighty-two percent (82%) of First Nations approved for Credit Enhancement and/or Capacity Development are utilizing the Fund's CD Program – 682 people were trained in 130 initiatives. The Fund has committed over \$3.69 million for capacity development initiatives in Quebec.

- Number of First Nations Participating in CD by Activity
- Number of People Trained in CD by Activity*

*some CD activities do not involve training



FUND-BACKED HOMES



2020 HIGHLIGHT

Cree Nation of Mistissini – Accounting Certificate Program

In 2018, the Fund supported a capacity development request from the Cree Nation of Mistissini to increase formal accounting training and certification among key finance staff. Staff enrolled in the three-year Accounting Certificate Program at Algonquin College which consists of thirteen courses. The Fund and the Cree Nation of Mistissini worked with Algonquin College to ensure effective course delivery and student success by facilitating a combination of onsite courses in the community and at the Algonquin Corporate Learning Centre in Ottawa, ON. The program was taught by Graham Sheppard. This arrangement worked from the beginning.

//
Graham was very effective in his teaching; I have never enjoyed algebra as much as I did these past two weeks.”

- student

In March 2020, the onset of the COVID-19 pandemic resulted in a pivot to classes being delivered virtually in a synchronous online environment, meant to replicate the classroom setting using Zoom meeting technology. After a six week delay, courses re-commenced. Adjustments were needed moving from an in-person to virtual learning setting. This included adapting to not having the professor in the room but on a screen; moving from physical materials to virtual computer files; adjusting to the delay in communication to avoid overlap of conversations; and addressing work distractions while attending the course from the office or from home.

STUDENTS WERE INVITED TO SHARE THEIR VIRTUAL EXPERIENCE:

What did you like about learning virtually?

- Being in the comfort of your own home – this was offset by the challenge of separating work and family commitments from study.
- Not having to leave home in bad weather.

What did you miss?

- Socializing with others in a learning environment.
- Informally communicating with other participants.
- The new Algonquin Corporate Learning Centre.
- Whiteboards around the room.
- Starbucks, the shopping mall.

What did you find most challenging?

- Missing the spontaneous examples that our professor was able to come up with (in conceptual learning activities more so than application learning).

What was helpful to your own participation?

- Having a strong fibre optic connectivity leading to very few problems with the technology.
- Having the same professor both virtually and face-to-face.
- Being home.

What have you learned through this experience?

- Being able to adapt to the new reality.
- Comfortable working with the technology.
- Working as a group in a virtual setting.

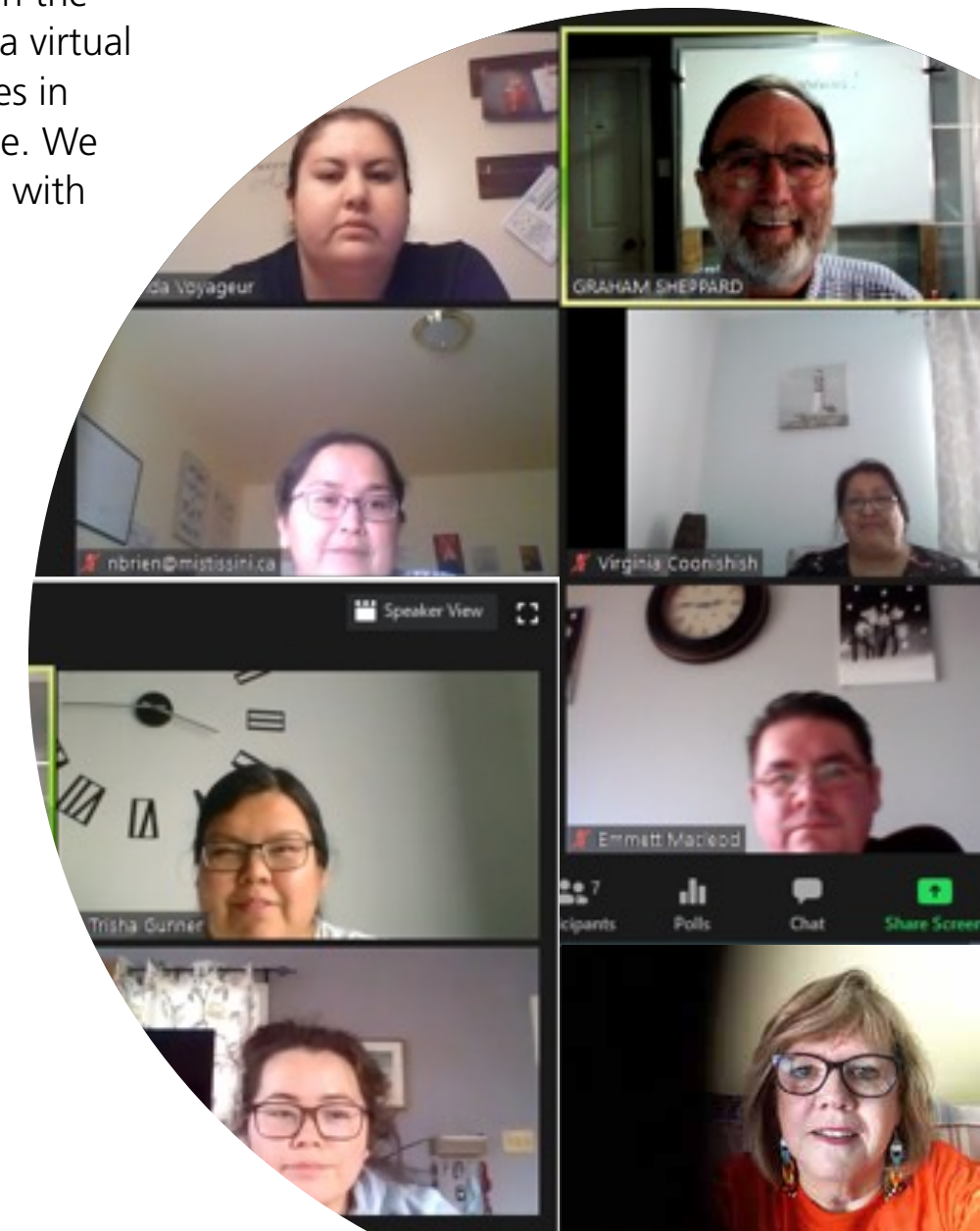
In November 2020, Deborah Taylor, Executive Director, visited the students virtually to personally share the Fund’s encouragement as the students worked to finish their program. In December, six students earned their Accounting Certificate. Their story is a testament to their determination to embrace change and build connections.



The Fund is extremely happy with the partnership developed with Algonquin College through the delivery of our Capacity Development Program to select First Nations we are both serving. This year, we have by necessity been challenged in the way we have had to adapt to a virtual world to serve our communities in the most effective way possible. We have been particularly pleased with

the way in which Algonquin College has worked with the Fund, supporting communities we work with while embracing virtual capacity building in a bigger way. The Accounting Certificate Program being delivered to the Cree Nation of Mistissini is a prime example of Algonquin’s commitment and flexibility in supporting both students and instructors which will lead to a better outcome for all.”

- Deborah Taylor





50%

of the First Nations in Ontario have applied to work with the Fund.



67

First Nations are partners with the Fund

40 First Nations approved for CE and CD

19 First Nations approved for CD Only

8 First Nations currently participating in the assessment process

531 visits

TO **87** First Nations

249 presentations

\$300M in credit approved for 2,589 potential home loans

157 Fund-backed Homes



As at December 31, 2020

- New Construction - Homeowner
- Purchase
- Refining-Home Renovation
- Renovation



73%

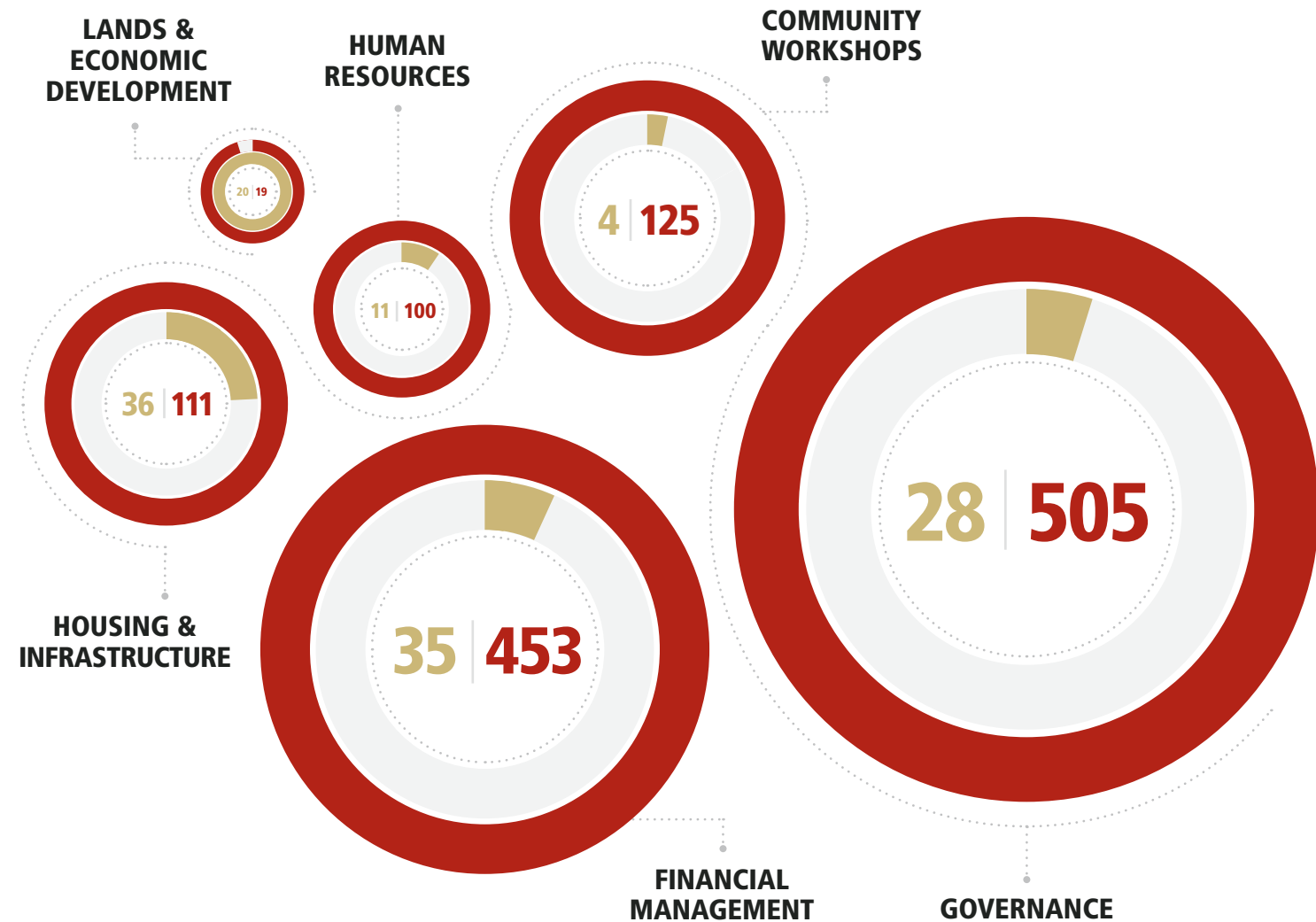
of First Nations approved for CE and/or CD are utilizing the Fund's CD Program

REGIONAL REPORT: ONTARIO

Capacity Development

Seventy-three percent (73%) of First Nations approved for Credit Enhancement and/or Capacity Development are utilizing the Fund's CD Program – 1,313 people were trained in 453 initiatives. The Fund has committed over \$8.37 million for capacity development initiatives in Ontario.

- Number of First Nations Participating in CD by Activity
 - Number of People Trained in CD by Activity*
- *some CD activities do not involve training



FUND-BACKED HOMES



2020 HIGHLIGHT

Sheshegwaning First Nation – Reconnecting and Building for the Future

The Sheshegwaning First Nation is a small Anishinabek community located at the western tip of Manitoulin Island, ON. It has a total land base of 2,025 hectares, with a registered population of 449 of which 27% reside on reserve. The Nation has a diversified business portfolio including shares in the Manitoulin Island hotel, a 60-megawatt wind farm development and a fish partnership. There is a quarry located adjacent to the community on band-owned property.

In February 2020, Ruth Deatcher, Director, Programs reconnected with Chief Dean Roy at the Indigenous Prosperity Forum hosted by the National Aboriginal Capital Corporations Association (NACCA) in Gatineau, QC. Their discussion led to an opportunity for the Fund to meet with Chief and Council the very next week. Homeownership is not new to the Nation. There are private homes on CP lands already in the community. Being the largest community employer, leadership was looking for an opportunity to increase homeownership housing as a means to attract working professionals and retain employees in the community. In addition, there are members who wish to move back home for retirement and others have expressed interest in homeownership of existing occupied homes and undertaking renovations.

Sheshegwaning's application to partner with the Fund arrived shortly after that first meeting. In fact, their application arrived the very week that Fund staff began working remotely from home in compliance with COVID-19 lockdowns. Prior to COVID-19, applications would be assessed through a combination of in-person meetings

to gather and verify information and in-office review. The pandemic restrictions challenged the Fund and the First Nation to find new ways to carry out routine functions such as gathering relevant information and holding meetings to effectively communicate through the process. Priorities were also shifting. Sheshegwaning invested time and effort in food security with a self-contained, monitored hydroponic farming system.

Despite the challenges, Sheshegwaning and the Fund found opportunities to navigate the new virtual environment together, culminating in their approval by year end for both credit enhancement and capacity development.





25%

of the First Nations in Manitoba have applied to work with the Fund.



16

First Nations are partners with the Fund



2 First Nations approved for CE and CD



10 First Nations approved for CD Only



4 First Nations currently participating in the assessment process



102 visits

TO **24** First Nations



57 presentations

\$8.75M in credit approved for 61 potential home loans

4 Fund-backed Homes

New Construction - Rental/Rent-to-Own



As at December 31, 2020



83%

of First Nations approved for CE and/or CD are utilizing the Fund's CD Program

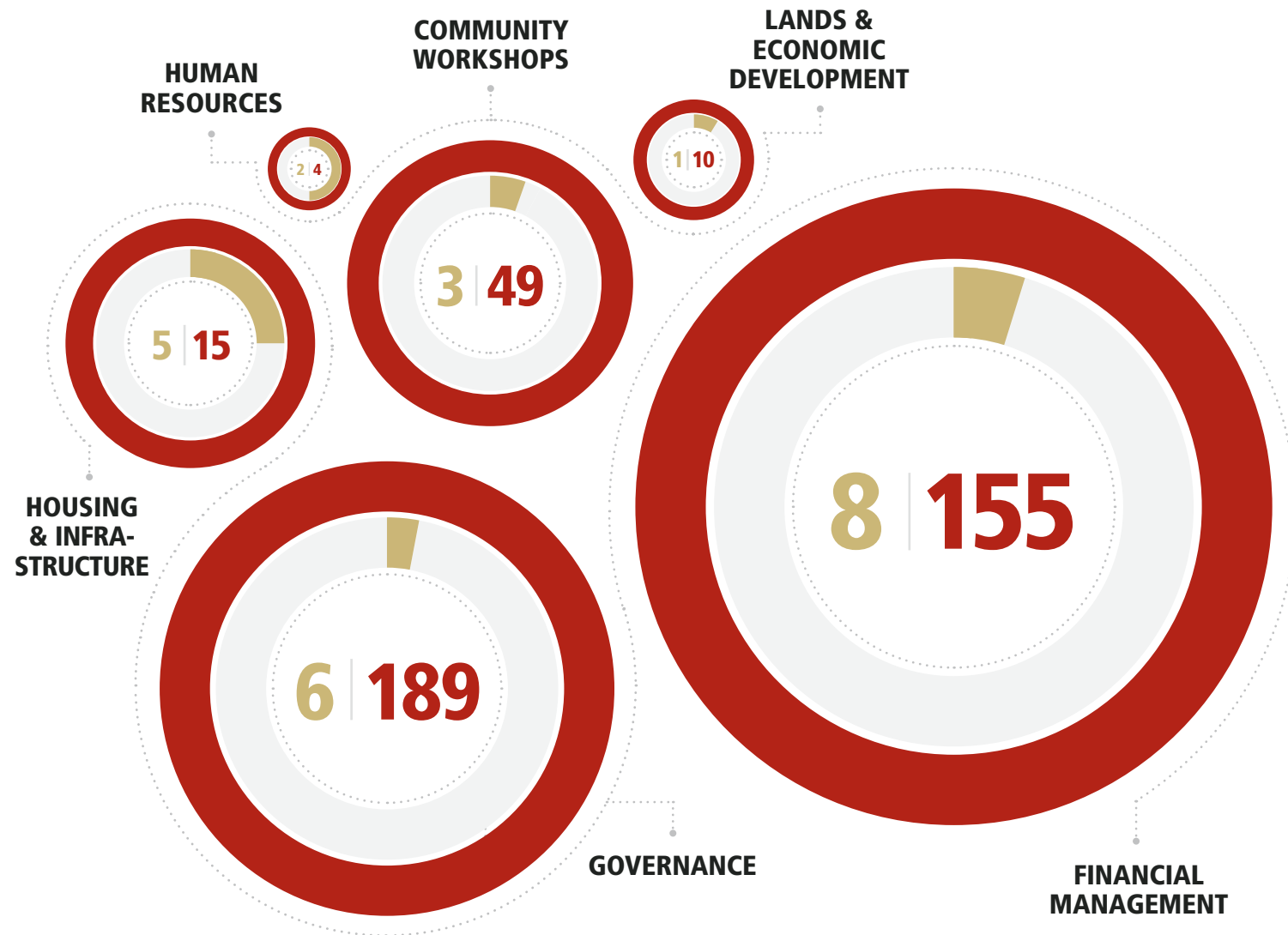
REGIONAL REPORT: MANITOBA

Capacity Development

Eighty-three percent (83%) of First Nations approved for Credit Enhancement and/or Capacity Development are utilizing the Fund's CD Program – 422 people were trained in 77 initiatives. The Fund has committed over \$1 million for capacity development initiatives in Manitoba.

