

FNMHF

FIRST NATIONS MARKET HOUSING FUND

Towards Ownership

2025 Annual Report





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.

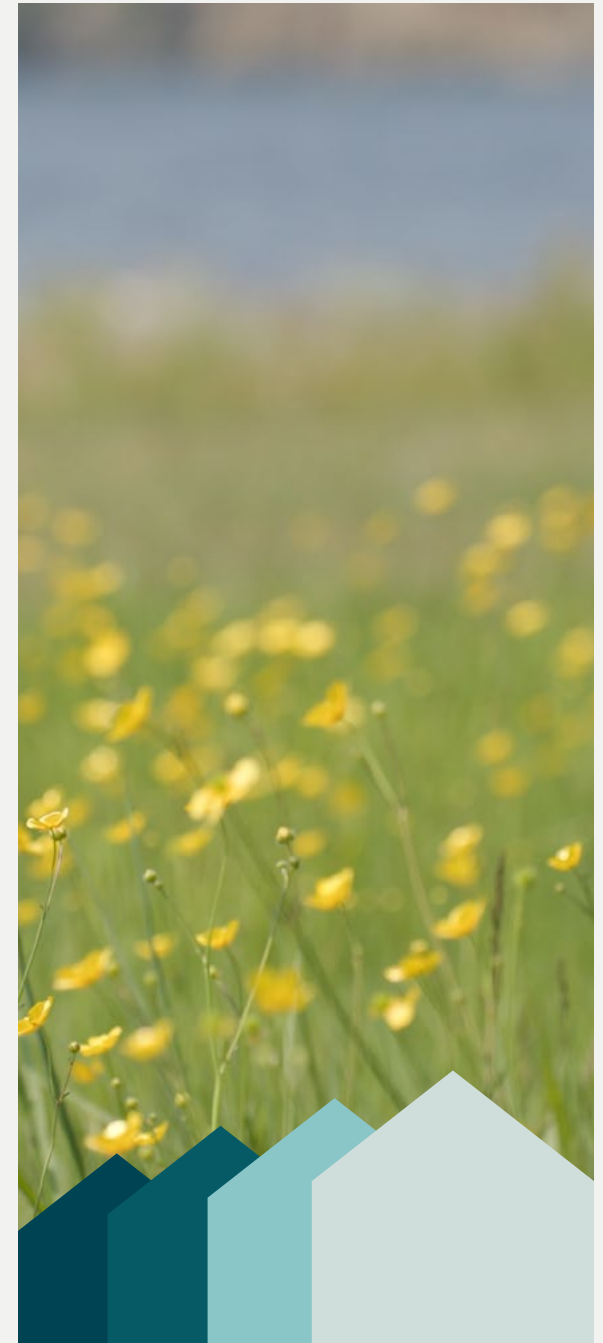
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Overview



Mandate

The Fund's mandate is to facilitate access to financing for loan-based housing in First Nations communities.



Mission

The mission of FNMHF is to Empower First Nations through Indigenous-led Home Ownership Solutions.



Vision

We are dedicated to strengthening First Nations' housing capacity and advancing on-reserve homeownership.

Our vision is:

**First Nations Prosperity
through Homeownership.**



Values

Our approach respects and integrates the unique traditional values and governance structures of each community we serve. The values of the Fund are inspired by the seven sacred teachings:

- Love
- Humility
- Respect
- Courage
- Honesty
- Wisdom
- Truth

Our First Nations Clients

North

- Carcross/Tagish
- Champagne and Aishihik
- Kwanlin Dūn
- Teslin Tlingit Council
- Tr'ondëk Hwëch'in
- Vuntut Gwitchin

British Columbia

- Adams Lake Indian Band
- ʔačám
- Coldwater Indian Band
- Cook's Ferry Indian Band
- Cowichan Tribes
- Esk'etemc FN
- Gwa'Sala-Nakwaxda'xw FN
- Haisla Nation
- Halalt FN
- Heiltsuk Tribal Council
- Hupacasath FN
- K'ómoks FN
- Katzie FN
- Kispiox Band Council
- Kwantlen FN
- Kwikwetlem FN
- Leq'á:Mél FN
- Lil'wat Nation
- Lower Nicola Indian Band
- Lower Similkameen
- Lytton FN
- Malahat FN
- McLeod Lake Indian Band
- Namgis FN

- Nanoose FN
- Neskonlith FN
- Nooaitch Indian Band
- Nuxalk Nation
- Okanagan Indian Band
- Old Masset Village Council
- Penelakut Tribe
- Penticton Indian Band
- Quatsino FN
- Saulteau FN
- Seabird Island Band
- shíshálh
- Simpcw FN
- Siska Indian Band
- Skeetchestn Indian Band
- Skidegate Band Council
- Skowkale FN
- Skwah FN
- Skwlāx te Secwepemcúl ecw
- Spuzzum FN
- Squiala FN
- Sts'ailes Band
- Stswecem'c Xgat'tem FN
- Sumas FN
- T'it'q'et
- Tk'emlúps te Secwépemc
- Tla-o-qui-aht FN
- Tobacco Plains
- Tsal'alh Band
- Tsartlip FN
- Tsawout FN
- Tsawwassen FN
- Tseshaht FN

- Ts'uubaa-asatx
- Uclelet FN
- Upper Nicola Band
- Wet'suwet'en FN
- Witset FN

Alberta

- Fort McKay FN
- Peerless Trout FN
- Siksika Nation

Saskatchewan

- Flying Dust FN
- Lac La Ronge Indian Band
- Onion Lake Cree Nation

Manitoba

- Fisher River Cree Nation
- Long Plain FN
- Norway House Cree Nation

Ontario

- Alderville FN
- Algonquins of Pikwakanagan FN
- Atikameksheng Anishnawbek
- Aundeck Omni Kaning
- Batchewana FN
- Beausoleil FN
- Biigtigong Nishnaabeg
- Bingwi Neyaashi Anishinaabek
- Chappleau Cree FN
- Chippewas of Georgina Island FN

- Chippewas of Nawash Unceded FN
- Chippewas of the Thames
- Constance Lake FN
- Couchiching FN
- Curve Lake FN
- Garden River FN
- Henvey Inlet FN
- Hiawatha FN
- Iskatewizaagegan #39 Independent FN

- Lac Seul FN
- M'Chigeeng FN
- Mattagami FN
- Mississauga FN
- Mississaugas of the New Credit FN
- Mohawk Council of Akwesasne
- Mohawks of the Bay of Quinte
- Moose Cree FN
- Nipissing FN
- Oneida Nation of the Thames
- Sagamok Anishnawbek
- Saugeen FN
- Serpent River FN
- Sheshegwaning FN
- Temagami FN
- Wahgoshig FN
- Wahnapiatae FN
- Wahta Mohawks
- Wasauksing FN
- Whitefish River FN


- Wiikwemikoong Unceded Indian Reserve

Quebec

- Cree First Nation of Waswanipi
- Cree Nation of Chisasibi
- Cree Nation of Eastmain
- Cree Nation of Mistissini
- Cree Nation of Wemindji
- Mohawk Council of Kahnawà:ke

Atlantic

- Eskasoni FN
- Lennox Island FN
- Membertou
- Miawpukek FN
- We'koqma'q FN



For many years, the Fund has served an important purpose by supporting access to homeownership in First Nations communities and helping create the conditions for long-term housing capacity. Homeownership is about far more than financing.