- Number of First Nations Participating in CD by Activity
- Number of People Trained in CD by Activity*

*some CD activities do not involve training



FUND-BACKED HOMES



2020 HIGHLIGHT

Aboriginal Financial Officers Association of Manitoba (AFOA MB)

7TH ANNUAL LEADERSHIP AND ADMINISTRATORS CONFERENCE

The Fund was honoured to be a sponsor and exhibitor at the AFOA MB conference held in Winnipeg on February 19th and 20th, 2020. The theme for the conference was Partners in Progress – Make Every Connection Matter. This was one of the few conferences attended in-person by the Fund in 2020 before travel restrictions were imposed due to COVID-19. The Fund sponsored several Finance staff of the Fisher River Cree Nation to attend the event as a professional development opportunity to help in the organization and strengthening of all aspects of governance and finance. Attendance also provided networking opportunities and learning of best practices from other organizations.

A SAMPLING OF THE FEEDBACK FROM THE PARTICIPANTS:



While I found all speakers very good and the information very relevant, my biggest takeaway was the Human Resources development discussion and the opportunities that are available to develop capacity within the community. There is always a

need for trades most particularly, and I appreciated learning more about the process involved in getting members trained and certified. I attended a meeting with the HR Manager right after the conference and shared my meeting notes and the names of organizations that were highlighted by the speaker.”



My biggest takeaway was best practices on how to avoid cyber attacks and utilizing security measures to protect your business. Potential impacts that cyber attacks can have on a business may be costly to fix. I gained knowledge and insight in HR Management and tips to assist in building a strong workplace. A “how to” on recruiting and retaining quality employees. How to maintain

good morale in the workplace and determining pay grades by using certain measures including job ranking, i.e. entry level to senior management. I also gained knowledge on determining what is deemed a strong compensation package for employees.”



My biggest takeaway was learning how to assess your overall career development by following certain steps. Using self-analysis in determining where I am and where I want to be. Tips on ways to manage conflict in the workplace. How to effectively use performance appraisals to evaluate employee progress and goals. Assessing the pros and cons of using performance appraisals. I gained knowledge in the ever changing landscape in the workplace. How changes in recent laws have affected the workplace i.e. marijuana legalization and how to adjust policies accordingly. Using effective strategies to implement culture into the workplace.”



Very informative topics from all the guest speakers. I enjoyed listening to other community leaders discuss how they operate in different areas in their community i.e. youth employment and training.”



Images:

Deborah Taylor, Executive Director, caught up with Sharon Stevenson, Peguis First Nation, Daphne Lafreniere, and Norma McLean from Opaskwayak Cree Nation at the Fund’s booth.



25%

of the First Nations in Saskatchewan have applied to work with the Fund.



19

First Nations are partners with the Fund



3

First Nations approved for CE and CD



12

First Nations approved for CD Only



4

First Nations currently participating in the assessment process



123
visits

TO



36

First Nations



81

presentations

\$18.5M in credit approved for

170 potential home loans



As at December 31, 2020



80%

of First Nations approved for CE and/or CD are utilizing the Fund's CD Program

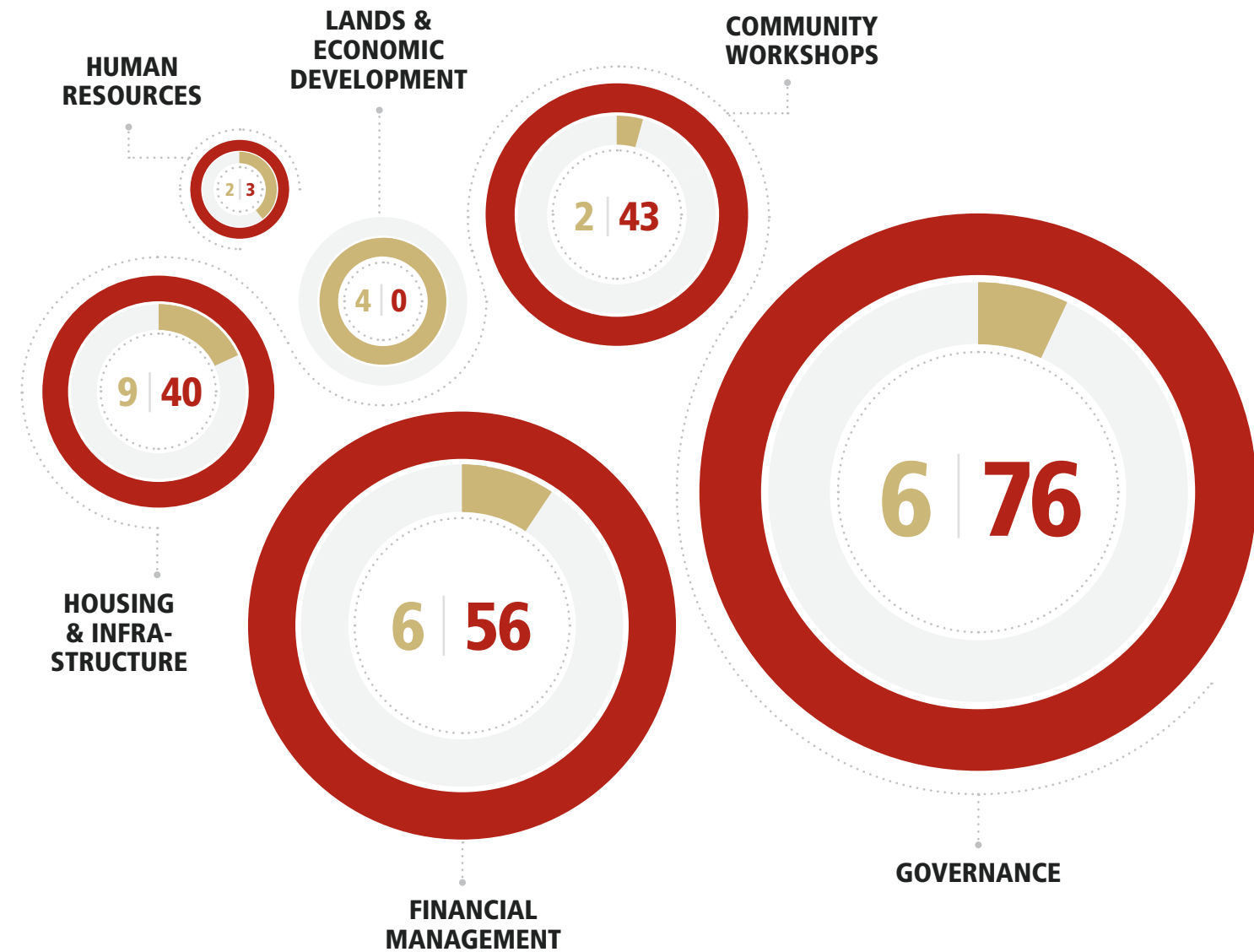
REGIONAL REPORT: SASKATCHEWAN

Capacity Development

Eighty percent (80%) of First Nations approved for Credit Enhancement and/or Capacity Development are utilizing the Fund's CD Program – 218 people were trained in 67 initiatives. The Fund has committed over \$1.47 million for capacity development initiatives in Saskatchewan.

- Number of First Nations Participating in CD by Activity
- Number of People Trained in CD by Activity*

*some CD activities do not involve training



2020 HIGHLIGHT

Peter Ballantyne Cree Nation – A Journey from Housing Crisis to New Homes

The Fund attended and presented at the AFN's 2020 Housing and Infrastructure Forum in March 2020 in Toronto, ON. Deborah Taylor, Executive Director, spoke to how the Fund works in partnership with First Nations across Canada through the Capacity Development Program as communities prepare for and implement a home loan program. The Fund invited representatives from the Peter Ballantyne Cree Nation (PBCN) to share their journey.

The PBCN is made up of eight communities located in Northeastern Saskatchewan including, Denare Beach, Deschambault Lake, Kinoosao, Pelican Narrows, Prince Albert, Sandy Bay, Southend, and Sturgeon Landing. It has a total population of close to 10,000. In 1993, the Cree Nation ratified the terms of the Treaty Land Entitlement Framework Agreement, allowing for an additional 234,248 acres to be purchased with a \$62.4 million settlement which was paid out in full by year 2003. The Peter Ballantyne Group of Companies employs approximately 1,000 individuals, many from the communities. It operates three Petro-Can service stations, the Northern Lights Casino, Crescent Heights Pharmacy, PBCN Ambulance Services, and the PBCN Office Complex in Prince Albert. It also owns a percentage of other businesses including five Super 8 Motels, PA Development Corporation, First Nations Insurance, Northern Resource Trucking, LaRonge Wild Rice, and Points North Freight, which provides lodging and mining sector services.

PBCN STATISTICS SHOWED THE COMMUNITY TO BE IN A HOUSING CRISIS WHICH INCLUDED:

- 46% of housing units requiring minor renovations (under \$15,000)
- 32% of housing units requiring major renovations (over \$15,000)
- 64% of housing units experiencing serious mould issues
- 6% of housing units being un-inhabitable, yet are used to house band members
- 3% of housing units lack water or sewer services, or both
- 64% of housing units are overcrowded
- PBCN identified the major factors that lead up to their housing crisis:
- PBCN was in third party management for eight years and was in-eligible for a ministerial loan guarantee for quite a number of years
- PBCN's population more than doubled in the past 30 years
- Band based capital funding levels remained unchanged since 1989

The PBCN knew they needed to find a way to bring new housing to their members. Partnerships with the First Nations Market Housing Fund, the First Nations Finance Authority (FNFA), and the First Nations Financial Management Board (FNFMB) came at an opportune time to finance desperately needed housing. PBCN was approved for the Fund's Capacity Development Program. A capacity plan was developed which showed that PBCN had many challenges and also opportunities. In 2012, PBCN started the process to obtain the certificates to obtain a loan through the FNFA. They decided to pursue the funding offered through the Fiscal and Statistical

Management Act process. They worked on obtaining the certificates required. The Financial Administrative Law was the first legislation passed by PBCN Chief and Council. Next they worked on obtaining the financial performance certificate.

Lots of hard work and a dedicated commitment to move forward resulted in PBCN obtaining funding for a 52-unit project bringing manufactured homes and stick built into the communities.

Today, PBCN has developed housing policies and continue to work with the Fund to further develop their housing strategy. They are developing additional housing policies; educating Council and Membership on all areas of housing operations; going through an organizational re-structure of the Cree Nation and all departments so they can work effectively and with efficiency; and have had multiple meetings with ISC towards establishing a new fiscal relationship that will yield beneficial results in their communities.



Top left: Pictured on the UP Train with Deborah Taylor are other housing experts from Saskatchewan - Rosie Charles, Housing Consultant, Prince Albert Grand Council, and Frank Bighead, Director Technical Services and Housing, Prince Albert Grand Council.

Right: Presenters included: Gerald Hyman, Financial Management Assistant and Director of Housing; Alex Ballantyne, Housing Coordinator, Pelican Narrows; and Donna Morin, Director of Finance; Deborah Taylor; and, Dan Gaspé, Senior Policy Analyst, Housing and Infrastructure, Assembly of First Nations.



38%

of the First Nations in Alberta have applied to work with the Fund.



18

First Nations are partners with the Fund



3

First Nations approved for CE and CD



11

First Nations approved for CD Only



4

First Nations currently participating in the assessment process



156

visits

33

First Nations



62

presentations

\$212.5M

in credit approved for 440 potential home loans

8

Fund-backed Homes

New Construction - Homeowner

Renovation



As at December 31, 2020



79%

of First Nations approved for CE and/or CD are utilizing the Fund's CD Program

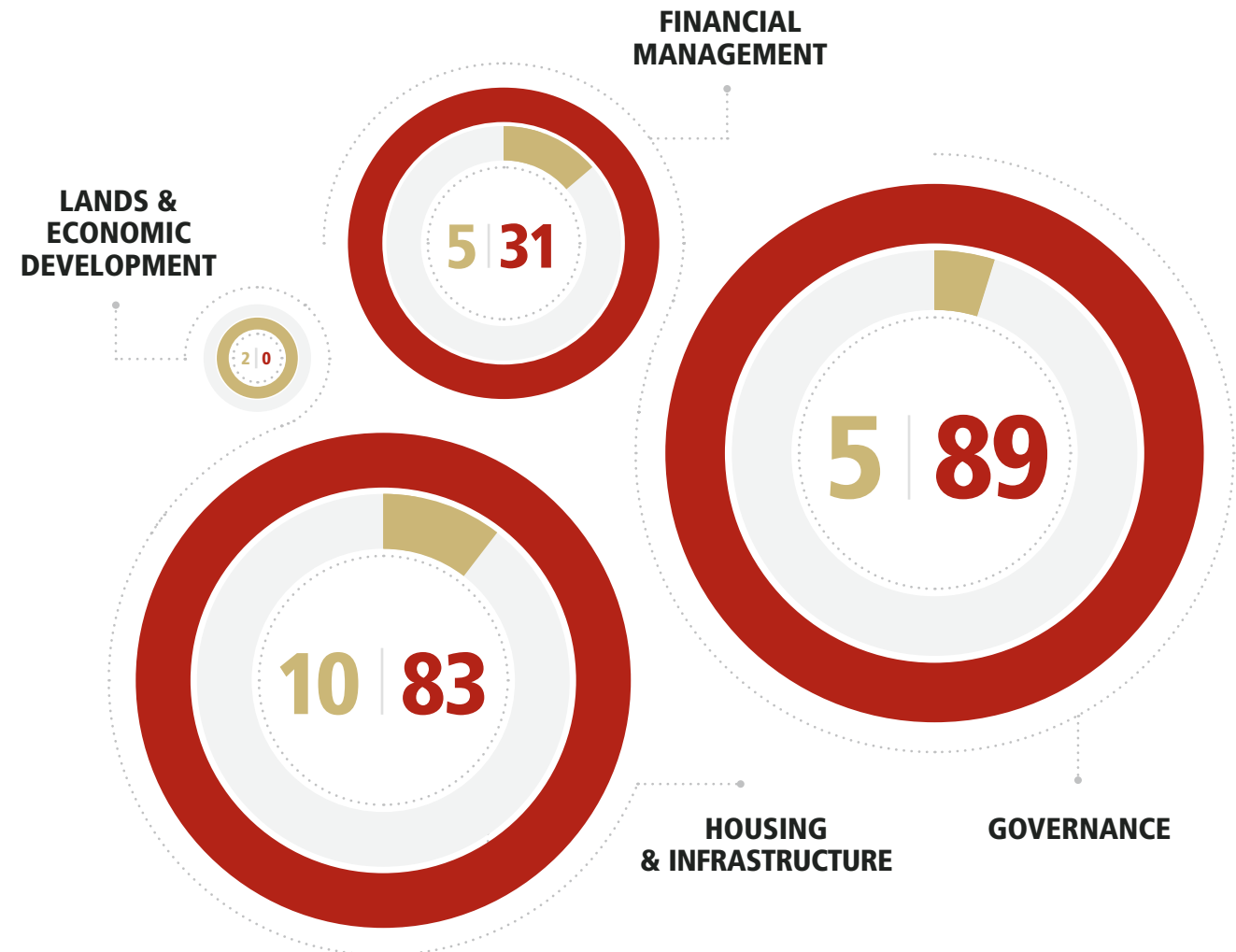
REGIONAL REPORT: ALBERTA

Capacity Development

Seventy-nine percent (79%) of First Nations approved for Credit Enhancement and/or Capacity Development are utilizing the Fund's CD Program – 203 people were trained in 70 initiatives. The Fund has committed close to \$699,000. for capacity development initiatives in Alberta.

- Number of First Nations Participating in CD by Activity
- Number of People Trained in CD by Activity*

*some CD activities do not involve training



FUND-BACKED HOMES



2020 HIGHLIGHT

Blackfoot Confederacy Tribal Council – Expanding Your Housing Options

Just a few short days before the global pandemic was declared, representatives of the Blackfoot Confederacy Tribal Council came together to share their housing challenges and talk about how the Fund might play a bigger role in supporting them. The Blackfoot Confederacy Tribal Council is a Regional Managing Organization for the Blackfoot Confederacy Nations of Kainai-Blood Tribe, Siksika, Peigan-Piikani and Aamskapi Pikuni.

The Blackfoot Confederacy Tribal Council was established to bring the four Nations together to deal with common issues, with external entities such as the Government of Alberta, Indigenous Services Canada, and the Assembly of First Nations. Formalizing the unification of the Blackfoot Nations facilitates an integrated and effective approach to implementing initiatives designed for the betterment of the lives of the Blackfoot people.

Arnold Jerry, Director of Technical Services had organized the session attended by more than 20 representatives of the member First Nations. Siksika representatives spoke with pride about some of the Fund-backed homes on their land and the value of some of the capacity building they had pursued with the support of the Fund.

Said Arnold,

“ my role is to share information and bring good options to the people I serve so that they can make informed decisions about the path forward in their communities.”

INVITATION

EXPANDING YOUR HOUSING OPTIONS
Financing for First Nations Communities

March 3
10AM-2PM

Lunch provided

You're Invited!
Blackfoot Confederacy Tribal Council
820 59th Avenue S.E.
Calgary, AB

For more information contact:
Arnold Jerry / 587-287-1100
arnoldj@blackfootconfederacy.ca

Blackfoot Confederacy



48%

of the First Nations in British Columbia have applied to work with the Fund.



97

First Nations are partners with the Fund

56 First Nations approved for CE and CD

26 First Nations approved for CD Only

15 First Nations currently participating in the assessment process

501 visits

TO **129** First Nations

279 presentations

\$302.58M in credit approved for 2,590 potential home loans

60 Fund-backed Homes

- New Construction - Homeowner
- New Construction - Rental/Rent-to-Own
- Purchase
- Refinancing-Home Renovation
- Renovation



As at December 31, 2020



63%

of First Nations approved for CE and/or CD are utilizing the Fund's CD Program

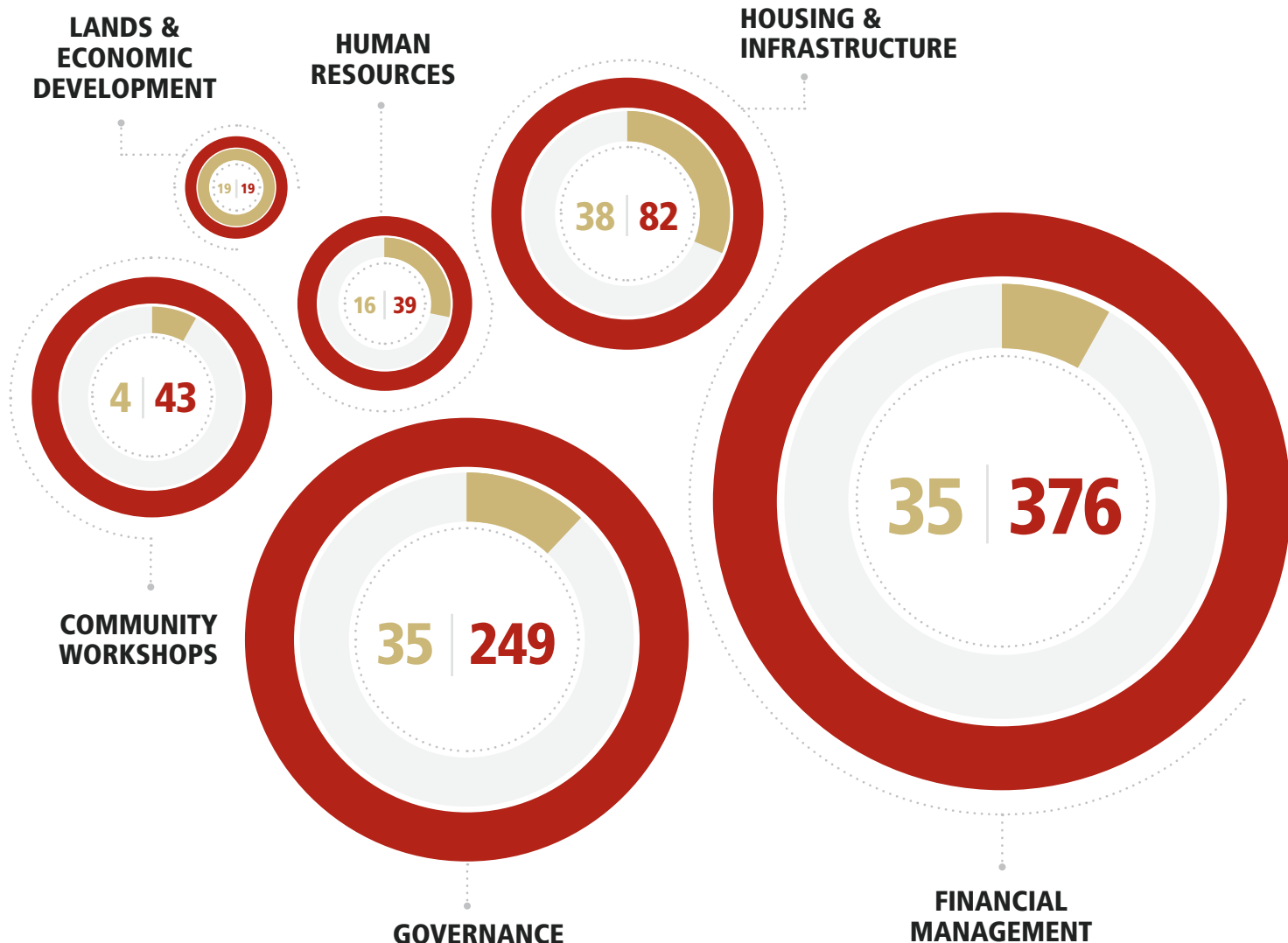
REGIONAL REPORT: BRITISH COLUMBIA

Capacity Development

Sixty-three percent (63%) of First Nations approved for Credit Enhancement and/or Capacity Development are utilizing the Fund's CD Program – 808 people were trained in 488 initiatives. The Fund has committed over \$6.4 million for capacity development initiatives in British Columbia.

- Number of First Nations Participating in CD by Activity
- Number of People Trained in CD by Activity*

*some CD activities do not involve training



FUND-BACKED HOMES



2020 HIGHLIGHT

First Nations Public Service Secretariat (FNPSS)

The Fund sponsored a number of staff at partnering First Nations in British Columbia to attend the virtual learning and discussion forum on “Managing New Realities” hosted by the FNPSS in June 2020.

Participants were invited to share their insights following the webinar.

THINGS I WOULD DO DIFFERENTLY AT WORK IN OUR COMMUNITY:

“Put more emphasis on developing a crisis team and expanding this beyond managers.”

“Be more empathetic, respectful, and understanding that the current pandemic crisis can trigger issues that may be related to past or current trauma; try to encourage members and staff to engage in self care and to ensure our program continue in a “new” safe manner as they are needed now more than ever.”

“Remind myself to lead my staff – acknowledge them and their hard work and dedication I realize how great of a team I have working with me. We are very fortunate to say we have many that lead with heart.”

“The main thing that struck me was using an app to reach people on their mobile devices. We will definitely be looking into that.”

“More team meetings for debriefing.”

“More support for staff that have worked through the pandemic – mental wellness support.”

THINGS I LEARNED PERSONALLY:

“Just how similar our Nations are on what we go through, and we should interconnect with resources more often (benefits of networking).”

“The Hightail program was new to me and very much appreciated that documents could be shared through it with ease.”

“Lead from the heart” really resonated with me and I am proud that the leaders in our Nation stay true to that concept.”

“I learned that my Nation is actually quite further ahead than we think we are. This provides confidence in my contribution to the Nation.”

“Learning is never ending. Making time to learn is beneficial to the Nation and myself personally.”

“What I really liked and will continue to do is to stay in touch with this group. There are some awesome people out there.”

“It was a pleasure to listen to other First Nations and other experts dealing with the COVID-19 pandemic, learning new techniques or ideas and it was great to notice we are moving in the right direction, leading with our heart, respect for all and being fair.”

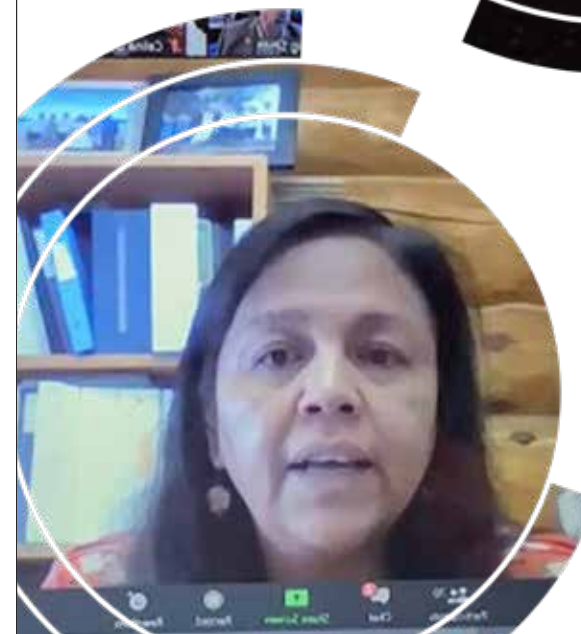
“This webinar was fantastic. It gave reassurance for the steps we are taking and fresh ideas that could be implemented. The presenters were very knowledgeable. I enjoyed the small break out discussions. It was a great way to have discussion on a more intimate level.”

“Our ability to adapt is pretty amazing when we allow ourselves to step outside the box.”

“We all have different strengths; we learn to work together more efficiently when we tap into these qualities.”



Images: Barbara Stevens, Skidegate Band Council; Celina Dorame, FNPSS; and, Collette Sunday, Upper Nicola Indian Band were just a few of the many interesting speakers.



THANK YOU

The First Nations Public Secretariat (FNPSS) would like to recognize that this event would not be possible without the work and support of our partners which includes the wonderful volunteers from the BC Federal Council and Indigenous Services Canada. We would also like to acknowledge the amazing speakers from First Nations communities from across the province, the First Nations Health Authority, Employment and Social Development Canada, Carden Consulting and Nawtsamaut Tribal Council. We would also like to recognize the hard work of the Mentorship Network and BAAC for their input during the forum planning process, and the First Nations Market Housing Fund for supporting their active First Nation clients in BC to attend the forum. We raise our hands in gratitude for the unwavering support and hard work of all of our partners to ensure that opportunities such as this continue to be made available to First Nations communities. For information on future events, please sign up for our newsletter at www.fnps.ca.

Employment Law Series – Harris & Company LLP

The Fund supported the participation of a number of senior management staff in First Nations in British Columbia in the online virtual training series - "Managing Employment Law Challenges in the First Nations Workplace – delivered by Harris and Company LLP in July and August 2020.

THE SERIES OF FIVE SESSIONS INCLUDED THE FOLLOWING WORKSHOPS:

- Adapting to a new normal: Legal Issues on Returning to Work During the Pandemic
- Duty to Accommodate in a First Nations Workplace
- Dealing with Addiction and Drug Testing
- Dismissals and Potential Liability for First Nations Employers
- Social Media in the First Nations Workplace

PARTICIPANT FEEDBACK:



I really enjoyed the training series. The scheduling format was great and made it easier for me to carve out and commit the time on a regular weekly schedule. If I ever leave my position to further my education, I will look at Employment Law."

"Our HR Handbook incorporates most of the federal legislation as presented, however it needs to be revised for updates in legislation and new legal challenges due to COVID-19."

"I found this seminar very valuable for the interactive portion of the webinar. They discussed many situations that I have faced as a manager. They were able to answer our questions during the sections to give clarification. We were able to describe our situation briefly and they were able to give us ways to accommodate our employees much better."

"I found the scenario questions very helpful as they gave specific examples of when an employer has a duty to accommodate."

"I knew about the importance of documentation from previous trainings. However, this workshop reinforced this for me."

"Accommodating in a First Nation workplace is very important as this gives the opportunity for workers to take time off for family members and our way of life activities."



It is important to realize that even within our First Nation Workplace we need to be mindful of discrimination."



It is a privilege to work with the FNMHF to help build human resource capacity in Indigenous communities on important employment law topics. Thank you for the opportunity to work together and I am happy to hear that the attendees found it valuable."

-Scott McCann, Harris & Company LLP



26%

of the First Nations in the Yukon and NWT have applied to work with the Fund.



11

First Nations are partners with the Fund



6 First Nations approved for CE and CD



3 First Nations approved for CD Only



2 First Nations currently participating in the assessment process



83 visits

TO **16** First Nations



35 presentations

\$60M in credit approved for 327 potential home loans

22 Fund-backed Homes



As at December 31, 2020

● New Construction - Homeowner
● Refinancing - Home Renovation
● Purchase



67%

of First Nations approved for CE and/or CD are utilizing the Fund's CD Program

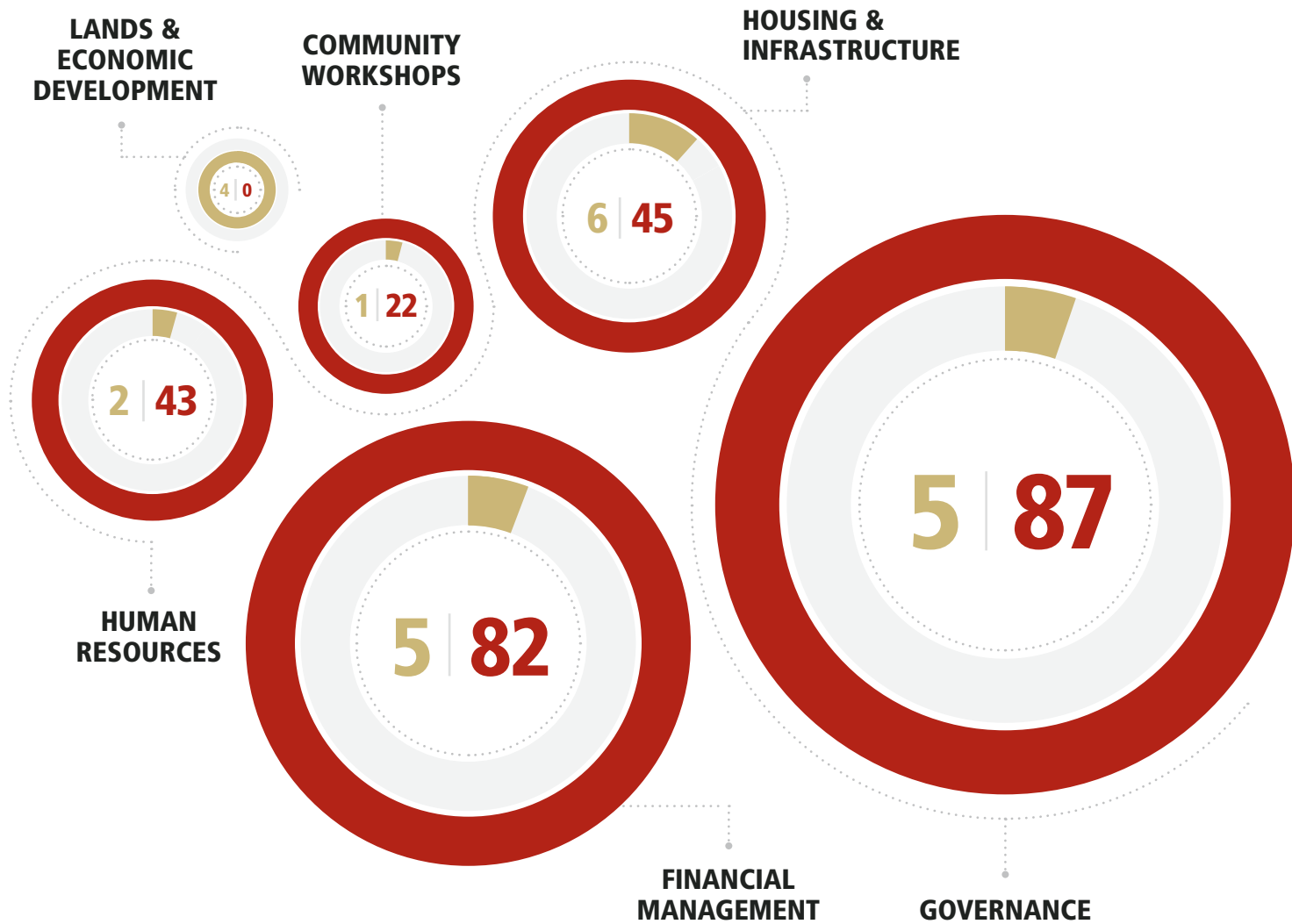
REGIONAL REPORT: YUKON & NWT

Capacity Development

Sixty-seven percent (67%) of First Nations approved for Credit Enhancement and/or Capacity Development are utilizing the Fund's CD Program – 279 people were trained in 56 initiatives. The Fund has committed close to \$1.87 million for capacity development initiatives in the Yukon and NWT.