Message from the Chairperson of the Trustees



It is an honour to write this message as the newly appointed Chairperson of the Board of Trustees of the First Nations Market Housing Fund.

I step into this role at an important time in the Fund's history. The organization has reached a point of maturity where we are not only carrying out the original mandate entrusted to us, but also preparing for the larger responsibility ahead: helping shape a future in which First Nations have greater authority, control, and stewardship over the systems, tools, and institutions that support our housing success. This is Nation-building work.

For many years, the Fund has served an important purpose by supporting access to homeownership in First Nations communities and helping create the conditions for long-term housing capacity. Homeownership is about far more than financing. It is about restoring choice, strengthening responsibility, creating family stability, and building intergenerational wealth within our Nations.

It helps move us away from a mindset shaped by scarcity and dependency toward one grounded in ownership and pride.

As Trustees, we recognize that housing is one of the clearest expressions of self-determination. When First Nations design and implement housing solutions that reflect our own realities, priorities, and visions for the future, we not only create homes but also stronger governance, confidence, and community well-being. We strengthen our people's ability to see themselves not only as recipients of housing programs, but as homeowners, builders of equity, and contributors to a stronger future for the next generation.

In 2025, the Board remained focused on the broader strategic path ahead. We concentrated on the governance, reform, and transition work needed to help position the Fund for its next chapter.

This included supporting the ongoing work toward transfer to First Nations control, advancing governance renewal, strengthening direct accountability to First Nations, and helping create the conditions for a more strategic and responsive path forward. First Nations must increasingly lead the institutions that are intended to serve First Nations.

Message from the Chairperson of the Trustees

The Board also understands that the future of the Fund must be shaped with care and alignment.

Lasting change requires alignment between community vision for homeownership, First Nations political priorities, government readiness, and sound implementation. Our work as Trustees is to ensure the Fund evolves in a way that is principled, credible, practical, and rooted in the long-term interests of First Nations.

We are proud of what the organization has accomplished within its mandate. The Fund has built a credible foundation, earned trust, strengthened systems, and supported meaningful progress in communities across the country. At the same time, we know that the future calls on us to think bigger and act more strategically. The opportunity before us is not only to preserve what has worked, but to build a stronger First Nations-led path forward that reflects where our Nations want to go.

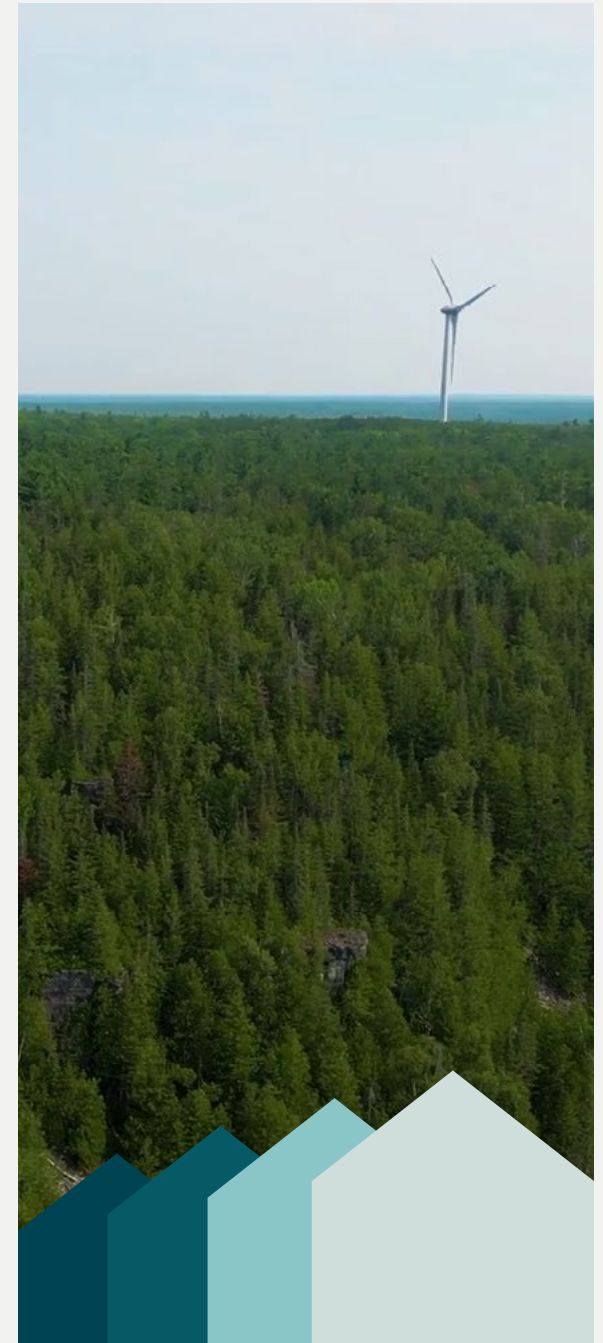
I want to acknowledge Michael Rice for his leadership and service as Chairperson during an important period of reform and preparation from 2022-2025. His contribution helped position the Fund for this next stage. I also want to recognize Tracy Tarnowski for her years of service, dedication, and commitment to the organization.

On behalf of the Board, I extend sincere appreciation to Travis Seymour, CEO, whose message in this report reflects the strength of the work underway, and to all the staff of the First Nations Market Housing Fund for their professionalism, commitment, and belief in this vision.

The work ahead is legacy work. It is about ensuring that future generations inherit stronger institutions, stronger housing pathways, and stronger expressions of First Nations self-determination. I am honoured to serve in this role and to work alongside the Board, management, and staff as we continue to advance this important work together.

**Ekosani, Miigwetch,
Kathleen BlueSky, MBA**

*Nisichawayasihk Cree Nation/
Minegoziibe Anishinabe First Nation*



Message from the Chief Executive Officer



In this Annual Report, I want to acknowledge the tremendous work of our staff, management, and Board of Trustees.

Three years ago, we came together to identify areas where the Fund needed to reform and evolve in order to better serve First Nations and strengthen the organization for the future. Since then, significant progress has been made. We rebranded the Fund, increased awareness of homeownership opportunities, expanded our team across Canada, strengthened alliances with like-minded organizations, increased engagement with First Nations, listened closely to feedback from lenders, and updated our internal policies and processes to improve efficiency.

These efforts reflect a shared commitment to ensuring that the Fund continues to grow as a strong, responsive institution that supports First Nation housing solutions. The progress made over the past several years has helped position the organization to move forward with renewed focus, stronger partnerships, and a clear sense of purpose.

As we reflect on this period of transformation, I would also like to recognize two individuals who played an important role in helping the Fund achieve this work and who are now moving on to new chapters.

In December, we celebrated the retirement of our Corporate Secretary, Tracy Tarnowski. Tracy joined the Fund in 2011 and played a pivotal role in ensuring that staff ideas and perspectives were effectively shared with decision-makers. Her dedication helped strengthen collaboration within the organization and supported many of the improvements we see today. On behalf of the staff and Board of Trustees, I extend our sincere thanks and wish her all the best in her retirement.

We also acknowledged the contributions of our outgoing Chairperson, Michael Rice.