● Number of First Nations Participating in CD by Activity
● Number of People Trained in CD by Activity*

*some CD activities do not involve training



FUND-BACKED HOMES



2020 HIGHLIGHT

Teslin Tlingit Council (TTC)

In 2017, the Fund backed its first loans for the Teslin Tlingit Council. By the end of 2020, the Fund has backed 21 loans. One of the new homeowners is Melanie Douville and her family. Melanie is a member of the Executive Council at TTC.

Our family is looking forward to the summer where we can plant a garden, have hotdog roasts, and enjoy the long summer evenings.”

– Melanie Douville



After living off settlement land and renting since 2002, it was a relief to finally get into our own home; where we knew the money was going into something that we would own and could pass on to our two daughters. After living in a poorly maintained house with no space to grow for so long, it was with joy and happiness to finally tell our kids we were moving.

The application with TTC was easy and the bank made us feel comfortable and worked with us. We purchased our home in August 2019 and it has brought us closer as a family. We have space to grow and can make changes along the way as we see fit. We are learning how to properly maintain and save for expenses we would never have as renters. Being the owners of our home, we are having fun thinking about the paint colours we want in which rooms; the freedom to choose how to beautify our house from changing the paint to the flooring is very exciting for us.



SPREADING THE WORD

As the Fund looks back on 2020, it is clear that its focus did not change. The Fund continued to work with partnering First Nations to support them in their commitment to Nation building. There were challenges as each community dealt with impacts from the COVID-19 pandemic. The Fund maintained its commitment to work with each First Nation at their own pace. Besides the pandemic related challenges, there were many stories of resilience, creativity, and adaptation to new ways. Embracing Change, Building Connections is an opportunity to share some of the inspiring stories of leadership, perseverance, and commitment to Nation building by the Fund and its clients.

EXPERIENCE AND PARTNERSHIPS WITH THE HOUSING LOAN PROGRAM INCREASES OPPORTUNITIES FOR HOMEOWNERSHIP IN CHISASIBI

Formerly the Island community of Fort George, the Cree Nation of Chisasibi (CNC) is the largest of the Cree coastal communities situated on the eastern coast of James Bay. The community and about 2,000 residents were relocated to the mainland between the years of 1978 to 1980. During



relocation, over 200 houses were physically moved and renovated on the new site. Today, Chisasibi has a registered population of over 5,000 members with over 90% of the members living on reserve and 939 housing units including over 224 social housing units, 547 rental units, and 168 individual homeowners. Chisasibi requires an additional 1000 units to resolve the housing crisis.

In 2007, Chisasibi established a loan program for the purposes of financing or refinancing the purchase, construction, or improvement of housing. Homeowner mortgages were combined with a Homeownership Grant Program as an incentive to homeownership.

Since partnering with the Fund in 2014, the CNC has approved and processed 46 housing Loans, 17 alone in 2020 under the Fund's Credit Enhancement Program. Except for one refinancing loan, all housing loans were for new unit construction and intended for private homeownership. Loan guarantee amounts ranged from approximately \$150,000 to \$500,000. While minimum down payments are required, some members have exceeded the minimum.

For new housing construction, Chisasibi takes out a bulk loan and then sells the houses to the members. A grant is available for new construction as an incentive to encourage homeownership and make homeownership more affordable given the remoteness of the community and the cost of materials. The demand for houses is evident as houses are being sold before construction is completed. All houses are built by licensed local contractors from Chisasibi and selected through a public tendering process. Chisasibi offers 3 architectural designs that homeowners can choose from.

The community workshops organized by the Fund's CE Specialist – Scott Flamand - on homeownership and personal finance have seen overwhelming success, with the average attendance at each session being between 25-30 community members. In addition to the workshops, outreach services that include one-on-one financial counselling were fully booked with the average counselling session lasting 30 minutes. This is a confidential one-on-one service the Fund offers to all First Nations participating under the Fund's program, free of charge.

Chisasibi prides itself that there have been no defaults in the housing loan program since being established in 2007. As CNC prepares for the construction of more units in 2021, their experience proves that the system is working and should continue.

Retired Housing Director, Sydney Chewanish commented that COVID-19 did slow down construction activity during the past year with the delayed delivery of supplies and shutdowns of activity when individual's health and safety was at risk.

Sydney credits the success of the Chisasibi Housing Department to "experience and a commitment to helping and listening to the people, to find out what they want and build from there". He feels the system that Chisasibi has implemented is working and this system can continue even with the new private homeownership program being implemented by the Cree Nation Government, which provides a subsidy to the individual homeowner. Having a lender closer to home and in the community would make it easier.

The Fund would like to recognize the efforts of Sydney Chewanish who served as Housing Director of Chisasibi from January 2016 until his retirement in December 2020. Sydney worked in the Chisasibi Housing Department for 25 consecutive years. He started in the position as Housing Coordinator in 1995 and held both the position of Field Supervisor for 12 years and Housing Coordinator for 8 years until January 2016, when he became the Housing Director. He retired in December 2020 and now runs his own hardware store in the community. The Fund wishes Sydney the best in his future endeavors.

Sydney Chewanish



Nuxalk Nation – Carpentry Apprentices Graduation

Like many remote communities, Nuxalk Nation, located in Bella Coola, B.C., was having difficulties developing and accessing skilled labour. The Nation identified the need for trades training that would develop new apprentices and construction trades training skills of the existing Red Seal Carpenters. They had a vision to bring skilled labour training to the community, believing it would have a better success rate if the training were conducted at home.

The program began in 2015 with Nuxalk Nation developing and implementing its own Housing Strategy. Through Nuxalk Nation's partnership with Camosun College, Industrial Trades Authority, and the Fund, their vision to bring skilled training to the remote community paid off in 2020 with 12 citizens (3 women and 9 men) celebrating the completion of their fourth-year apprenticeship level from the Carpentry Apprenticeship Program at Camosun College. Five of the graduates also passed their Interprovincial Red Seal exam. A special graduation celebration was held in their home territory on February 12, 2020. During the celebration, Chief Wally Webber thanked the Fund for its support.

Image:
Graduates and
instructors



//
Bringing the education program to the community has dramatically increased the student's success rate. Many students are single parents who could not afford to go live in the city to study. When the carpenters succeed, Nuxalk succeeds. Council is very proud of the twelve graduating members. The new building standards in Nuxalk Nation are much higher than the Provincial BC or Federal Building Standards."

– Chief Wally Webber

Already, the new carpenters have completed several buildings for the community including a steel building to house their classroom, supplies and equipment, two 5-plexes, a triplex, seven cabins along the river to add to their Nation owned hotel, a new youth center in town, a new community restaurant, and exterior upgrades to many of their existing housing units. Community based training developed new learning opportunities and created a legacy of projects completed by the apprentices. Moving ahead, the Nation plans to build up to 50-60 new homes over the next five years together with a Big House, a cultural centre, and a museum.

Right:
Chief Wally Webber and the Nuxalk Management Team, the new restaurant, the new youth centre, leadership at the graduation celebration.

Bottom left:
Vance Snow, Housing Manager, pictured with the new hotel cabins.



Our Gathering, BC

The Fund was invited to set up a booth at Our Gathering 2020 (previously called the Joint Gathering) where the organizers could showcase entities providing housing supports for First Nations and their citizens. The three-day event co-hosted by the First Nations Leadership Council, comprised of the First Nations Summit, the Union of British Columbia Indian Chiefs, the British Columbia Assembly of First Nations, together with ISC and CIRNAC, was held in January on the shared traditional territories of the Musqueam Indian Band, Squamish Nation and Tsleil-Waututh Nation. Nestled amongst the more than 30 exhibitors, the other organizations sharing the housing space with the Fund included the BC First Nations Housing and Infrastructure Council, CMHC, BCHMC and ISC. Of the almost 500 First Nations delegates attending, many stopped by to catch up and to discuss their housing challenges and solutions in a 'one-stop shopping' environment. Informal meetings at this venue led to two more BC First Nations choosing to apply to work with the Fund.



NACCA – Indigenous Prosperity Forum – Gatineau, QC

The Fund attended the Indigenous Prosperity Forum hosted by NACCA in February 2020.

Image:
Ruth Deatcher, Director, Programs, caught up with Adam Beach, actor, at the event.



Assembly of First Nations (AFN)

2020 NATIONAL HOUSING AND INFRASTRUCTURE FORUM AND TRADESHOW

In March 2020, the AFN held its National Housing and Infrastructure Forum and Tradeshow in Toronto, ON. This was the last event attended in person in 2020 by Fund staff before COVID-19 related travel restrictions and lockdowns were introduced. Speakers from across Canada presented on many initiatives being undertaken in First Nations communities related to housing and infrastructure, programs, and partnerships. The Fund highlighted how it works in partnership with First Nations to prepare for and implement a sustainable market-based housing system through the Fund's Capacity Development Program, taking care to work at the pace of each First Nation.

Image:
Arnold Jerry, Director, Technical Services, Blackfoot Confederacy; Kevin Hart, AFN Regional Chief, Manitoba; Jonah Jerry, Firefighter and Technical Assistant visited the Fund's booth.



CANDO – 2020 National Conference and AGM

In October 2020, Cando held its 27th Annual National Conference and AGM. This was the first time the annual event was held virtually. The theme of the conference was suitably – Navigating Through Economic Uncertainty. The Fund was invited to present at the conference and chose to share the Fund’s state of readiness prior to the pandemic restrictions, the operational realities, and challenges in play in March 2020, and how the Fund took early actions to adapt to a virtual world with all staff working remotely.

Daily check-ins with teams, pulse checks with directors and weekly meetings with staff were some of the new routines adopted to make sure staff were safe and healthy. These meetings facilitated staff embracing new technology and sharing tips and techniques. Opportunities to mark special occasions, such as Orange Shirt Day, in recognition that every child matters, were embraced virtually. From time to time, pets joined in the talks too.



Top to bottom (3): Ray Wanuch, Executive Director, CANDO; Stan Wesley, Master of Ceremonies; Elder Rick Lightning.

Bottom 3 Images: Virtual Fund staff meetings



As a result of the pivot to working remotely, the Fund shared some insights of what has been learned.

01

Staff know each other better

02

Self care is really important

03

There is time for professional development - virtually

04

Some staff love working remotely – flexibility; less stress; no commute; more family time; work can be finished after supper

05

As we are adapting, so too are our clients

06

It is hard to separate work from home

07

We miss seeing our clients in person – in the community and at gatherings.

OUR FIRST NATIONS PARTNERS

The Fund's partnering First Nations share the belief that a sound market-housing option is a relevant part of the housing options available to offer their citizens.

YUKON



Champagne Aishihik First Nations (2011)



Carcross/Tagish First Nation (2013)



Kwanlin Dün First Nation (2015)



Tr'ondëk Hwëch'in (2016)



Teslin Tlingit Council (2016)

BRITISH COLUMBIA



Seabird Island Band (2009)



St. Mary's Indian Band (2010)



Tk'emlups Indian Band (2010)



Neskonlith Indian Band (2011)



Penticton Indian Band (2012)



T'it'q'et First Nation (2012)



Adams Lake Indian Band (2013)



Malahat First Nation (2013)



Tsawout First Nation (2013)



Lower Nicola Indian Band (2014)



Okanagan Indian Band (2014)



Simpco First Nation (2014)



Upper Nicola Band (2014)



Halalt First Nation (2015)



Lake Cowichan First Nation (2015)



Leq'ámél First Nation (2015)



Nooaitch Indian Band (2015)



Penelakut Tribe (2015)



Sechelt Indian Band (2015)



Skeetchestn Indian Band (2015)



Skwah First Nation (2015)



Little Shuswap Lake Indian Band (2016)



Quatsino First Nation (2016)



Skidegate Band Council (2016)



Tsartlip First Nation (2016)



Nuxalk Nation (2017)



Skowkale First Nation (2017)



Kwantlen First Nation (2017)



Katzie First Nation (2018)



Kispiox Band (2018)



K'ómoks First Nation

K'omoka First Nation (2018)



TSAL'ALH

Tsal'alh (2018)

ALBERTA



Siksika Nation (2012)

SASKATCHEWAN



Lac La Ronge Indian Band (2009)



Onion Lake Cree Nation (2009)



Flying Dust First Nation (2013)

MANITOBA



Fisher River Cree Nation (2015)



Long Plain First Nation (2015)

ONTARIO



Batchewana First Nation (2009)



Atikameksheng Anishnawbek (2010)



Hiawatha First Nation (2010)



Moose Cree First Nation (2010)



Sagamok Anishnawbek (2010)



Serpent River First Nation (2010)



M'Chigeeng First Nation (2011)



Mississauga First Nation (2011)



Whitefish River First Nation (2011)



Nipissing First Nation (2012)



Wikwemikong Unceded Indian Reserve (2012)



Curve Lake First Nation (2013)



Henvey Inlet First Nation (2013)



Lac Seul First Nation (2013)



Mohawks of the Bay of Quinte (2013)



Ojibways of Pic River First Nation (2013)



Temagami First Nation (2013)



Wahnapitae First Nation (2013)



Aundeck Omni Kaning First Nation (2014)



Chippewas of Nawash Unceded First Nation (2014)



Garden River First Nation (2014)



Alderville First Nation (2015)



Saugeen First Nation (2017)



Wahta Mohawks (2017)



Mattagamí First Nation (2017)



Chapleau Cree First Nation (2017)



Mohawk Council of Akwesasne (2017)



Wasauksing First Nation (2017)



Bingwi Neyaashi Anishinaabek (2019)

QUEBEC



Cree Nation of Waswanipi (2013)



Cree Nation of Eastmain (2013)



Cree Nation of Wemindji (2013)



Cree Nation of Chisasibi (2014)



Cree Nation of Mistissini (2017)

NOVA SCOTIA



Membertou (2009)

NEWFOUNDLAND & LABRADOR



Miawpukek First Nation (2008)

PRINCE EDWARD ISLAND



Lennox Island First Nation (2017)

OUR REACH

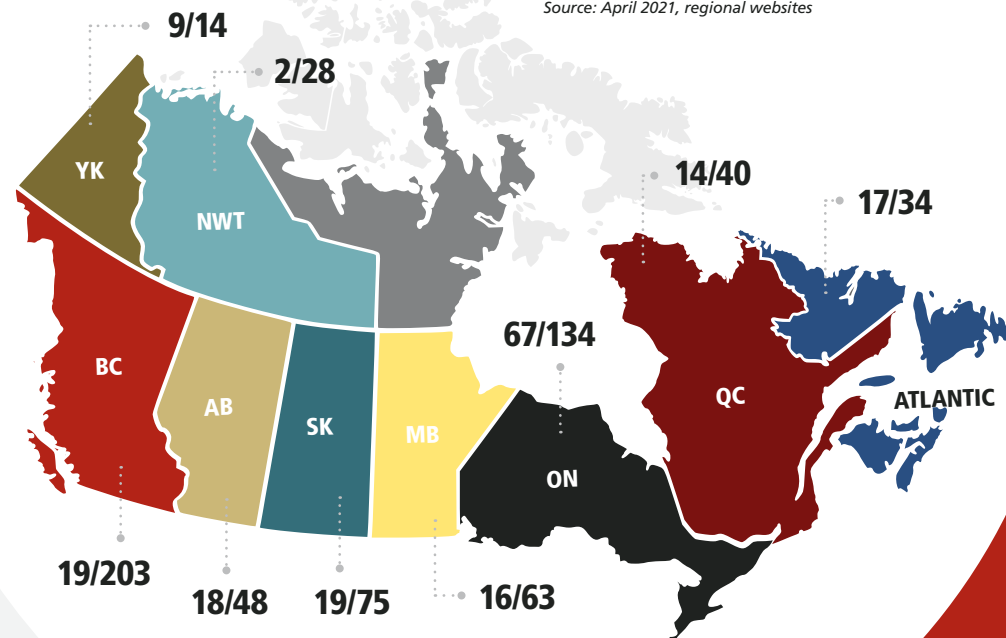
40%

of First Nations in Canada have chosen to work with the Fund.

CANADA

Total number of First Nations in each province/territory.

Source: April 2021, regional websites



FINANCIAL SNAPSHOT



\$375 million
Total assets as of 2020



\$300 M

Original investment still held in Trust



\$992.1 million
in potential credit approved to support an estimated 6,767 homes

12

Lenders



THE FUND

TRAVEL



Money spent on travel in 2019

\$250,714

Money spent on travel in 2020

\$31,335

CAPACITY DEVELOPMENT

\$1.276 million

spent on capacity development in 2020

MANAGEMENT DISCUSSION AND ANALYSIS

The Fund's vision statement is "Every First Nation family has the opportunity to have a home on their own land in a strong community." This vision statement was confirmed at the strategic planning session that took place in April 2019. At this meeting, the Trustees laid out their priorities for the next 5 years and laid the groundwork for the 2020-2024 Business Plan. In 2019, the Fund was in a good position to carry out strategic planning because of the extensive feedback received from numerous engagement sessions with First Nations that took place in 2018. The founding Trustees actively participated in the strategic planning with renewed optimism that the new Trustees, anticipated to be appointed later in the year, would be able to build on the plans.

In hindsight, the agenda for change put forward in the 2020 Business Plan may have been too ambitious for the Fund to execute given the unexpected challenges that came about early in the year.

This discussion will expand on the challenges faced by the Fund and how it impacted the plans that were in place for 2020. The paper will also discuss the outlook for the Fund, as it moves forward with renewed commitment to achieving its vision in 2021 and beyond.

COVID-19 PANDEMIC IMPACTS AND OTHER CHANGES IN 2020

The biggest challenge to the Fund in 2020 was the COVID-19 pandemic. When Fund office staff were sent home to work remotely in mid-March, there was an expectation that it was going to be a temporary measure. However, once the COVID-19 restrictions were put in place, travel for staff, consultants, and Trustees was cancelled for the remainder of the year. These restrictions impacted the Fund's ability to carry out many of the 'new' activities that were identified in the 2020 Business Plan.

Other changes in 2020 that impacted the Fund included the 2019 Federal election and the appointment of new Ministers (for ISC and CMHC), Federal, Provincial, and First Nations emergency measures related to COVID-19, the approval of the 2020 Statement of Investment Policy (SIP), the approval of the new investment management arrangements, the transition of the investment portfolio to the two new Investment Managers (Leith Wheeler Investment Counsel and CIBC Asset Management), and the approval of a revised 2020 SIP in September 2020. Also, during this period, the COVID-19 lockdown was the source of delays in scheduling the effective transfer of authority to new Trustees and the new Chairperson.

CAPACITY DEVELOPMENT

Capacity Development (CD) is one of the core products of the Fund. It entails supporting and facilitating training and guidance to establish robust systems, policies, and practices. Recipients of Fund sponsored CD includes First Nations leadership, administrators, and citizens.

The Business Plan for 2020 included more emphasis on working with those First Nations already approved for CD to help them to transition to approval for the Fund's Credit Enhancement Facility. In past years, the Fund put more emphasis on attracting new applications to the Fund. To improve outcomes in terms of more First Nations qualifying for the Credit Enhancement Facility, a key tactic for 2020 was to increase support for First Nations clients through additional visits and interactions. The need for additional support was one of the recommendations put forward from the 2018 engagement sessions. The Business Plan reflected this increased emphasis on engagement by increasing the travel budget and increasing the staffing complement to serve First Nations.

The pandemic related travel restrictions meant that the new initiatives that were envisioned in the 2020 plan could not take place. Staff needed to find alternate ways of serving clients that did not require travel. Staff learned how to utilize virtual meeting tools such as Zoom, Skype, Teams and other tools to continue having interactive meetings with First Nations clients. In some cases, internet access or broadband capacity resulted in stilted discussions.

Although many CD initiatives had to be postponed in 2020, some First Nations and their CD providers were able to adapt to the new conditions (where travel was not allowed)

and were able to move forward and make progress on CD initiatives. In 2020, CD expenditures totaled \$1,276,015. This was a decrease from 2019 by \$758,058. The reasons for the decrease were two-fold: (1) COVID-19 pandemic resulted in temporary shutdowns in many First Nations communities, in some cases multiple times, which resulted in fewer applications and CD initiatives; and (2) COVID-19 travel restrictions resulted in a sharp decrease on travel related to CD budgets.

The table below provides a comparison of actual CD amounts spent each year since 2008.

Year	Budget per the Minister (\$)	Actual Amount Spent on CD (\$)	Increase (Decrease) in Actual Spending Compared to Prior Year (\$)
2008 *	0	0	n/a
2009	1,547,000	2,500	2,500
2010	2,792,412	183,382	180,882
2011	1,485,000	1,022,903	839,521
2012	2,727,000	2,041,603	1,018,700
2013	3,577,500	2,880,541	838,938
2014	3,834,000	5,404,490	2,523,949
2015	3,888,000	4,476,964	(927,526)
2016	3,888,000	1,482,172	(2,994,792)
2017	3,800,000	1,277,564	(204,608)
2018	4,000,000	2,511,203	1,233,639
2019	4,000,000	2,034,073	(477,130)
2020	4,000,000	1,276,015	(758,058)
	39,538,912	24,593,410	

* The Fund was not permitted to spend any money on CD in 2008 as it did not have any net income from a prior year.

It should be noted that these CD dollars remain available for capacity building initiatives in subsequent years, if not spent in the year they were intended for.

From the engagement sessions held in 2018, one of the common themes that was heard from many First Nations is that they see a lot of benefit from the CD support that has been provided by the Fund. The participants shared their desire for the Fund to expand the CD support and to provide it over a longer period.

The Fund is anticipating increased demand for CD services from those already approved, as well as from more First Nations who decide to apply and participate. As First Nations communities evolve, increased demand is putting upward pressure on costs for CD services. This upward pressure on costs is at odds with the downward pressure on investment income stemming from low interest rates and ultra conservative investments.

Since CD services are funded by investment income and given the declining outlook for investment income due to lower interest rates, there will be pressure to “do more with less.” The current projection is that there will be insufficient net income to permit CD to continue at a reasonable level in future years. The Trustees have continued to make representations to seek changes in the way the available CD funding is calculated.

CREDIT ENHANCEMENT FACILITY

The Credit Enhancement Facility was established to provide additional security to backstop on-reserve housing loans. This facility provides assurances to third-party lenders and insurers that repayment of financing arranged for housing by a qualified First Nation community will be honored up to the limit of the agreed-upon Credit Enhancement (CE) if a First Nation fails to fulfil its responsibility for the repayment of a loan default.

In 2020, four additional First Nations chose to submit applications to partner with the Fund. Of these four new applications, one First Nation was approved for CE and CD. The three remaining new applicants were continuing through the review process as at year-end.

As per the 2020 Business Plan, there was more emphasis on working with existing applicants versus attracting new applicants. The objective is to help more CD First Nations

build up their capacity so they can qualify for the CE program. One tactic to achieve this objective is to categorize each type of client interaction and to increase the overall number of interactions with clients.

Due to COVID-19 restrictions, staff did very little travel in Q1 and no travel in Quarters, 2, 3, and 4. Interactions with clients (existing or prospective) had to be undertaken by video or teleconference wherever possible.

The table below illustrates the frequency of virtual meetings by type for each quarter of 2020. As can be seen, a majority of meetings with clients are related to CD and helping more clients with their CD needs. There were of course many other interactions with clients by email, text and quick phone calls.

Type of Interaction	Frequency of Meetings with First Nations			
	Q1	Q2	Q3	Q4
Assessment	3	1	1	4
Business Development	14	2	0	3
Capacity Development	2	14	19	20
Credit Enhancement	0	2	4	7
Relationship Building	5	7	7	6

In addition to work performed by Fund staff, the Fund works with two CE Specialists. This has allowed for expanded support in those communities that are determined to advance market-based housing. The Fund continues to use the two CE Specialists, who focus their efforts strictly on CE and help individuals navigate the loan financing process. In 2020, the Fund had intended to hire additional internal resources to also be strictly focused on CE implementation. Due to the pandemic, those additional hires did not take place.

Similar to Fund staff, the CE Specialists were not able to travel in 2020 due to COVID-19 travel restrictions. Activity pivoted to video and teleconference meetings. The table below provides a summary of activity performed by the CE Specialists in 2020 with First Nations. In addition, confidential sessions were held one-on-one with individuals from communities contemplating a home loan.

CE Specialists - Activity	Frequency of Meetings with First Nations			
	Q1	Q2	Q3	Q4
Meetings to help implement CE	21	18	9	6

Looking to the future, the Fund anticipates travel restrictions to remain in place well into 2021, and that virtual meetings will continue to be utilized as an alternate way of doing business.

The Fund is planning to re-implement the regional engagement sessions in 2021 in a virtual format. In addition, the Fund has purchased licenses and technology that will enable it to host webinars and education sessions. These sessions will provide another avenue to further interact with First Nations clients on topics that promote market-based housing.

The Fund is anticipating COVID-19 may have an impact on the demand for housing loans and credit enhancement, resulting in a further lag in the take-up of CE. The Fund is monitoring these impacts closely.

Another area being monitored is how the pandemic has impacted the financial strength of First Nations governments in general. It is expected that audited financial statements for the year ending March 31, 2021 will provide a clearer picture of the true impact of the pandemic.

THINGS TO WATCH FOR IN THE FUTURE:

- Declining Own Source Revenue
- Lower Credit Scores
- Decreases in Working Capital, and Debt Coverage Ratio.
- Ability of the First Nation to obtain Government grants to offset revenue losses.
- Notes to the Financial Statements that refer to COVID-19 impacts to First Nations government operations.

Each year the Fund estimates the potential liability amount for the CE guarantee. Since its inception, the Fund has provided guarantees on a total of 379 loans under the Credit Enhancement Facility for a guaranteed amount of \$7.1 Million for 419 home loans. Fortunately, the Fund has no history of any claims paid to lenders at this point. The estimated CE guarantee liability at the end of 2020, was \$111,452.

INVESTMENT MANAGEMENT

In 2020, several changes within the investment management area took place. The most significant change was the impact on the financial markets resulting from the pandemic. The first quarter of 2020 was the most volatile since the financial crisis of 2008. These market developments triggered an initial sell-off of corporate bonds where corporate bond spreads went from historical lows to cyclical highs.

To shore up liquidity, the Bank of Canada initiated monetary policies such as asset-purchase programs to address this pressure in the capital markets and the Canadian economy. Concurrently, there was a rush into government bonds as a safe haven, which caused a dramatic drop in yields across all government maturities. Government 10-year bond yields dropped by approximately 90 to 100 basis points from early January 2020 compared to the beginning of April.

Fortunately, the changes that were implemented in 2020 provided improvements in Fund management, investment reporting, and investment policy that allowed the Fund to adapt and respond to the changing financial markets. For the remainder of the year, management reported to the Investment Committee, each quarter, on the impact of COVID-19 on Forecasted Investment Income. The sections below discuss the changes that took place.

NEW INVESTMENT MANAGERS

In 2019, CMHC had given notice that they would no longer perform Investment Management services for the Fund. In Quarter 4 of 2019, the Fund worked with an independent third party to conduct a search for new Investment Managers. A Request for Proposals (RFP) was developed and posted on MERX as a public tender. Interviews and final selection took place in the first quarter of 2020. The successful candidates were Leith Wheeler Investment Counsel and CIBC Asset Management. On April 24th, a formal request was submitted to the Minister for approval of the new Investment Managers.

Approval of the new investment management arrangements was obtained on June 15, 2020. As this approval was received in mid-June (just two weeks from the end of the second quarter), the Investment Committee directed management to set the effective date of the transition as July 1, 2020.

NEW STATEMENT OF INVESTMENT POLICY (SIP 2020)

Also, in the first quarter of 2020, the Fund was working with the Funder to obtain approval on a new Statement of Investment Policy. Significant changes in the SIP 2020 involved changing the portfolio from passive to active management, the inclusion of a corporate bond component, and establishing performance benchmarks. The SIP 2020 was approved by the Funder on April 29th. The transition to the new Investment Managers took place on July 1, 2020. During the transition phase, the Investment Managers repositioned and rebalanced the portfolio. Each manager was allocated 50% of the original Fund portfolio. In the first month, the Managers identified a few adjustments to the SIP that needed to be made to better align the portfolio for active management. These recommended changes were approved by the Trustees and subsequently by the Funder in September 2020.

NEW TRUSTEES AND NEW INVESTMENT COMMITTEE

A third change that took place in July was the transition of 5 new Trustees concurrent with the retirement of 5 founding Trustees. The 5 new Trustees joined the 3 new Trustees that were appointed in October 2019. In total, the Fund now has 8 new Trustees and 1 founding Trustee who was reappointed for a total of 9 Trustees. A new Investment Committee (IC) was also formed in July. The Fund welcomed two new IC members and one returning Committee Chairperson. The new Committee has been very active in providing feedback and recommendations to the Board of Trustees on investment policies, investment strategies and investment reports.

YEAR END RESULTS

At December 31, 2020, the market value of investments in the Fund's portfolio was \$393.4 million. Given the current low interest rate environment (resulting from the COVID-19 pandemic), the Fund's weighted average yield on its long-term investments for 2020 was 2.14%, which was below the anticipated yield of 2.79%. The table below provides a comparison of weighted average yields achieved since the inception of the Fund.

Year	Annual Returns
2020	2.14%
2019	2.92%
2018	2.94%
2017	3.02%
2016	3.18%
2015	3.34%
2014	3.46%
2013	3.55%
2012	3.62%
2011	3.68%
2010	3.71%
2009	3.51%
2008	3.80%

OUTLOOK FOR 2021

With advice and support from the Fund's Investment Managers and the Investment Management Advisor, an updated SIP 2021 was developed and submitted to the Funder in December 2020. When drafting the new SIP, management referred to the Minister of Finance Investment Management Framework for Up-front Funding, to ensure that SIP guidelines were followed.

The SIP 2021 included fixed income investments as well as equities (Canadian and Global). It also contemplates a larger proportion of fixed income assets for Corporate issues. It is anticipated that this new SIP will enable the Fund's Investment Managers to have more flexibility in generating income for the Fund in 2021 and beyond.

FUND ADMINISTRATION

This section provides examples of how the organization adapted to the COVID-19 pandemic, an update on Information Technology security initiatives, and a list of reports and returns filed, including the corporate tax return.

OPERATIONS DURING COVID-19

As a result of COVID-19, staff at the Fund have been working remotely since the week of March 16th. In order to thrive in this new reality, some new processes were created, others have been tweaked, and in many cases, our current processes and applications were re-designed to work entirely remotely.

Due to the installation of a Voice over IP phone system in 2019, the Fund's phone and fax lines had already been converted to be fully digital, with voicemails and faxes available via email. Staff phones, including the main reception line, suffered no downtime due to the switch to remote working. Many staff took their VoIP phones home, while others have downloaded and installed the phone app on their work laptops. Other staff forwarded their work phones to either work or personal cell phones.

A concerted effort was made to ensure communication amongst staff was enhanced, with increased touchpoints through video conference. Day to day communications were primarily carried out through emails or text messages through Microsoft (MS) Teams. Staff were encouraged to use MS Teams to do a quick video call with fellow staff members to collaborate. In terms of video conferencing, there was a weekly all-staff meeting and department meetings occur every second day. Management meetings occurred daily, while special projects meetings were ad hoc, but occurred multiple times per week. Staff also had a standing bi-weekly meeting with the external IT Service provider to discuss the IT environment.

For external communications, the Fund used Zoom to conduct video conference sessions with Trustees, vendors, and First Nations clients. The conference call feature built into the VoIP phone system allowed for a viable meeting backup in cases where there is difficulty connecting by video conference. Staff trips to the office have been minimized, but for those who do enter the office, office protocols such as a screening questionnaire, enforcement of mask use, reception partitions and office signage to ensure safe social distancing were all put in place.

To accommodate work from home, staff have been allowed to bring physical assets (laptops, monitors, VoIP phones and peripheral hardware, desk chairs) to their homes, as needed. In 2020, the Fund also set up an Employee Assistance Program (EAP) to ensure mental health services would be available to employees in need. Management recognized that the transition to remote work was not an easy process for every employee and that continuous support is needed.

IT SECURITY

In 2019, the Fund contracted the Advisory firm BDO to perform an IT Security Re-Assessment to help the Fund identify any existing shortfalls in IT Security. The report was released in 2020 and actions to respond to recommendations such as updating policies, real-time analysis of security alerts, improved patch management procedures, and physical

access controls were implemented. In addition to the recommendations made by BDO, the Fund has implemented additional measures such as increased vulnerability testing, becoming a member of the Canadian Cyber Threat Exchange, and supporting staff to obtain advanced IT security certifications.

FUND REPORTING

In 2020, the Fund prepared and reported the following reports and returns in a timely manner:

- Quarterly financial statements to the Funder, per the Funding Agreement for each quarter in 2020.
- Quarterly financial reports to the Federal Government for inclusion in the Public Accounts of Canada.
- Preparation and submission to the Minister of the 2021-2025 Business Plan.
- Preparation and submission to the Minister of the Annual Report for 2019.
- Preparation and submission to the Funder of Quarterly Investment Management Reports for Q3 2020 and Q4 2020. (prior reports were prepared by CMHC and approved by the Trustees).
- Submission to the Funder of Audited Financial Statements for 2019.
- Preparation and Filing of the 2019 T3 Tax Returns

In 2020, the Fund filed its 2019 T3 Trust Income Tax and Information Returns ["Returns"] showing nil taxable income in a timely manner. The Fund has filed these Returns showing nil taxable income for each of 2008 through 2019. Trust Notices of Assessment and Reassessments ["Notices"] were received from the CRA indicating that the assessed taxable income and taxes payable were nil for each of the ten years. The Notices indicate that the CRA can reassess the return at any time within three years of the date of the Notices if it finds an error during a review or audit of the return. The three-year periods on the Notices for the years 2008 through 2016 have now expired.