Michael provided steady leadership during a period when the Fund was undertaking important reforms to prepare for its next chapter. As CEO, I had the privilege of working closely with him and benefited greatly from his mentorship and insight. At the same time, I am pleased to welcome our new Chairperson, Kathleen Bluesky, who has served as our Vice Chair since 2022. I look forward to working with Kathleen as we continue guiding the organization through the opportunities ahead.

In 2025, the organization continued to implement important changes while also receiving recognition for its work.



Message from the Chief Executive Officer

In the spring, the Fund was named one of the 2025 National Capital Region's Top Employers by Mediacorp Canada. Later in October, the Fund achieved systems certification for non-profit organizations from the First Nations Financial Management Board. This certification affirms that the Fund meets strong standards for financial performance, management practices, and accountability — an important milestone that reinforces the credibility and integrity of the organization.

The mandate of the Fund is to facilitate on-reserve homeownership for interested and eligible First Nation members. In 2025, we continued to advance this mandate through two primary streams of work.

In the first stream, we continued delivering our legacy programs, Credit Enhancement and Capacity Development, in accordance with the Indenture of Trust and the Funding Agreement. In the second stream, we focused on preparing for the future by advancing the draft business case for the eventual transfer of the Fund to First Nation control and by laying the groundwork for what the organization could become in the years ahead.

Legacy Programs

Much has changed in the housing environment since the Fund was first established in 2008. Today, most of the major banks in Canada offer their own on-reserve housing loan programs, often bypassing the need for the Fund's Credit Enhancement. In addition, there is a growing number of alternative approaches that do not require First Nations to guarantee housing loans for their members, which has traditionally been the basis of the Fund's Credit Enhancement product.

At the same time, experience has shown that the Fund's Credit Enhancement program has often served as a launching pad for First Nations interested in establishing their own homeownership programs. In many cases, this progress has been supported by years of Capacity Development through the Fund's CD program. Similarly, for lenders (such as credit unions) that are new to on-reserve lending, participation in the FNMHF program can provide valuable experience and support in developing internal lending policies for on-reserve loans.

In 2025, the cumulative number of housing loans backed by the Fund's Credit Enhancement Facility reached 630 loans, representing \$116 million in Fund-backed financing.

The total potential number and value of housing loans supported through approved Credit Enhancement agreements is 7,469 loans, representing approximately \$1.083 billion.

Overall, the Fund experienced modest growth in the uptake of the Credit Enhancement facility during the year. This occurred despite significant efforts to raise awareness, engage with First Nations, recruit staff in regions across Canada, and streamline internal processes. While growth has been gradual, these efforts continue to strengthen relationships and build the foundation for future opportunities.

Development and Planning for the Future

While the federal government was undergoing a leadership transition in 2025, the Fund continued advancing its work on the business case for the eventual transfer of the organization to First Nation control. When the Fund was first established, it was always envisioned that this transition would take place once the organization had matured and developed the capacity needed to operate independently.



Message from the Chief Executive Officer

In the first quarter of 2025, we completed a series of regional engagement sessions where we heard directly from First Nation individuals about their perspectives on the Fund and the potential transfer of the organization. There was strong support for this idea, reflecting a widely held belief that First Nation people themselves are best positioned to identify the solutions needed to improve housing outcomes in their communities.

Several additional milestones in 2025 contributed to the development of the business case. These included the Assembly of First Nations passing a resolution of support in September at its meeting in Winnipeg, the Fund hosting its first Annual General Meeting in December to improve direct reporting and accountability to First Nation stakeholders, and the completion of a governance review of Fund policies and procedures.

We also initiated two research projects that will help inform the future of on-reserve homeownership. The first focuses on leasehold lending and is being conducted in partnership with the First Nations Land Management Resource Centre. The second examines the most effective types of capacity development initiatives that support sustainable homeownership on reserve.

In addition to these initiatives, management and advisors continued to meet regularly with staff from the Canada Mortgage and Housing Corporation to discuss areas where the Fund would like to see improvements in the short term, as well as longer-term changes that could occur through a government-approved transfer process.


Next Steps

The Fund has now been in existence for 18 years. During that time, it has worked with approximately 41 percent of all First Nations in Canada. Today, the Fund is a mature organization with strong systems, experienced staff, a capable management team, a committed Board of Trustees, and strong alliances with like-minded organizations across the country.

Looking ahead, the opportunity before us is significant. I am hopeful that in 2026 we will obtain general support from the Government of Canada for the transfer of the Fund to First Nation control. Achieving this milestone would represent an important step forward in empowering First Nations to shape housing solutions that reflect their priorities, knowledge, and long-term vision.

The work ahead will require collaboration, patience, and continued commitment from all partners involved. However, the progress made over the past several years gives me confidence that the Fund is well positioned to support a new era of First Nation-led housing solutions in Canada.

Travis Seymour,
FCPA, FCGA, MBA, CAFM



We rebranded the Fund, increased awareness of homeownership opportunities, expanded our team across Canada, strengthened alliances with like-minded organizations, increased engagement with First Nations, listened closely to feedback from lenders, and updated our internal policies and processes to improve efficiency.

Who We Are & What We Do

The Fund is a not-for-profit Trust dedicated to empowering First Nations communities and was developed with input from First Nations communities and organizations across Canada.



The Fund launched on May 5, 2008, with a one-time federal government investment of \$300 million. The Fund is a standalone, long-term, self-sustaining, not-for-profit trust established to:

- Facilitate the availability of financing for and the accessible supply of Market-based Housing in First Nations communities and help create the capacity in First Nations communities to become self-sufficient in developing and sustaining the Market-based Housing.
- Create a platform for long-term change in housing provision and accommodation, leveraging more private-sector financing, progress in stabilizing the backlog in housing, greater housing investment by First Nations themselves and their members, and enhanced housing capacity in First Nations communities.
- Move away from a system that depends almost entirely on government subsidies, to a system that provides to First Nations residents the same housing opportunities and responsibilities in their communities as other Canadians.

Better housing is a vital and effective way to strengthen communities and promote equality and opportunity. The Fund's principal is used to create more and better housing through the Credit Enhancement Facility which provides a 10% guarantee backing for on-reserve housing loans, in addition to First Nations guarantees, to build, buy, or renovate individual homes and multi-suite rental units.

The Fund currently works in partnership with First Nations communities through its credit enhancement and capacity development programs.

Governance

The Fund was established through an Indenture of Trust on March 26, 2008, between the Canada Mortgage and Housing Corporation (CMHC) and 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 the 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 and other income 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.

The Indenture of Trust and Funding Agreement were revised and restated effective December 31, 2021. These updates marked a significant step toward greater independence while incorporating operational enhancements.

Additionally, the revisions formally acknowledged the termination of the Management Agreement with CMHC, which had been considered obsolete by the Trustees for many years.

In 2024 the Board of Trustees worked collaboratively with the federal government in pursuing transformational reforms to make the Fund more autonomous and more responsive to First Nations.

The federal government is committed to exploring how current on-reserve housing programming, such as the First Nations Market Housing Fund, can be reformed to achieve improved and sustained outcomes and enable transition to First Nations' care, control, and management of housing. The Board of Trustees are committed to ensuring that First Nations values and voices are a key consideration to their work.



Governance

All Trustees must be First Nations leaders and visionaries who have strong capacity in the areas of First Nations housing, finance and investments, governance, and organizational development. The Board is comprised of nine Trustees with six appointments approved by the Minister for the CMHC and three appointments by the Minister for Indigenous Services Canada (ISC). The Board of Trustees determines their Chairperson and Vice-Chairperson which is recommended to the Minister of the CMHC for concurrence.

Information is provided below regarding Trustee and Committee meetings held in 2025.

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

Meetings	Number of Members	Number of Planned Meetings	Number of Actual Meetings
Trustees	9	6	6
Audit & Risk Committee	5	5	5
Investment Committee	5	5	7
Governance & HR Committee	5	4	4
Operations & Special Initiatives Committee	6	5	5

Expenses	2025 (\$)
Honoraria	128,700
Travel	20,270
Hospitality	6,092
Room Rentals	1,017
Total	156,079

Board of Trustees

@ December 31, 2025



Kathleen BlueSky (Chairperson)

Nisichawayasihk Cree Nation
MB Region / ISC



Earl Commanda (Vice-Chair)

Serpent River First Nation
ON Region / CMHC



Amy Comegan

Anishinabeg of Naongashiing
ON Region / CMHC



Michael L. Rice

Kahnawake
QC Region / CMHC



Stacy McNeil – until July 2025

Seabird Island Band
B.C. Region / ISC



Chief Sidney Peters

Glooscap First Nation
NS Region / CMHC



Walter Schneider

Squamish First Nation
B.C. Region / ISC



Jean Vincent

Huron Wendat Nation
QC Region / CMHC



Errol Wilson

Peguis First Nation
AB Region / CMHC



Natoshia Bastien – as of July 2025

Piikani Nation
AB Region / CMHC

Committees

Kathleen BlueSky (Chair) serves as ex-officio member on all Committees.

Audit & Risk

Amy Comegan, Chairperson

Jean Vincent

Walter Schneider

Errol Wilson

Governance & HR

Chief Sidney Peters, Chairperson

Michael Rice

Earl Commanda

Natoshia Bastien

Investment

Errol Wilson, Chairperson

Michael Rice

Walter Schneider

Jean Vincent

Operations & Special Initiatives

Earl Commanda, Chairperson

Natoshia Bastien

Chief Sidney Peters

Amy Comegan

Errol Wilson

2025 Highlights

Strategic Directions

Held at the Akwesasne Mohawk Casino Resort, the strategic planning session held in 2025 continued to be an annual and significant milestone for the Fund.



The planning session brought together Fund staff, who contributed deep operational and program knowledge, and the Board of Trustees, who provided governance-level insight, external perspectives, and strategic challenge.

During 2025, the Fund made measurable progress in executing its strategic plans and advancing key initiatives aligned with its long-term vision.

The five strategic directions guiding the Fund's work in 2025 were to:

- Enhance First Nations engagement and membership.
- Support greater understanding of First Nations homeownership.
- Prepare for FNMHF self-determination.
- Foster strategic alliances.
- Research, innovate, and advocate.

The Transfer of Care and Control to First Nations remained the Fund's top strategic priority throughout 2025, with sustained effort across governance, operations, and stakeholder engagement. Several foundational initiatives were advanced in support of this objective.

A significant milestone in 2025 was the hosting of the Fund's first Annual General Meeting (AGM), held in conjunction with the Assembly of First Nations (AFN) Special Chiefs' Assembly in December at the AFN Office. The AGM represented an important step in strengthening accountability, transparency, and engagement with First Nations leadership as part of the Transfer of Care and Control process.

In addition, the Fund achieved formal certification under the First Nations Financial Management Board's Non-Profit Organization (NPO) Framework. This certification strengthens the Fund's governance and financial management credentials and supports the business case for Transfer of Care and Control.

During the year, the Fund also made the strategic decision to pivot from a Trust model to a Corporate model following the completion of the transfer, aligning its future structure with long-term self-determination objectives.

2025 Highlights

Governance renewal was further advanced with the appointment of a new Chairperson and Vice-Chairperson in December 2025, positioning the Board to lead the organization through its next phase of transition and growth.

Transfer of Care and Control is central to the Fund's Business Plan for 2026, which was submitted to the Minister in the last quarter of 2025. For more information, please review the Business Plan Summary available on our website.

Collaborations & Partnerships

In 2025, the Fund participated in a federal roundtable convened as part of the newly launched Build Canada Homes initiative, a major national effort aimed at accelerating the construction of affordable, transitional, and supportive housing across Canada. Announced on National Housing Day, the initiative seeks to expand housing supply through innovative construction approaches, the strategic use of public lands, and strengthened partnerships with non-profits, Indigenous partners, private developers, and governments.

Through its participation, the Fund contributed First Nations-specific perspectives to the discussion, emphasizing the critical role of Indigenous-led, community-driven solutions in addressing housing needs. The roundtable also underscored the disproportionate impact of homelessness on Indigenous Peoples in many urban centres and the necessity of Indigenous leadership in program design and implementation.



Conferences & Events

In 2025, the Fund participated in events both virtually and in-person, including:

January

- First Nations Fraser Valley Housing Forum
- Saskatchewan Aboriginal Land Technicians - Economic Development Conference

February

- AFN National Housing and Infrastructure Conference
- AFOA National Conference
- First Nation Land Governance Registry

March

- BC First Nations Housing Managers Association (BCFNHMA) Housing Forum

April

- National Aboriginal Trust Officers Association (NATOA) Conference

May

- Sustainable Finance Summit
- Atlantic First Nations Housing Professionals Association (FNHPA) Gathering
- Algonquin Housing Round Table

June

- Waasnode Housing Conference
- Atlantic First Nations Housing Mawi'omi

July

- Shxw'owhamel Summer Gathering

August

- Indigenous & Ally Women Leaders Empowerment Circle
- Lands Advisory Board General Meeting

September

- AFN Annual General Assembly
- Chisasibi Cree Housing Symposium
- BCAFN Housing Forum
- FNHPA Housing Relationship Workshop-Pikwankanagan
- FNHPA Housing Relationship Workshop-Manitoba
- CAIP Alternative Investments Forum

October

- Swampy Cree Tribal Council 4th Annual Housing Conference
- First Nations Financial Management Board (FMB) Leading the Way Conference
- Housing Resources Service Fall Gathering
- AFOA SK 25th Annual Conference & Tradeshow
- Ottawa Aboriginal Coalition Career Fair
- Mercer Global Investment Forum
- CANDO Annual National Conference
- FNHPA MRP Regional Engagement Session - BC/YK/NVT

November

- FNHPA Annual National Conference
- AFOA Atlantic Annual Fall Conference
- Welch LLP's 2025 Accounting & Tax Update for Not-for-Profits

December

- CANDO BC Links to Learning
- First Nations Governance and the Authority Having Jurisdiction
- AFN Special Chiefs Assembly, AFN Chiefs Committee on Housing & Homelessness

Marketing & Communications

In 2025, the Fund continued to strengthen its marketing and communications efforts, building on the momentum established in 2024 and further reinforcing its commitment to clarity, accessibility, and Indigenous-led storytelling. Throughout the year, the focus remained on enhancing digital platforms, expanding audience reach, and ensuring the Fund's brand reflected both its evolving mandate and the communities it serves.