SUMMARY OF FINANCIAL RESULTS

Financial results as compared to plan are as follows:

	2020 Plan (\$)*	2020 Results (\$)
Cash and Cash Equivalents**	12,816,000	16,758,018
Long-term Investments	350,575,000	358,104,235
Deferred Contributions	361,775,000	374,058,089
Investment Income****	10,723,000	13,887,932
Administration Expenses	6,469,373	3,186,926
Capacity Development Expenses	4,000,000	1,276,015
Funds available for 2020 Capacity Development***	4,000,000	8,986,470
Credit Enhancement Guarantee (Recovery)	205,000	(25,375)

* The plan figures noted above are from the approved 2020 Business Plan.

** Cash and cash equivalents include accrued interest receivable.

*** Budgeted CD expenditures in any given year shall be approved by the Minister responsible for CMHC as part of the annual Business Plan.

**** Investment income includes realized gain on sale of long-term investments.

Overall, the Fund's assets, mainly consisting of cash and cash equivalents and long-term investments, as well as corresponding deferred contributions, were above the planned amounts as total actual expenses were less than planned while investment income was greater than planned.

The Fund's 2020 investment income was comprised of revenues (i.e. interest income) from portfolio holdings totalling \$9.1 million and gain on sale of investments totalling \$4.8 million. The 2020 Plan contemplated revenues from portfolio holdings totalling \$11 million and a loss on sale of investments totalling \$0.3 million. While the Fund was able to implement a new SIP, which allowed for an actively managed portfolio as planned, it was denied of the inclusion of equities.

This meant that the Fund's ability to generate a higher rate of return was limited. A significant reduction in the country's interest rate policy in the first quarter further decreased the yields on new bond purchases throughout the year. Evidently, as at December 31, 2020, the yield on the Fund's long-term investments was only 2.14% compared to a yield of 2.92% at December 31, 2019. On the flip side, the Fund did incur much greater gain on the sale of investments as the increase in the price of bonds are negatively correlated with the falling yields. The Fund's new Investment Managers were allocated an equal share of the existing portfolio at the start of the third quarter. Since the transition date, the managers have sold in aggregate \$197.5 million worth of bonds.

It should still be noted that the current ultra low interest rate environment will continue to put pressure on the Fund's ability to generate a desirable level of stable revenues (i.e. income from portfolio holdings) unless alternative solutions (e.g. equities) are implemented. In December, the Trustees, with advice from their Investment Managers, developed and submitted a new SIP for approval (SIP 2021). This SIP will allow the addition of Canadian and Foreign equities into the Fund's portfolio.

Administration expenses were under-spent as compared to the Plan by approximately \$3.3 million, primarily due to under-spending in travel, professional and technical services, Trustee governance, and Fund development costs. Due to the unforeseen COVID-19 pandemic, the Fund has had to reassess priorities and business opportunities that were identified in the previous planning period.

The 2020 plan aimed to increase communication and outreach by touching base with every First Nations client as well as creating brand awareness. The Fund also aimed to provide much greater support to First Nations communities in establishing market-based housing through not only CD funding, but also through on-site visits by qualified professionals and staff. In order to achieve the increase in

onsite meetings with First Nation clients, the Business Plan for 2020 included hiring additional outreach staff and increasing the travel budgets.

Of course, with COVID-19 travel restrictions and emergency health measures taking precedence, the Fund incurred minimal travel expenses and instead focused on maintaining connection virtually, when it was possible to do so. Hiring for new staff was also postponed while existing staff adapted to the pandemic by working from home and learning how to work with First Nations clients through electronic means where possible, safely, and securely. The Fund also increased its investments in IT security such as the Security Information and Event Management (SIEM) to safeguard its network from heightened security threats.

For the first year in many years, the Fund had a full cohort of 9 Trustees for the entire year. Although the Fund had a full complement of Trustees, expenses under Trustee governance were under budget. This was due to the COVID-19 pandemic, which resulted in the cancellation of in-person meetings and pivot to virtual meetings. Regional engagement sessions under Fund development costs, as well as marketing costs, were significantly under budget due to cancellation of events and conferences that the Fund had planned to attend and sponsor.

Capacity Development (CD) expenses were approximately \$2.7 million below the planned amount for a few reasons: (1) fewer applications than planned were received; (2) many of the planned projects were delayed or cancelled as First Nations communities focused on health and safety of their members – placing restrictions on outside visitors travelling in; and (3) travel costs normally averaging 10% of total CD expenses were eliminated due to COVID-19 travel restrictions. Since the current formula for determining the available amount of CD funding remains regressive, the savings from 2020 will add some time for the Fund to explore alternatives. It should be noted that these CD dollars are not lost and remain available for capacity building initiatives in subsequent years. Based on the 2020 results, up to \$12.4 million is available for CD spending in 2021. Actual CD expenditures in any given year shall be approved by the Minister responsible for CMHC, as part of the annual Business Plan.

An estimate of the Fund's liability at December 31, 2020 on the partial loan guarantees of approximately \$6.25 million, is \$111,452. The Fund has no history of any claims paid to lenders. As at December 31, 2020, there were 18 loans in

arrears ranging from 15 to 651 days outstanding, of which 7 loans totaling \$846,248 were in arrears for more than 121 days. By comparison, 19 loans were in arrears at the end of 2019 ranging from 4 to 540 days, of which 4 loans totaling \$420,255 were in arrears for more than 121 days.

A loan is in arrears until all outstanding amounts are paid in full, even if partial payments are being made. The Fund's estimated liability calculation is formula-driven which, for each loan in arrears, is based on the number of days it is in arrears and the financial strength of the First Nation that is guaranteeing the loan. As the liability at the end of 2020 (\$111,452) was less than that at the end of 2019 (\$136,827), the difference of \$25,375 was recovered in 2020 in the Statement of Operations with a corresponding decrease to the liability account in the Statement of Financial Position. The decrease in the 2020 liability was in response to an improvement in the credit ratings of some communities with many loans in arrears. The credit ratings are obtained from a third-party source.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FOR THE YEAR ENDED 2020

The First Nations Market Housing Fund management is responsible for the integrity and objectivity of the financial statements and related financial information presented in this annual report. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and consequently include amounts which are based on the best estimates and judgement of management. The financial information contained elsewhere in this annual report is consistent with that in the financial statements.

The First Nations Market Housing Fund maintains appropriate systems and related internal controls to provide reasonable assurance that financial information is reliable, assets are safeguarded, transactions are properly authorized and in accordance with relevant legal documents governing the Fund, resources are managed efficiently and economically, and operations are carried out effectively.

The Board of Trustees, through an Audit Committee, oversees management's responsibilities for financial reporting and internal control systems. The Board of Trustees, upon the recommendation of the Audit Committee, has approved the financial statements.

The financial statements have been audited by Ernst & Young LLP in accordance with Canadian generally accepted auditing standards. Ernst & Young has full access to, and meet periodically with, the Audit Committee to discuss their audit and related matters.



A handwritten signature in black ink, appearing to read 'De Taylor'.

Deborah Taylor



A handwritten signature in black ink, appearing to read 'Travis Seymour'.

Travis Seymour
CPA, CGA,
MBA, CAFM

FINANCIAL STATEMENTS

TO THE TRUSTEES OF FIRST NATIONS MARKET HOUSING FUND

OPINION

We have audited the financial statements of **First Nations Market Housing Fund** [the "Fund"], which comprise the statement of financial position as at December 31, 2020, and the statement of operations, statement of changes in deferred contributions and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards for government not-for-profit organizations.

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 the financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations, 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 the Fund'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 the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 the Fund'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 the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund 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.

We 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
Licensed Public Accountants

Ottawa, Canada
March 10, 2021

Statement of financial position

AS AT DECEMBER 31

	2020 \$	2019 \$
Assets		
Current		
Cash and cash equivalents <i>[note 3]</i>	15,055,387	27,507,253
Restricted cash <i>[note 4]</i>	196,433	178,382
Accrued interest receivable	1,702,631	1,657,677
Prepaid expenses	49,481	59,282
Accounts receivable	19,149	21,552
Total current assets	17,023,081	29,424,146
Long-term investments <i>[note 5]</i>	358,104,235	336,286,918
Capital assets, net <i>[note 6]</i>	227,839	271,031
	375,355,155	365,982,095
Liabilities		
Current		
Accounts payable and accrued liabilities <i>[notes 7 and 15]</i>	1,095,336	1,108,288
Total current liabilities	1,095,336	1,108,288
Credit enhancement guarantee liability <i>[note 13]</i>	111,452	136,827
Capital lease obligations <i>[note 14]</i>	26,765	46,971
Deferred lease inducement <i>[note 8]</i>	63,513	82,286
Deferred contributions <i>[note 9]</i>	374,058,089	364,607,723
	375,355,155	365,982,095

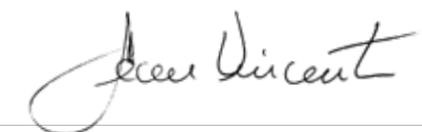
Commitments and contingent liabilities *[note 13]*

See accompanying notes

On behalf of the Trustees:



Lydia Hwitsum, JD
Chairperson



Jean Vincent, MSC, FCPA, FCA, CAFM
Audit Chairperson

Statement of operations

YEAR ENDED DECEMBER 31

	2020	2019
	\$	\$
Revenue		
Recognition of deferred contributions related to current year operations	4,437,566	5,653,145
Total revenue	4,437,566	5,653,145
Expenses		
Administrative [notes 6, 8, 10 and 15]	3,186,926	3,726,213
Capacity development [note 12]	1,276,015	2,034,073
Credit enhancement (recovery) [note 13]	(25,375)	(107,141)
Total expenses	4,437,566	5,653,145
Excess of revenue over expenses for the year	—	—

See accompanying notes

Statement of changes in deferred contributions

YEAR ENDED DECEMBER 31

	2020	2019
	\$	\$
Deferred contributions, beginning of year	364,607,723	358,788,766
Investment income	9,119,615	10,496,273
Realized gain on sale of long-term investments	4,768,317	975,829
Recognized as revenue to match expenses	(4,437,566)	(5,653,145)
Deferred contributions, end of year	374,058,089	364,607,723

See accompanying notes

Statement of cash flows

YEAR ENDED DECEMBER 31

	2020	2019
	\$	\$
Operating activities		
Excess of revenue over expenses for the year	—	—
Add (deduct) items not affecting cash		
Depreciation of capital assets	68,143	74,238
Amortization of deferred lease inducement	(18,773)	(18,772)
Realized gain on sale of long-term investments	(4,768,317)	(975,829)
Credit enhancement (recovery)	(25,375)	(107,141)
Net change in non-cash working capital balances related to operations [note 11]	(63,753)	(804,229)
Net increase in deferred contributions	9,450,366	5,818,957
Non-cash amortization of premiums and discounts	1,147,379	681,456
Cash provided by operating activities	5,789,670	4,668,680
Capital activities		
Acquisition of capital assets	(24,951)	(23,636)
Cash used in capital activities	(24,951)	(23,636)
Investing activities		
Purchase of long-term investments	(230,504,051)	(145,705,306)
Sale of long-term investments	197,501,672	112,190,423
Maturity of long-term investments	14,806,000	15,324,000
Cash used in investing activities	(18,196,379)	(18,190,883)
Financing activities		
Principal payment under capital leases	(20,206)	(22,451)
Cash used in financing activities	(20,206)	(22,451)
Net decrease in cash during the year	(12,451,866)	(13,568,290)
Cash and cash equivalents, beginning of year	27,507,253	41,075,543
Cash and cash equivalents, end of year	15,055,387	27,507,253

See accompanying notes

Notes to financial statements

DECEMBER 31, 2020

1. NATURE OF OPERATIONS

The First Nations Market Housing Fund [the "Fund"] was established on March 31, 2008 through an Indenture of Trust in the Province of Ontario. The purpose of the Fund is to facilitate the availability of financing for, and the accessible supply of, market-based housing in First Nations communities. The Fund also helps to create the capacity in First Nations communities to become self-sufficient in developing and sustaining market-based housing, thereby contributing to the social welfare and civic improvement of First Nations communities and their residents. An over-arching goal is to move to a system that provides to First Nations residents the same housing opportunities and responsibilities in their communities as other Canadians. The Fund operates on a not-for-profit basis. The beneficiary of the Fund is Her Majesty the Queen in right of Canada.

The Fund's vision statement is that "Every First Nation family has the opportunity to have a home on their own land in a strong community".

On April 28, 2008, the Fund entered into the following agreement with Canada Mortgage and Housing Corporation ["CMHC"]:

- A Funding Agreement which sets out the terms and conditions for the transfer and use of a \$300 million contribution from CMHC on behalf of the Government of Canada to the Fund. This agreement provides additional direction of the Fund's not-for-profit activities, reporting obligations, permitted use of funding and duties of Trustees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with the Public Sector ["PS"] Accounting Handbook including the use of the standards for government not-for-profit organizations that include sections PS 4200 to PS 4270,

which constitutes generally accepted accounting principles for government not-for-profit organizations in Canada ["GAAP"]. The significant accounting policies used in the preparation of these financial statements are summarized as follows:

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transaction costs. Financial instruments are subsequently measured at cost or amortized cost using the effective interest rate method. Included in financial assets are cash and cash equivalents, restricted cash, accounts receivable, accrued interest receivable, and long-term investments. Included in financial liabilities are accounts payable and accrued liabilities, and capital lease obligations.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and short-term, highly liquid investments that are readily convertible to known amounts of cash subject to an insignificant risk of changes in value. These funds are expected to be used in operations and normally mature within three months or less from the date of acquisition.

Cash equivalents must be rated by at least two rating agencies as outlined in the table below. If an issuer has no long-term rating, one short-term rating is required for investments with a term of less than one year. In instances where the rating agencies' opinions differ, the lower of the two highest ratings available shall be used for the purpose of determining an instrument's eligibility for investment. The fair value of cash equivalents is disclosed in note 3.

Investment	Minimum rating criteria – Term less than 365 days		
	Moody's	S&P	DBRS
Canadian Governments and their Crown Agents	P-1(A) / A3	A-1(low) / A	R-1(low) / A(low)
All other investments	P-1 / Aa3	A-1 / AA-	R-1(mid) / AA(low)

LONG-TERM INVESTMENTS

Long-term investments comprise cash and fixed income investments held for investing purposes. Transaction date accounting is used to record the purchase and sale of long-term investments. Premiums and discounts are amortized to income using the effective interest rate method over the period to maturity. Gains and losses on disposal and impairments are recorded in income in the period incurred.

Long-term investments must be rated by at least two rating agencies as outlined in the table below. In instances where the rating agencies' opinions differ, the lower of the two highest ratings available shall be used for the purpose of determining an instrument's eligibility for investment. The fair value of long-term investments is disclosed in note 5.

Investment	Minimum rating criteria – Term greater than one year		
	Moody's	S&P	DBRS
Canadian Governments and their Crown Agents	A3	A-	A(low)
All other investments	Baa3	BBB-	BBB(low)

CAPITAL ASSETS

Capital assets comprise furniture and equipment, leasehold improvements made to the Fund's office space, and intangible properties such as software and licenses. Capital assets are recorded at acquisition cost. Depreciation of furniture and equipment is provided on a declining balance basis over the assets' estimated useful life at a rate of 20%. Depreciation of leasehold improvements is provided on a straight-line basis over the term of the lease, which is six years. Intangible properties are expected to be in use in perpetuity and as such are not amortized.

Included in furniture and equipment are computer equipment under capital leases. In case of assets under capital leases, expected useful lives are determined by reference to comparable owned assets or over the lease term, if shorter.

REVENUE RECOGNITION

The Fund follows the deferral method of accounting for contributions. Initial contribution and subsequent investment income are deferred and recognized as revenue in the period in which the related expenses are recognized.

LEASES

The Fund classifies leases as operating or capital based on the substance of the transaction at inception of the lease.

An operating lease is a lease in which a significant portion of the risks and rewards of ownership is retained by the lessor. Payments under an operating lease are recognized as an expense on a straight-line basis over the period of the lease. Associated costs, such as maintenance and insurance, are expensed as incurred.