The Fund's website traffic increased by 61.74% compared to 2024, reflecting sustained interest in the Fund's programs, resources, and strategic direction. A comprehensive website redesign and relaunch was completed in November 2025, providing improved functionality, navigation, and content presentation, and positioning the Fund for continued engagement in the coming year.

Social media continued to be an important channel for engagement and outreach. In 2025, the Fund experienced a 55.3% increase in social media followers compared to the previous year, reflecting steady growth and the continued effectiveness of consistent, purpose-driven content.

The Fund's quarterly newsletter also continued to grow, with subscriptions increasing by 18.9% over 2024. This growth reflects ongoing efforts to connect with First Nations, partners, and stakeholders through timely updates, accessible information, and content aligned with the Fund's priorities.

To further reflect Indigenous culture and creativity, the Fund introduced new artwork into its print and digital materials in 2025. Original works by Sheldon Louis (British Columbia) and Kalum Dan (Alberta) were incorporated across communications products, enriching the Fund's visual identity and ensuring its brand continues to reflect diverse First Nations perspectives.

Board of Trustees

In 2025, the Fund operated with a full cohort of nine First Nation Trustees. Several board changes occurred during the year, including the retirement of Stacy McNeil after completing two terms, the approval of a second three-year term for Amy Comegan, and the appointment of a new trustee, Natoshia Bastien.

Leadership transitions also took place, with Kathleen BlueSky selected as Chairperson and Earl Commanda as Vice Chairperson. These appointments followed the decision of Michael Rice to step down from the

role of Chairperson after serving in that capacity for three years.

The Board convened its regular quarterly meetings throughout the year and held a special onsite meeting in Akwesasne in April to focus on the development of the 2026 strategic plan. At each meeting, the transition of the Fund to First Nation control remained a standing agenda item.

To support effective planning and oversight, the Board relies on a Calendar of Agenda Items, which assists committees and the Board as a whole in mapping out key business matters over the course of the year.

This tool helps ensure compliance with governance requirements at critical checkpoints, including policy reviews and revisions, the business planning cycle, annual reporting, communications strategy, audit and risk management, and financial management.

A key milestone achieved in 2025 was the completion of a Governance Manual. The manual incorporates updates to committee structures and mandates, insights drawn from best practices across comparable organizations, and additional reference materials. The comprehensive document has been digitized and is now actively used by all Trustees.

Operations & Team Development

Promotions

In 2025, the Fund continued to strengthen its internal capacity through several promotions and role enhancements. Two new positions were established within the Programs and Services team: Associate Program Director (West, including the Territories) and Associate Program Director (East, including Atlantic Canada). Both roles were filled through internal promotions, reflecting the Fund's commitment to developing talent from within. The Human Resources function also expanded during the year, with the HR Generalist position elevated to Manager, Human Resources.

In December 2025, the Fund's Senior Operations Analyst retired after 14½ years of dedicated service. The position was subsequently restructured and filled internally under the new title Corporate Governance Officer, further strengthening governance and operational support functions.

Professional Development

The Fund remains committed to fostering a culture of lifelong learning by supporting staff through training and professional development initiatives.

These opportunities enable employees to strengthen their skills while enhancing the Fund's ability to serve First Nations clients effectively.

During the year, several staff members completed the Fundamentals of OCAP® training program through the First Nations Information Governance Centre (FNIGC), while others pursued independent courses aligned with their areas of expertise. In addition, one employee successfully completed their Executive MBA (EMBA).

Achievements

In March 2025, the Fund reached an important milestone when it was recognized as one of the National Capital Region's Top Employers for 2025. The announcement was made by Canada's Top 100 Employers and featured in the Ottawa Citizen and on the Eluta website.

As the organization has grown over the past two years, the Fund also established a Joint Health and Safety Committee (JHSC) with representation from staff, management, and human resources.

The committee has played a key role in implementing enhanced safety standards and protocols for both remote employees and staff working in the Lancaster and Akwesasne office locations. Through this initiative, staff received health and safety training, and several team members completed Basic First Aid and CPR certification to support travel to remote communities. The health, safety, and wellbeing of employees remains a priority for the Fund.

The Fund also continues to prioritize employee wellbeing by supporting work-life balance through flexible work arrangements, wellness resources, Lunch and Learn sessions, and an enhanced benefits program designed to meet the evolving needs of staff.

Employee & Community Engagement

Staff demonstrated a strong commitment to community engagement throughout the year.

Employees participated in the 72km Challenge in support of the Heart and Stroke Foundation, exceeding their fundraising goal and raising \$1,374. The team also took part in the Health and Fitness Challenge hosted by the Odawa Friendship Centre.

2025 Highlights

As part of the Fund's annual winter giving initiative, staff raised \$750 in support of the Akwesasne Freedom School. With the Fund's matching contribution, a total of \$1,500 was donated to support the school's important work in the community.

Information Technology

Information technology plays a multifaceted role in supporting and enabling the overall functioning of the Fund through effective management of technology resources, ensuring data security, providing user support, and contributing to strategic business goals. Security awareness training for staff was consistently conducted throughout the year through the implementation of quarterly awareness training sessions and frequent phishing simulations.

Key advancements during 2025 include:

- A Data Loss Prevention (DLP) Tool was put in place to protect information in the Fund environment.
- An Expense Claim module was added to HomeHub (internally developed database) and various additional minor functionality and improvements were made.
- CD initiatives are now easy to track for end users across the 10 stages of completion.

- Process for tracking community outreach developed and implemented
- Reports for finance invoicing created and live
- In-depth documentation of HomeHub created to ensure succession plan development for continued success.
- FMB Fund assessment commended the Fund's IT and Security environments.
- Information Security Policy and other related policies reviewed and uplifted from ISO 27001:2013 to ISO 27001:2022 standard.

Investment Management

Based on a comprehensive asset mix review completed in 2024, the 2025 Statement of Investment Policy (SIP) called for increased allocations to global equities, commercial mortgages and alternative assets with the introduction of infrastructure. During the year the Fund increased its holdings in commercial mortgages through an existing manager while completing the search for and selection of a new infrastructure manager, pending Minister's approval. With regard to global equities, the Trustees, at the recommendation of the Investment Committee and the Fund's investment advisor, have resolved to hire another manager with a contrasting style to complement the existing manager of

global equities. The search for and selection of a complementary global equities manager was completed in the last quarter of 2025, pending Minister's approval.


In addition, the Fund transitioned its fixed income portfolio from a Universe mandate to a 60/40 (Provincial/Corporate) mandate in an effort to realign the portfolio to its overall investment portfolio while ensuring sufficient and reliable cash flows.

Although the Fund had anticipated adding real estate assets in 2025, the manager never called capital. Given ongoing challenges for the real estate manager and a defunct subscription agreement as of December 2025, the Fund will engage in another search for a new real estate manager in 2026.



Our Lending Partners





We are proud of what the organization has accomplished within its mandate. The Fund has built a credible foundation, earned trust, strengthened systems, and supported meaningful progress in communities across the country. At the same time, we know that the future calls on us to think bigger and act more strategically.

Management Discussion & Analysis

The Fund's management discussion and analysis provides a narrative to accompany the financial statements for the year ended December 31, 2025. The planned activities of the Fund are driven by the multiyear business plan and the Strategic Priorities of the Board of Trustees.

The areas discussed include Capacity Development (CD), Credit Enhancement (CE), Investment Management and Fund Administration.

Financial results as compared to plan are as follows:

	2025 Plan (\$) *	2025 Results (\$)	2024 Results (\$)
Cash and Cash Equivalents **	10,573,234	16,018,143	12,164,311
Long-term Investments	406,172,409	399,211,461	387,439,316
Deferred Contributions	414,718,871	414,202,814	398,773,054
Unrealized Gain within Deferred Contributions	28,143,231	21,201,718	13,792,985
Investment Income ****	14,774,489	16,447,126	12,016,102
Administration Expenses	8,615,122	6,934,885	6,661,588
Capacity Development Expenses ***	4,000,000	1,307,134	1,336,030
Funds available for Capacity Development	8,340,899	10,796,890	9,955,789
Credit Enhancement Guarantee (Recovery) Expense	27,855	159,080	(277,986)
Credit Enhancement Guarantee Liability	508,061	262,452	103,372

* The plan figures noted above are from the approved 2025 Business Plan.

** Cash and cash equivalents include receivables from investments.

*** 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 (loss) on sale of long-term investments and amortization of premiums/discounts.

Capacity Development

Capacity Development is one of the core products of the Fund, which entails supporting and facilitating training and guidance to establish robust systems, policies, and practices. Recipients of Fund sponsored CD include First Nations government entities, leadership, administrators, and citizens.

While CD remains an integral part of the Fund’s mandate, the Fund continues to be selective in sponsoring the types of CD initiatives to those that it believes will directly lead to homeownership.

These initiatives include but are not limited to homeownership/housing policies, housing strategies and standards, community planning, land use planning, lot surveys, land codes, personal finance, financial literacy, and other community education/engagement.

For the 2025 planning period, the Fund had budgeted the \$4 million amount that had been budgeted in prior years in anticipation of a new membership program; however, the program was not launched and deferred to the 2026 fiscal year, due to political instability and government shutdowns. Given the limitations of the CD formula, management was again mindful of the CD spending in 2025.

It is expected that demand for CD will grow significantly as program changes are implemented.

As was the case in the past number of years, the Fund continued to place 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. Even for those who were approved for CE, staff pursued opportunities to work with members to increase awareness and interest in homeownership programs. Staff continued to utilize virtual meeting platforms such as Zoom, Skype, Teams,

and other tools to have interactive meetings with First Nations clients. As the Fund focused on attending conferences during 2025, staff were able to satisfy the demand for in-person meetings and relationship building.

The table below illustrates the frequency of meetings (virtual and in-person) by type for each quarter of 2025 for a total of 318 (2024 – 240). As can be seen, the focus continued to be on increasing the intake of CE through relationship building, rather than solely on CD. 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	2025	2024
Assessment	8	6	3	1	18	12
Capacity Development	17	27	15	9	67	71
Credit Enhancement	39	38	41	12	130	69
Relationship Building	32	31	26	14	103	88

Management Discussion & Analysis

In 2025, CD expenditures totaled \$1,307,134, a decrease from 2024 by \$28,896. During the year, CD funds were used to pay for 42 initiatives in 32 different First Nations communities across Canada compared to 51 initiatives in 35 communities in the prior year. While management continued to be more selective in sponsoring CD initiatives, the Fund still entered into 50 new commitments as of the 2025 yearend compared to 44 at the end of 2024. The CD projects of 2025 continued to consist of larger projects related to policy and law development as opposed to smaller online training courses and workshops as was the case in 2022 and prior years.

The Fund continues to expand internal capacity to directly serve members through the Housing Navigator, which reduces reliance on external CE consultants.

Some of the larger projects completed in 2025 include development of housing policies, housing standards, a feasibility study, and a land survey of residential development.

CD services are funded by investment income from an actively managed investment portfolio. Although sufficient cash flows were generated to finance the Fund's operations, the current formula in which available CD funding is calculated results in a declining balance each year. Furthermore, in years where the Fund's

net income – defined in the CD formula to include realized capital gains net of realized capital losses – is negative, as was the case in 2022, there are no additional allocation to the available CD funding for the subsequent year. In 2025, no significant losses were incurred from investing activities and the Fund has a carry forward balance of \$10,796,890 at December 31, 2025.

As the Fund continues to hear from many First Nations clients with the desire for the Fund to expand the CD support and to provide it over a longer period, the Trustees have made representations to seek changes in the way the available CD funding is calculated in the business case for Transfer to First Nations Control. As part of the reform process, the Fund continues to solidify the types of CD programs that the Fund will support, which it believes will result in increased homeownership.



At December 31, 2025, the Fund had outstanding commitments for CD initiatives of approximately \$2.3 million.

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 Nations community will be honored up to the limit of the agreed-upon CE if a First Nation fails to fulfil its responsibility for the repayment of a loan default.

In 2025, three First Nations chose to submit an application to partner with the Fund with one qualifying for CE from the onset (remaining two are under review). In addition, three First Nations qualified to participate in the CE program during 2025: two First Nations who had been qualified for CD only in the past through reengagement and reassessment process; and one another who submitted an application in 2014. As noted above, there were numerous efforts from Fund staff to reengage and connect with First Nations over the past couple of years to revitalize interest in the Fund's programs.

Management Discussion & Analysis

In addition to work performed by Fund staff, the Fund works with CE Specialists who are external consultants. This has allowed for expanded support in those communities that are determined to advance homeownership.

While these CE Specialists focus their efforts strictly on CE and help individuals navigate the loan financing process, fees incurred are considered to be capacity building in nature and thus recorded as CD expenses. During the reform process in 2023, it was determined that some of the work done by the CE Specialists will be performed in-house to better coordinate workflows and to reduce travel by hiring staff in different regions of the country. The Fund currently employs one full-time Homeownership Navigator who joined in 2024.

In 2025, the Fund continued to prioritize strengthening its relationships with lenders (existing and new). During the latter half of 2025, the Fund partnered with one new lender to participate in its CE program for a total of 16 lenders. The Fund also provided guarantees on 23 new loans compared to 34 in 2024, 34 in 2023, 38 in 2022, and 82 in 2021. While it is very possible that the declining number of new loans may be due to a significant rise in interest rates, our research from 2023 helped us to understand that there are other factors contributing to the declining interest in the Fund's CE program.

For example, there was a lack of understanding of how the CE facility works, by lenders and their staff. Another reason is that the CE Guarantee of 10% is perceived as being too small of an incentive when considering the additional work required to access the CE program. A third reason is that there are alternatives to using the Fund's CE facility. In addition to working more closely with lenders over the past couple of years to increase awareness, the Fund has addressed these issues in the business case for Transfer by presenting different options on how the Fund can support market based housing in the future.

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 589 loans under the Credit Enhancement Facility for a guaranteed amount of \$11.5 million for 630 home units. The Fund has no history of any claims paid to lenders at this point. The estimated CE guarantee liability at the end of 2025 was \$262,452 based on the outstanding partial loan guarantees of approximately \$8.5 million.

As at December 31, 2025, there were 50 loans in arrears ranging from 5 to 1,034 days outstanding, of which 11 loans totaling \$1,907,606 were in arrears for more than 121 days. By comparison, 47 loans were in arrears at the end of

2024 ranging from 4 to 2,160 days, of which 14 loans totaling \$2,265,039 were in arrears for more than 121 days.