Leases in which substantially all the risks and rewards of ownership are transferred to the lessee are classified as capital leases. Assets meeting capital lease criteria are capitalized at the lower of the present value of the related lease payments plus incidental payments or the fair value of the leased asset at the inception of the lease. Minimum lease payments are apportioned between the finance cost and the liability. The finance charge is recognized in income within administrative expenses and is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

DEFERRED LEASE INDUCEMENT

Deferred lease inducement comprises the unamortized portion of the reimbursement of costs incurred by the Fund on leasehold improvements as part of the lease extension agreement. Lease inducements are an inseparable part of the lease agreement, and accordingly, are accounted for as reductions of the lease expense over the term of the lease, which is six years.

CREDIT ENHANCEMENT GUARANTEES

Under its Credit Enhancement Facility, the Fund provides guarantees to third-party lenders and insurers that repayment of financing arranged for housing in qualified First Nations communities will be honored up to the limit of the agreed upon Credit Enhancement in the event that a First Nation fails to fulfill its responsibility for the repayment of a loan default. The Fund's accumulated Credit Enhancement coverage cannot exceed the net worth of the Fund, with the Fund defining net worth as the difference between what the Fund owns and what it owes. As long as the Fund remains a going concern, the deferred contribution is not considered an amount owing by the Fund.

The Fund's credit enhancement guarantees are considered to be loan guarantees and as such are accounted for and reported as contingent liabilities. A provision for losses on credit enhancement guarantees is made when it is determined that a loss is likely, and is accounted for as a liability in the statement of financial position and in the statement of operations as an expense. The Fund's provision for losses on credit enhancement guarantees is formula-driven, which for each loan in arrears, is based on the amount in arrears, the number of days it is in arrears and the financial strength of the First Nation that is guaranteeing the loan. The formula is reviewed on an annual basis. Any change in the liability relating to the provision for losses is recorded in the statement of operations.

INCOME TAXES

The Fund is accounted for as an entity that, pursuant to section 149 of the Income Tax Act (Canada) [the "Act"], is not subject to income taxes.

MEASUREMENT UNCERTAINTY

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the year. Items requiring the use of significant estimates include the credit enhancement guarantee liability as well as commitments and contingent liabilities.

Estimates are based on the best information available at the time of financial statement preparation and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

3. CASH AND CASH EQUIVALENTS

The following table shows the composition of cash and cash equivalents:

	2020	2019
	\$	\$
Cash	1,234,976	600,614
Banker's acceptances	3,198,112	26,906,639
Government of Canada treasury bills	10,622,299	—
	15,055,387	27,507,253

As at December 31, 2020, the fair value of the Fund's investments in banker's acceptances and Government of Canada treasury bills was \$13,820,411 [2019 – \$26,906,639]. The fair value of the Fund's cash equivalents is determined by reference to published price quotations in an active market.

4. RESTRICTED CASH

The amount recorded as restricted cash of \$196,433 [2019 – \$178,382] is in reference to an escrow account established by the Trustees in 2018. The establishment of this escrow account is a condition of employment arrangements and secures the obligations of the Fund.

5. LONG-TERM INVESTMENTS

The following table shows the contractual maturity structure and average yield for the long-term investments. (Table on pg. 111)

As at December 31, 2020, the fair value of the Fund's long-term investments was \$377,653,671 [2019 – \$344,747,562]. The fair value of the Fund's long-term investments is determined by reference to published price quotations in an active market.

	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	2020	2019
	\$	\$	\$	\$	\$	\$
Banker's acceptances / treasury bills	4,892,517	—	—	—	4,892,517	—
Corporate bonds	1,998,366	24,430,213	24,989,066	59,312,444	110,730,089	106,205,518
Municipal bonds	2,451,145	—	4,878,056	11,302,903	18,632,104	—
Provincial bonds	3,553,527	22,498,281	51,579,202	94,270,886	171,901,896	190,536,600
Government of Canada bonds	—	12,688,060	19,689,084	19,570,485	51,947,629	39,544,800
Total	12,895,555	59,616,554	101,135,408	184,456,718	358,104,235	336,286,918
Yield	1.34%	2.26%	1.99%	2.25%	2.14%	2.92%

6. CAPITAL ASSETS

The following tables show the composition of capital assets:

	Furniture and equipment	Leasehold improvements	Equipment under capital lease	Intangible properties	Total
	\$	\$	\$	\$	\$
2020					
Cost, beginning of year	308,686	408,177	72,638	—	789,501
Additions	8,729	—	—	16,222	24,951
Cost, end of year	317,415	408,177	72,638	16,222	814,452
Accumulated depreciation, beginning of year	200,831	288,427	29,212	—	518,470
Depreciation	22,444	26,622	19,077	—	68,143
Accumulated depreciation, end of year	223,275	315,049	48,289	—	586,613
Net book value	94,140	93,128	24,349	16,222	227,839

	Furniture and equipment	Leasehold improvements	Equipment under capital lease	Intangible properties	Total
	\$	\$	\$	\$	\$
2019					
Cost, beginning of year	285,050	408,177	90,787	—	784,014
Additions	23,636	—	34,044	—	57,680
Disposals	—	—	(52,193)	—	(52,193)
Cost, end of year	308,686	408,177	72,638	—	789,501
Accumulated depreciation, beginning of year	176,822	261,805	57,798	—	496,425
Depreciation	24,009	26,622	23,607	—	74,238
Disposals	—	—	(52,193)	—	(52,193)
Accumulated depreciation, end of year	200,831	288,427	29,212	—	518,470
Net book value	107,855	119,750	43,426	—	271,031



Depreciation expense is included in administrative expenses in the statement of operations. Included in intangibles properties are costs to obtain security information and event management system.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The following table presents the composition of accounts payable and accrued liabilities:

	2020	2019
	\$	\$
CMHC	—	69,593
Other accounts payable and accrued liabilities	1,095,336	1,038,695
	1,095,336	1,108,288

8. DEFERRED LEASE INDUCEMENT

The Fund received \$105,751 in 2018 from the lessor of its office space as reimbursement of a portion of the leasehold improvement costs pursuant to the 2018 lease extension agreement. This amount is deferred and amortized on a straight-line basis as a reduction to rental expenses over the term of the lease, which is six years. Reduction to rental expenses was \$18,773 [2019 – \$18,772].

9. CAPITAL MANAGEMENT

The Fund includes deferred contributions in the definition of capital. As at December 31, 2020, the deferred contributions were \$374,058,089 [2019 – \$364,607,723]. These contributions were primarily invested in long-term investments, with the balance being held in cash and cash equivalents to meet short-term operating requirements.

The Fund's objectives when managing capital are to minimize volatility of expected investment results and cash flows in order to earn sufficient returns so that the Fund can fulfill its objectives, maintain sufficient liquidity to meet business requirements as they arise and to preserve capital.

The deferred contributions comprise the initial contribution of \$300 million from the Funder along with any investment income net of any expenses incurred by the Fund. The Indenture of Trust requires that any income, gains and accretions, after expenses, shall be added to this initial contribution and be devoted exclusively to the objectives of the Fund. The Indenture of Trust also requires that the

Fund's contingent and actual obligations under the credit enhancement facility not exceed the net worth of the Fund, with the Fund defining net worth as the difference between what the Fund owns and what it owes. The Fund is in compliance with these conditions as set out in the Indenture of Trust.

Despite the Fund's efforts to improve the overall yield of the Fund's investment portfolio with the implementation of actively managed bonds including higher yielding corporate bonds, significant reduction in Bank of Canada's interest rates in response to COVID-19 has negatively impacted the Fund's return on investment. Management and Trustees continue to pursue alternative solutions to ensure that the Fund's rate of return does not fall below target.

10. ADMINISTRATIVE EXPENSES

The following table presents the composition of administrative expenses.

	2020	2019
	\$	\$
Professional and technical services [a]	2,464,105	2,437,078
Travel	35,458	260,901
Trustee governance [b]	152,299	340,846
Business premises [c]	275,284	271,993
Computer and telecommunications	150,219	176,511
Other [d]	109,561	238,884
	3,186,926	3,726,213

- [a]** Professional and technical services include the following services: all staff [salaries and fringe benefits], Investment Manager, legal, audit, banking, custodial, insurance, consulting and other miscellaneous services.
- [b]** Trustee governance includes honoraria and travel expenses for up to nine Trustees.
- [c]** Business premises mainly include office rental expenses and utilities.
- [d]** Other expenses mainly include marketing and promotion, depreciation of furniture and equipment, office supplies, postage and courier, contingencies, and Fund development.

The investment management fees and out-of-pocket costs related to CMHC as discussed in note 15 are primarily included within the "Professional and technical services" account listed above.

11. STATEMENT OF CASH FLOWS

The net change in non-cash working capital balances related to operations consists of the following:

	2020	2019
	\$	\$
Increase in restricted cash	(18,051)	(18,525)
Increase in accrued interest receivable	(44,954)	(615,145)
Decrease (increase) in prepaid expenses	9,801	(2,147)
Decrease (increase) in accounts receivable	2,403	(2,411)
Decrease in accounts payable and accrued liabilities	(12,952)	(166,001)
	(63,753)	(804,229)

12. CAPACITY DEVELOPMENT

The maximum amount available for capacity development in any given year shall not exceed 50% of the preceding period's net income. For purposes of determining the amount of capacity development available, the Fund defines net income as investment and other income less any expenses incurred during the year. Any unexpended amounts at the end of the year can be carried forward to be spent in subsequent years.

Changes in funds available for capacity development are as follows:

	2020	2019
	\$	\$
Balance, beginning of year	6,076,991	6,228,126
Add		
Allocations during the year [50% of prior year's net income]	2,909,479	1,882,938
	8,986,470	8,111,064
Less		
Funds expensed towards capacity development	1,276,015	2,034,073
Balance, end of year, before additional allocation	7,710,455	6,076,991
Add		
Allocations for subsequent year [50% of current year's net income]	4,725,183	2,909,479
Balance, available in subsequent year	12,435,638	8,986,470

13. COMMITMENTS AND CONTINGENT LIABILITIES COMMITMENTS

The Fund leases office premises and certain computer equipment under long-term operating leases expiring up to July 31, 2024. Future minimum annual lease payments for the office premises over the next five years are as follows [see note 14 for computer equipment lease commitments]:

	\$
2021	108,400
2022	109,857
2023	111,897
2024	65,273
	395,427

On April 28, 2008, the Fund entered into a five-year Management Agreement with CMHC. The term of the Management Agreement was extended by agreement to March 31, 2015. No further extension of the term of the Management Agreement has been entered into. CMHC, however, continued to provide selected management services to the Fund. Pursuant to the arrangement with CMHC up until June 30, 2020, the Fund reimbursed the CMHC for all reasonable actual direct, indirect and overhead costs it incurred. These costs include investment manager fees and other related out-of-pocket costs incurred by CMHC on behalf of the Fund. On July 1, 2020, the Fund retained new investment managers following CMHC's resignation as investment manager. The new investment managers are compensated monthly based on the market value of the Fund's investments.

As at December 31, 2020, the Fund had entered into contracts with suppliers to provide capacity development services. The work performed by these suppliers to December 31, 2020 but not yet paid by the Fund of \$209,846 [2019 – \$309,687] is included in note 7 under "Other accounts payable and accrued liabilities". The balance owing on these contracts for work that was not yet performed as at December 31, 2020 is approximately \$1,514,000 [2019 – \$948,000].

CREDIT ENHANCEMENT GUARANTEE

As at December 31, 2020, the Fund has approved maximum housing loan guarantee credit to First Nation communities of \$992 million [2019 – \$989 million] based on an estimated 6,770 units [2019 – 6,750].

Since its inception, the Fund has provided guarantees on a total of 379 loans [2019 – 314] for 419 units [2019 – 354], including both single and multiunit rental properties, under the Credit Enhancement Facility for a maximum guaranteed amount of \$7,124,826 [2019 – \$5,905,408]. The amortization period of the loans ranges from 6 to 25 years. The First Nations have indemnified the Fund for any amounts that may be paid by the Fund to the lender under the Credit Enhancement Facility. As at December 31, 2020, the maximum guaranteed amount outstanding was \$6,251,405 [2019 – \$5,103,748].

An estimate of the Fund's liability on the guaranteed amount of \$6,251,405 in place at December 31, 2020 [2019 – \$5,103,748] is \$111,452 [2019 – \$136,827]. The Fund has no history of any claims paid to lenders at this point. As at December 31, 2020, there were 18 loans in arrears [2019 – 19 loans]. The outstanding amounts of loans in arrears total \$2,610,442 [2019 – \$2,625,433] and range from 15 to 651 days in arrears [2019 – 4 to 540 days]. Of the total outstanding loans in arrears, seven [2019 – four] loans for a total of \$846,248 [2019 – \$420,255] were in arrears for more than 121 days. As the liability established at the end of 2019 was \$136,827, which is less than the estimated liability at the end of 2020 of \$111,452, the difference of \$25,375 was recovered in 2020 [2019 – recovery of \$107,141] in the statement of operations with a corresponding decrease to the liability account in the 2020 statement of financial position.

INCOME TAXES

The Fund had discussions with the Rulings Directorate ["CRA Rulings"] of the Canada Revenue Agency ["CRA"] about its non-taxable status. At the conclusion of the most recent round of discussions in 2009, CRA Rulings was not prepared to support the Fund's position that it is non-taxable pursuant to subsection 149(1) of the Act.

The Fund has filed T3 Trust Income Tax and Information Returns showing nil taxable income for each of 2008 – 2019. Trust Notices of Assessment and Reassessment ["Notices"] were received from the CRA indicating that the assessed taxable income and taxes payable were nil for each of these 12 years. The Notices indicate that the CRA can reassess the return at any time within three years of the date of the Notices if it finds an error during a review or audit of the return. The three-year time periods on the Notices for the years 2008 – 2016 have now expired. The 2017 Notice was dated July 25, 2018, the 2018 Notice was dated May 23, 2019, and the 2019 Notice was dated July 8, 2020.

The Fund plans to pursue all available avenues to support its position with the CRA, and the courts, if necessary, to ultimately determine that the Fund is exempt from Part I tax under the Act. Should it ultimately be determined that the Fund is subject to income tax, any income taxes owing since 2017 by the Fund would be approximately \$4,336,000 [2019 – \$4,257,000].

14. CAPITAL LEASE OBLIGATIONS

The Fund leases certain computer and office equipment under long-term leases, which have been capitalized. The Fund leases printers on a five-year term, which will end on August 2021. The Fund also leases personal computers on a three-year term, which will end on November 2022. Future minimum annual lease payments over the next three years are as follows:

	\$
2021	16,733
2022	11,056
Total minimum lease payments	27,789
Less amounts representing interest	1,024
Present value of net minimum capital lease payments	26,765

Total interest on leases for the year was \$1,977 [2019 – \$1,765].

15. RELATED PARTY TRANSACTIONS

The Fund is related to the Government of Canada through the Funding Agreement, which provided the \$300 million contribution by CMHC in 2008 as agent of and on behalf of the Government of Canada. The net equity of the Fund is consolidated annually with the financial results of the Government of Canada in the Public Accounts.

The Fund is related to the CMHC Minister, formerly, through the Management Agreement, which was required to be approved by the CMHC Minister pursuant to Section 16.1 of the Indenture of Trust.

The Fund is also related to CMHC through the Funding arrangement. All payments to CMHC are made in the normal course of business, measured at the exchange amount and are made in accordance with the terms of the Funding arrangement.

In 2020, the Fund purchased \$154,483 [2019 – \$156,404] from CMHC related to various 2020 management fees and reimbursed CMHC for \$77,560 [2019 – \$9,921] in out-of-pocket costs. As at December 31, 2020, the Fund did not have any amounts owing to CMHC [2019 – \$69,593].

16. FINANCIAL INSTRUMENTS – RISKS AND UNCERTAINTIES MARKET RISK

Market risk is the risk of adverse financial impact arising from changes in underlying market factors, including interest rate risk and credit risk.

INTEREST RATE RISK

Interest rate risk relates to the impact of interest rate changes on the Fund's cash flow and financial position. The risk arises from differences in the timing and amount of cash flows related to the Fund's financial assets and liabilities.

The Fund limits its exposure to interest rate risk through its diversification strategy and asset allocation within its fixed income portfolio, which is actively managed.

CREDIT RISK

Credit risk is the risk of loss arising from counterparty's inability to fulfill its contractual obligations. Credit risk includes the risk of default, and encompasses both the probability of loss and the probable size of the loss, net of recoveries and collateral, over time.

The Fund's maximum exposure to credit risk is the fair value of its investments and various accounts receivable as well as Fund's guarantee of loans under the Credit Enhancement Facility. It is management's opinion that the Fund is not exposed to significant credit risks arising from these financial instruments. The Fund's credit risk associated with investments is managed through the implementation of policies, which includes limits to the permitted investments and minimum credit ratings. These credit ratings are described in note 2. As at December 31, 2020, virtually all investments held by the Fund were issued by the Government of Canada, a province, a municipality, a national bank, or a Canadian corporation.