A loan is considered to be 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 guaranteeing the loan. As the liability at the end of 2025 (\$262,452) was more than that at the end of 2024 (\$103,372), the difference of \$159,080 was expensed in 2025 in the Statement of Operations with a corresponding increase to the liability account in the Statement of Financial Position.

Although there was a general decrease in the number of loans and amount in arrears for more than 121 days compared to 2024,



Management Discussion & Analysis

the increase in 2025 liability was primarily due to one community where the credit rating of the community had deteriorated significantly. The increase is also consistent with the increase seen in the general number of mortgages in arrears across Canada, which is one of the main driving factors in the formula and thereby increasing the general default rate of all outstanding loans. The credit ratings and data on the general number of mortgages in arrears are obtained from third-party sources.

Investment Management

The Fund's operations and programs are entirely financed through cash flows from investments, which has grown since the initial contribution of \$300 million. In order to earn sufficient income while protecting capital, the Trustees, with advice from management and an independent third-party consultant, review and update the Investment Strategy (IS) and Statement of Investment Policy (SIP) on an annual basis. The various asset classes as permitted in the SIP are managed by professional investment managers who report to the Trustees on a quarterly basis.

The Fund's investment portfolio has diversified significantly over the past number of years from just a laddered bond portfolio to one that incorporates multiple asset classes including equities, commercial

mortgages, real estate and infrastructure.

By the end of 2023, the Fund achieved target allocations in Canadian equities (15%), global equities (15%), and commercial mortgages (10%) with the remainder in fixed income securities.

While the 2023 and 2024 SIP called for a 5% allocation in real estate, the Fund has yet to make any purchases even though a new real estate manager was selected in 2023 and approved by the Minister in 2024. The Fund and the new manager were both cautious during 2024 with uncertainties in the market space and expectations for the manager to call capital in the first quarter of 2025; however, in December of 2024, the Fund was notified of significant changes in the senior management of the real estate manager, and at the advice of the investment advisor, the Fund decided to hold off on making any allocations. The investment management agreement with the real estate manager was terminated in December of 2025 and the Fund will select another manager in early 2026.

While there were no significant changes to the asset allocations in 2024, the Fund completed a comprehensive asset mix review in the second quarter, which called for increases to global equities (by 5%), commercial mortgages (5%) and alternative assets (i.e. 5% to infrastructure). The Fund has incorporated these changes in its



2025 SIP and completed its search for a new infrastructure manager in the last quarter of 2025 pending legal review of the agreements before submission for Minister's approval.

In addition, the Fund continued to build internal capacity with the introduction of an internally managed cash mandate, which aims to improve cash flow needs.

As at December 31, 2025, the Fund was invested in the following asset classes:

- Cash and cash equivalents (including income receivables) at 3.8%
- Commercial mortgages at 14.6%
- Bonds at 51.4%
- Canadian equities at 15.8%
- Global equities at 14.4%

Management Discussion & Analysis

All asset classes are within the acceptable target range, with real estate and infrastructure to be funded, as mentioned above. It is expected that the Fund will purchase additional global equities upon Minister's approval of a new complementary global equities manager within the first half of 2026. The Fund's cash balance will accumulate through income earned during 2026 in order to partially finance upcoming purchases.

Long-term investments in the financial statements totaled \$399,211,461 with \$21,201,718 unrealized gains on investments measured at fair value. This amount represents a 10.4% increase in the market values of long-term investments measured at fair value since time of purchase. After another volatile year, the Fund's investments made modest gains once again.



As at December 31, 2025, global equities posted 11.4% unrealized gains or \$6.0 million, Canadian equities posted 29.8% unrealized gains or 14.9 million, and commercial mortgages posted 1.2% unrealized gains or \$0.7 million to fully cover the unrealized losses in the fixed income pooled fund totaling \$0.5 million or 1.2%.

It should be noted that units invested in the fixed income pooled fund and commercial mortgages pooled fund are considered to be equity instruments measured at fair value in accordance with Public Sector Accounting Standards for not-for-profit organizations. For budgeting purposes and as far as the SIP and IS are concerned, these assets totaling \$99.9 million (\$99.7 million at cost) are still considered to be fixed income securities. The majority of the fixed income securities totaling \$175.1 million are held directly by the Fund and as such are measured at amortized cost, and fluctuations in the market values do not have an impact on the financial statements.

Market values related to these securities totaled \$171.2 million at December 31, 2025. The Fund earned \$16,732,611 in investment income (net of amortization of premium/ discounts) compared to \$12,673,028 in 2024. It should be noted that the actual 2024 investment income was reduced by a \$1.8 million return of capital (RoC) distribution

received in 2023 that was applied as a 2024 reduction in income and associated cost, rather than the corresponding 2023 figures. This is because the Fund was not notified of this distribution until after the 2023 audit. If the distribution was posted to the fiscal year in which it relates to (2023), 2024 investment income would have been \$14.5 million. Then comparing the \$16.7 million investment income in 2025 to \$14.5 million in 2024, the overall increase was due to an unplanned capital gains dividend received from the global equities pooled fund totaling \$2.5 million, offset by an overall decrease to the yield on fixed income securities (e.g. 3.83% in 2025 from 4.01% in 2024).

The overall yield on the Fund's investments for the year was 4.34% compared to 3.83% in the prior year, adjusted for \$1.8 million RoC; however, the 2025 yield could be reduced to 3.69% without the \$2.5 capital gains dividend, which is consistent with decreases to Bank of Canada's policy rates. With increases in market values of the Fund's investments and allocations to more diversified assets, the Fund's investment management fees have also increased to \$1,492,107 (0.39% of the weighted average cost of the portfolio) in 2025 compared to \$1,349,194 (0.36%) in 2024.

Management Discussion & Analysis

While there were some rebalancing activities during the year, management ensured that the Fund did not incur significant losses from the sale of existing investments. Taking into consideration the loss on sale of investments totaling \$285,485, the Fund's overall investment income was \$16,447,126 which exceeded total expenses of \$8,426,099 by \$8,021,027. Without the capital gains dividend, the overall investment income would have been \$14.0 million, which is slightly less than the planned amount of \$14.8 million. The planned amount assumed modest gains from the sale of existing investments when rebalancing the portfolio.

Not accounting for the fluctuations in the market values, the total value of the Fund's investments, consisting of cash and cash equivalents and long-term investments, at December 31, 2025 was \$394,027,886. The comparable 2025 budget amount was \$388,602,412 and the 2024 yearend amount was \$385,810,642, which indicates that the objectives of the Fund's investments to preserve capital while generating sufficient income were met.

Fund Administration

Fund Administration consists of the following expenses:

- Professional and technical services including salaries to staff, investment management, legal, audit, banking, insurance, and other consulting services;
- Travel;
- Trustee governance;
- Business premises;
- Computer and telecommunications; and,
- Other including marketing and promotion, depreciation, and Fund development.

Total administrative expenses of \$6,934,885 was under the planned amount of \$8,615,122, by 20%. The main variance is from under spendings in salaries and benefits, investment management fees, legal and other professional services. It should also be noted that the Fund received \$59,635 from the previous landlord for property tax reimbursements from prior years.

Salaries and benefits were \$516,135 (or 13%) less compared to the 2025 plan of \$3,917,113, at \$3,400,978. While the plan had anticipated having a total 26 staff by the end of the year, the number of staff remained at 23, unchanged from December

31, 2024, with some internal promotions.