The Fund's credit risk associated with guarantee of loans under the Credit Enhancement Facility is mitigated through annual reviews of First Nations communities' financial strength and ongoing communication with community

leaders to ensure that the First Nations communities continue to be in compliance with terms and conditions of Credit Enhancement Facility agreements.

LIQUIDITY RISK

Liquidity risk is the risk that the Fund would have insufficient cash flows to meet its obligations associated with financial liabilities.

The Fund has a cash flow planning process in place to ensure sufficient resources meet current and projected cash requirements. Liquidity sources include cash and cash equivalents, accounts receivable, investment income and the sale and maturity of long-term investments.

17. COVID-19

The outbreak of COVID-19 has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to business globally, resulting in an economic shutdown. As a result, the Fund experienced a significant reduction in travel expenses, capacity development expenses, and a decrease in yield to maturity of its investments. The duration of the impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank monetary and fiscal interventions designed to stabilize economic conditions. Should unfavourable economic conditions continue, the Fund may see an increase in the potential for payout of the credit enhancement guarantees; however, at this point, it is not possible to reliably estimate the length and severity of these developments, nor the impact on the financial position and financial results of the Fund.

GOVERNANCE

The Fund was established through an Indenture of Trust on March 26, 2008 between CMHC and the Trustees. The governance, management, and operations of the Fund are in accordance with the terms and conditions of the Fund's enabling documents. These documents include an Indenture of Trust and a Funding Agreement with CMHC. The documents were designed to protect both the Fund's federal funding and the parameters put in place for the administration of the funding over the long term. The Fund received a one-time contribution of \$300 million from the Government of Canada. Interest earned from investing the contribution is used to pay for the Fund's administration costs and its Capacity Development Program. The Fund is self-sustaining through the investment of the Government of Canada's capital contribution and the reinvestment of a portion of its revenues.

Nine Trustees drawn from the First Nations community, the Government of Canada community, and the private-sector financial community provide oversight to the Fund. The Minister for CMHC appoints six Trustees and the Minister for ISC appoints three Trustees.

During 2019, three new Trustees were appointed by the Minister for ISC and brought on board following the federal election in October 2019. The six founding Trustees remained in place with all terms having reached their end. In 2020, five new Trustees in addition to the former Chairperson, were appointed by the Minister for CMHC and onboarded on July 2, 2020. All nine Trustees are First Nations citizens; a commitment the former Board of Trustees secured with the government of Canada prior to the initiation of the Notice of Opportunity for new Trustees. To facilitate a smooth transition to the new Board, the former Trustees participated in one Board meeting and the strategic planning session following their resignations. The Trustees are responsible for meeting the Fund's objectives and ensuring prudent investment and safeguarding of assets, financial accountability, and regular reporting of results. To support the Trustees in

their responsibilities, five Board Committees have been established: Audit Committee; Investment Committee; Governance Committee; Operations Committee; and Human Resources Committee. Mandates and responsibilities for each Committee were updated by the former Board of Trustees prior to the onboarding of the initial three new Trustees in 2019. Following the onboarding of the additional Trustees in July 2020, the new membership of the Audit and Investment Committees were formed. This ensured a timely oversight of the Fund's finances and the smooth transition to new investment management. The membership of the remaining Committees was established at the end of 2020. This provided the new Trustees with the opportunity to first become immersed in all aspects of the Fund's governance as a Board, prior to focussing their efforts on individual Committee duties.

The Trustees typically meet face-to-face four times a year to review regular business and once per year for strategic planning purposes. Any additional meetings are held via conference call. Due to the COVID-19 related travel restrictions, the Trustees met face-to-face at the Fund's Ottawa office only once in 2020. All other meetings were conducted virtually via video conference. Committee meetings in 2020 were conducted by conference call or virtually via video conference.



Information is provided below regarding Trustee and Committee meetings in 2020:

Meetings	Number of Members	Number of Planned Meetings	Number of Actual Meetings
Trustee	9	7	9
Audit Committee	4	4	5
Investment Committee	3	5	6
Human Resources Committee	4	2	1
Operations Committee	4	8	3
Governance Committee	4	8	6

**Meetings are held face-to-face or via video conference call.*

Actual expenses incurred during the year for Trustee governance are as follows:

Expense	2020 (\$)
Honoraria	\$112,238
Travel	\$24,045
Total	\$136,283

A Management Agreement between CMHC and the Fund described the services CMHC agreed to provide with respect to the management of the Fund. The initial term of the Management Agreement was for five years. The term of the Management Agreement was extended by agreement to March 31, 2015. No further extension of the term of the Management Agreement has been entered into. Over the years, the functions performed by CMHC curtailed to the point where functions provided by CMHC related to investment management and control over certain financial authorities. On June 6, 2019, CMHC notified the Fund that it would not be able to continue managing the Fund's investment portfolio and that the Trustees should explore new management arrangements. The Fund retained new investment managers effective July 1, 2020. CMHC's role as manager is now likely entirely defunct. The Trustees will take steps in 2021 to formalize this reality.



BOARD OF TRUSTEES

In 2020, the Fund welcomed a full complement of nine Trustees as set out in the Indenture of Trust. Three new Trustees had joined the Board in October 2019. Five more Trustees were onboarded effective July 2, 2020 to join the reappointed founding Trustee, John Beaucage.



LYDIA HWITSUM,

JD (B.C.)
(Chairperson)

Ms. Hwitsum is a citizen of the Cowichan Nation, which gives her deep connection and understanding of the importance of Indigenous nationhood. She served as elected Chief of Cowichan Tribes for eight years (1997-2001 and 2007-11). Ms. Hwitsum has worked and advocated locally, nationally, and internationally at the United Nations Permanent Forum on the Rights of Indigenous Peoples and at the Organization of American States Inter-American Commission on Human Rights.



PETER DINSDALE,

MA, ICD.D
(Ontario)
(Vice-Chairperson)

Mr. Dinsdale is a citizen of the Curve Lake First Nation. He is a strategic thinker and action-oriented Executive who strives to improve the world around him. In June 2016, Mr. Dinsdale became the President and Chief Executive Officer of YMCA Canada where he is working to create the Canada We Want through the YMCA We Need. Prior to joining YMCA Canada, Mr. Dinsdale led the Assembly of First Nations as the Chief Executive Officer. Peter also spent seven years as Executive Director of the National Association of Friendship Centers. In 2018 Peter received the Order of Ontario and in 2019 he received an Inspire Award for his work in Public Service.



JOHN BEAUCAGE,

BA, D.Litt.
(Ontario)

In March of 2008, Mr. Beaucage was appointed the first Chairperson of the First Nations Market Housing Fund and served over 12 years in that capacity. He was elected as Grand Council Chief of the Union of Ontario Indians from 2004 to 2009, to serve the 42-member First Nations of the Anishinabek Nation. Prior to 2004, Mr. Beaucage served for eight years as the Chief of Wasauksing First Nation. Mr. Beaucage played an instrumental role in the creation of the 2005 Kelowna Accord.



KATHLEEN BLUESKY,

MBA
(Manitoba)

Ms. BlueSky is a Nehetho-Anishinabe Iskwew from Nisichawayasihk Cree Nation who has worked over 20 years in the Indigenous government sector with a focus on consultation, engagement, and community development. She has spent much of her career working with the Assembly of Manitoba Chiefs and Nanaandawewigamig. Ms. BlueSky is currently the CEO of her own company, Seven Feathers Consulting, which focuses on empowering First Nation self-determination and strategic business development.



STACY MCNEIL,

MBA, CAPA (B.C.)
(Vice-Chairperson)

Ms. McNeil is a citizen of Seabird Island Band. She has worked for 10 years to support First Nations communities through capacity development and mentorship related to First Nation housing – including, Lands Governance Director, Director of Public Works and Housing and housing consultant. She has worked with 60 BC communities on housing related matters. She is a director with the Housing and Infrastructure Council in BC.



CHIEF SIDNEY PETERS,

(Nova Scotia)

Chief Sidney Peters was first elected as Chief of Glooscap First Nation in 2012. Chief Peters has worked predominately in Indigenous housing with various organizations including Canada Mortgage and Housing Corporation (CMHC); the Native Council of Nova Scotia; and the Confederacy of Mainland Mi'kmaq (CMM) as the Manager of Lands, Environment, and Natural Resources.



MICHAEL RICE,

MBA
(Quebec)

Mr. Rice was born and raised in Kahnawake and is a Kanien'keha:ka (Mohawk) of the Bear Clan. He is founder and past manager of the Caisse Populaire Kahnawake, the largest Indigenous credit union in North America. He has worked over 35 years as an access to capital and institutional development specialist in the areas of housing, commercial, developmental business, venture capital and infrastructure financing and is currently self-employed operating under the name of ATC Innovators.



JEAN VINCENT,

MSC, FCPA, FCA, CAFM (Quebec)

Mr. Vincent is President and CEO of the Aboriginal Commercial Credit Corporation (SOCCA). The corporation provides commercial financing to Aboriginal start-up or expanding businesses. Mr. Vincent is also President and CEO of the Aboriginal Savings Corporation of Canada (ABSCAN). The corporation provides Aboriginal people with savings products and loans in the real estate, institutional and commercial sectors. Mr. Vincent was Vice-Grand Chief of the Huron-Wendat Nation from 2008 to 2018.



ERROL WILSON,

MBA, ICD.D (Alberta)

Mr. Wilson is Cree-Ojibway from the Peguis First Nation in Manitoba. He has corporate leadership experience including First Nations clients' capacity building and sustainable entrepreneur development.

The Fund wishes to thank the six former Board of Trustees – John Beaucage, Chairperson, Ruth Williams, Vice-Chairperson, Maurice Biron, Eric Menicoche, Jim Prodger, and Gail Shawbonquit - for their tireless dedication and commitment to the establishment and work of the Fund since 2008. Their efforts culminated in the recognition of the Fund as a trusted partner and First Nations organization committed to working with each First Nation partner at their own pace to establish a sustainable market-based housing system. Their work contributed to creating opportunities for citizens to create wealth and build, buy, or renovate a home of their choice in their community with the help of a housing loan backed by the Fund.



The founding Board's work provides a game changing platform for our people to own a home in their community. The new Board is thankful for the collective wisdom, hard work, and dedication of the founding Trustees and is committed to building on the Fund's achievements."

- Lydia Hwitsum, JD, Chairperson of the Board of Trustees

The former Board of Trustees celebrated the Fund's 10-year anniversary in 2018.



COMMITTEE MEMBERS

AUDIT COMMITTEE

- Jean Vincent, Chairperson¹
- Stacy McNeil
- Michael Rice¹
- Errol Wilson¹
- Maurice Biron, Chairperson²
- Jim Prodger²
- Eric Menicoche²

INVESTMENT COMMITTEE

- John Beaucage, Chairperson
- Jean Vincent¹
- Errol Wilson¹
- Ruth Williams²

GOVERNANCE COMMITTEE

- Chief Sidney Peters, Chairperson¹
- John Beaucage
- Kathleen BlueSky
- Peter Dinsdale
- Ruth Williams²

OPERATIONS COMMITTEE

- Kathleen BlueSky, Chairperson
- Chief Sidney Peters¹
- Michael Rice¹
- Errol Wilson¹
- John Beaucage
- Ruth Williams²

HUMAN RESOURCES COMMITTEE

- Peter Dinsdale, Chairperson
- Kathleen BlueSky
- Stacy McNeil
- Chief Sidney Peters¹
- Ruth Williams, Chairperson²
- Gail Shawbonquit²

¹ Trustee Term effective July 2 2020

² Trustee Term ended July 2 2020

FUND STAFF

DEBORAH TAYLOR

Executive Director

TRAVIS SEYMOUR

Director, Finance and Administration

RUTH DEATCHER

Director, Programs

JAN EDMISON

Senior Business Analyst / Corporate Secretary

MIKE BRITTON

Senior Financial Analyst

CARL KANJILAL

Senior Financial Analyst

TAE KIM

Senior Financial Analyst

JASON HASKETT

Senior Program Officer

LUCILLE MICHAUD

Senior Program Officer

NANCY PINE

Senior Program Officer

ALMAZ KIFLEYESUS

Analyst

TRACY TARNOWSKI

Advisor Business Processes

CRYSTAL GARROW

Administrator

REBECCA DEATCHER

Junior Analyst



OUR LENDING PARTNERS

NATIONAL



SASKATCHEWAN



ONTARIO



BRITISH COLUMBIA



HOW THE FUND WORKS

THE FIRST NATIONS MARKET HOUSING FUND IS A SELF-SUSTAINING INDEPENDENT AND NOT-FOR-PROFIT TRUST WITH TWO CLEAR GOALS:

1. To facilitate the availability of private-sector financing for First Nations while helping to ensure an accessible supply of market-based housing in First Nations communities; and
2. To increase the capacity of First Nations seeking to expand or develop market-based housing. The Fund builds on the successes of innovative communities. It is strictly optional. It does not replace any existing programs. Instead, the Fund works in tandem with existing programs to expand market housing on reserve.

WHAT IS MARKET-BASED HOUSING?

Market-based housing is a broad term that encompasses private homeownership, rentals, and rent-to-own housing. Simply put, it means the owners and occupants pay for the cost of their housing either through rental or loan payments. Market-based housing gives First Nations a powerful means to invest in their communities, and it gives First Nation families the ability to invest in their futures by building personal wealth in their homes. It also contributes to the sustainability of existing programs by providing another option and allowing funds to be targeted to where they are needed most.

HOW DOES THE FUND ACCOMPLISH THIS?

The Fund qualifies a First Nation and provides partial financial backing to approved lenders for housing loan guarantees made by the First Nation to financial institutions. The First Nation then uses this backing to negotiate an arrangement with an approved lender or lenders so their members can

apply directly to the lender(s) for financing. The financing will help build, buy, or renovate a home on reserve or settlement lands where appropriate, to either own or rent. Due to the communal nature of the land, the First Nation needs to guarantee the housing loans of its members.

If a borrower defaults on an eligible loan, the lender will seek compensation from the First Nation. Should the First Nation not honour its obligation as guarantor, the lender will be able to turn to the Fund for compensation up to the amount of Credit Enhancement accumulated by the lender for loans made in the community. The Fund itself does not provide loans.

THE FUND:

SUPPORTS ARRANGEMENTS BETWEEN FIRST NATIONS AND LENDERS

The Fund has created an alternative form of security for housing loans made on reserve or settlement lands which will attract lenders and give First Nations leverage to negotiate more favourable interest rates, risk-sharing agreements, reduced program access fees, and administrative arrangements. In this way, people on reserve will have the same housing choices and opportunities as people in non-First Nations communities.

RESPECTS THE COMMUNAL NATURE OF RESERVE LAND

Off reserve, lenders take land as security in exchange for housing loans. On reserve, land is held by the Crown for the benefit of the First Nations' members, therefore it is often considered communal. Because lenders cannot use communal land as security, this has made it more difficult for First Nations members to obtain housing loans in their

communities. The backing provided by the First Nations Market Housing Fund, in conjunction with First Nation guarantees, attracts lenders by offsetting the security issue while preserving the communal nature of reserve land.

INCREASES THE CAPACITY OF FIRST NATIONS

The Fund has established a Capacity Development Program which provides support for First Nation communities that meet or are close to meeting the Fund's criteria for the Credit Enhancement but have areas which could be strengthened or improved. Funding for capacity development supports the provision of training, advice and coaching which focuses on improving market-based housing capacity for qualified First Nations and members of these communities.

ACCESS CRITERIA

Access criteria are based on principles, not rules. The criteria are separated into three pillars:

- Financial Management;
- Good Governance; and
- Community Commitment (and Evidence of Demand for Market-Based Housing).

First Nations choose how best to satisfy each principle by demonstrating their own strengths in each of the pillars.



GLOSSARY OF TERMS

LEASE INDUCEMENT

The negotiation of lease agreements sometimes includes incentives, or inducements, offered by the landlord which encourages the party leasing the property (lessee) to sign the lease. These incentives may include an up-front cash payment to the lessee, a rent-free period, or a contribution to certain lessee costs such as leasehold improvements/office fit-up costs.

EFFECTIVE INTEREST RATE METHOD

A method for systematically moving bond discounts or premiums from the statement of financial position to interest income over the life of the investment.

DEFERRAL METHOD

Under the deferral method of accounting for contributions, restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred.

FAIR VALUE

Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties under normal conditions.

LIST OF ACRONYMS

FNMHF ("THE FUND")

First Nations Market Housing Fund

AFOA

Aboriginal Financial Officers Association

INAC

Indigenous and Northern Affairs Canada

ISC

Indigenous Services Canada

CMHC

Canada Mortgage and Housing Corporation

AANDC

Aboriginal Affairs and Northern Development Canada

AFN

Assembly of First Nations

CANDO

Council for the Advancement of Native Development Officers

FNPSS

First Nations Public Service Secretariat

NACCA

National Aboriginal Capital Corporations As

CONTACT US



FIRST NATIONS MARKET HOUSING FUND

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