Investment management fees were \$472,869 (or 24%) less compared to the 2025 plan of \$1,964,976, at \$1,492,107. The budget expected that a new investment manager for real estate would be in place by end of 2025 at much higher fees than the existing managers; however, the Fund has not yet allocated any funds to real estate.

Legal fees were \$160,344 (or 51%) less compared to the 2025 plan of \$314,720, at \$154,376. The budget expected significant legal fees related to reform; however, much of this work was delayed to 2026 along with associated legal costs.

Other professional fees were \$147,820 (or 27%) less compared to the 2025 plan of \$550,913, at \$403,093. The budget expected various projects related to ESG gap analysis, job evaluation review, and miscellaneous research, which have mostly been completed. The Fund had also budgeted an amount for obtaining a COSO certification; however, the Trustees pursued the prestige certification with FMB instead at no cost. Other items that had been budgeted were completed at lesser cost.

Management Discussion & Analysis

When compared to the actual results of 2024, Fund's total administrative expenses were greater by \$273,297 (or 4%), which for the most part were in accordance with the 2025 plan. Most of the increase was due to salaries and benefits where a few staff members received promotions during the year combined with the fact that a few staff joined the Fund in the latter half of 2024. As mentioned above, investment management fees increased from 2024 due to increase in the market value of investments. These two items account for \$455,150 of the variance, which is offset by the decrease in business premises of \$217,547 (including prior years' property tax rebates) due to downsizing of the Ottawa office in the latter half of 2024.

In 2025, 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 2025.
- Quarterly financial reports to the Federal Government for inclusion in the Public Accounts of Canada.
- Preparation and submission to the Minister of the 2026 Business Plan.

- Preparation and submission to the Minister of the Annual Report for 2024.
- Preparation and submission to the Funder of Quarterly Investment Management Reports.
- Submission to the Funder of Audited Financial Statements for 2024.
- Preparation and Filing of the 2024 Tax Filings.

In 2025, the Fund filed its 2024 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 2024. 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 seventeen 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 2021 have now expired. It is anticipated that the Fund will obtain greater clarity about its not-for-profit status through a legislative change with the business case submission to cabinet in 2026.

The Fund continued to strengthen its IT environment with a focus on database development in 2025. A team of dedicated staff members continued to develop the Fund's internal database with minimal assistance from external consultants, which saved approximately \$100,000 for the year that was then utilized in other projects.





The Fund has now been in existence for 18 years. During that time, it has worked with approximately 41 percent of all First Nations in Canada. Today, the Fund is a mature organization with strong systems, experienced staff, a capable management team, a committed Board of Trustees, and strong alliances with like-minded organizations across the country.



Financial Statements

Management's Responsibility for Financial Reporting

For the Year Ended December 31, 2025

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 KPMG in accordance with Canadian generally accepted auditing standards. KPMG has full access to, and meet periodically with, the Audit Committee to discuss their audit and related matters.

Travis Seymour
F CPA, FCGA, MBA, CAFM

Tae Kim
CPA, CA, CAFM



Financial Statements of First Nations Market Housing Fund

For the year ended December 31, 2025

Independent Auditor's Report

To the Trustees of the First Nations Market Housing Fund

KPMG LLP

150 Elgin Street, Suite 1800
Ottawa, ON K2P 2P8 Canada

T: 613 212 5764
F: 613 212 2896

Opinion

We have audited the financial statements of the First Nations Market Housing Fund (the Fund), which comprise:

- The statement of financial position as at December 31, 2025
- The statement of operations for the year then ended
- The statement of cash flows for the year then ended
- And notes to the financial statements, including a summary of significant accounting policies (Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Fund as at December 31, 2025, and its results of operations, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **“Auditor’s Responsibilities for the Audit of the Financial Statements”** section of our auditor’s 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 other ethical responsibilities in accordance with these requirements.

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

Other Information

Management is responsible for the other information. The other information comprises:

- Information, other than the financial statements and the auditor’s report thereon, included in the First Nations Market Housing Fund Annual Report

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor’s report thereon, included in the First Nations Market Housing Fund Annual Report as at the date of this auditor’s report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor’s report.

We have nothing to report in this regard.

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, 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 the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report

- 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.
- 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 6, 2026

KPMG LLP

Statement of Financial Position

December 31, 2025, with comparative information for 2024

See accompanying schedule and notes to financial statements.

On behalf of the Trustees:

Kathleen BlueSky,
Chairperson



Amy Comegan, MBA, FCPA, FCGA, CAFM,
Audit Chairperson



Assets	2025	2024
Current assets:		
Cash and cash equivalents (note 3)	\$10,535,118	\$11,129,410
Receivables from investments	5,483,025	1,034,901
Prepaid expenses	174,114	103,638
Other assets	53,981	–
Accounts receivable	–	767
	16,246,238	12,268,716
Long-term investments (note 4)	399,211,461	387,439,316
Capital assets (note 5)	191,672	213,060
	\$415,649,371	\$399,921,092
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities (note 10)	\$1,123,834	\$1,022,470
Capital lease obligations (note 11)	23,388	22,196
	1,147,222	1,044,666
Credit enhancement guarantee liability (note 10)	262,452	103,372
Capital lease obligations (note 11)	36,883	–
Deferred contributions (note 6, schedule)	414,202,814	398,773,054
	414,502,149	398,876,426
Commitments and contingent liabilities (note 10)		
	\$415,649,371	\$399,921,092

Statement of Operations

December 31, 2025, with comparative information for 2024

See accompanying schedule and notes to financial statements.

	2025	2024
Revenue:		
Recognition of deferred contributions related to current year operations	\$8,426,099	\$7,719,632
Expenses:		
Administrative (notes 5 and 7)	6,934,885	6,661,588
Capacity development (note 9)	1,307,134	1,336,030
Credit enhancement guarantee expenses (recovery) (note 10)	159,080	(277,986)
Evaluation expenses (note 12)	25,000	–
	8,426,099	7,719,632
Excess of revenue over expenses for the year	\$–	\$–

Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

See accompanying schedule and notes to financial statements.

Cash provided by (used in):	2025	2024
Operating activities:		
Excess of revenues over expenses	\$–	\$–
Items not affecting cash:		
Depreciation of capital assets	67,335	84,757
Loss on disposal of capital assets	21,571	6,802
Amortization of deferred lease inducement	–	(7,195)
Credit enhancement guarantee (recovery)	159,080	(277,986)
Amounts related to investments (schedule):		
Realized loss on sale of long-term investments	285,485	656,926
Amounts reclassified to realized loss on sale of long-term investments	(1,300,866)	–
Unrealized loss (gain) on long-term investments	(6,107,867)	(15,403,487)
Non-cash amortization of premiums and discounts	(10,731)	(115,056)
Net change in non-cash working capital balances related to operations (note 8)	(4,470,450)	34,104
Net increase in deferred contributions	15,429,760	19,699,957
	4,073,317	4,678,822
Capital activities:		
Acquisition of capital assets	–	(28,689)
Investing activities:		
Purchase of long-term investments	(323,537,374)	(97,864,175)
Proceeds on sale of investments	318,899,208	99,181,473
	(4,638,166)	1,317,298
Financing activities		
Principal payment under capital leases	(29,443)	(23,682)
Net increase (decrease) in cash	(594,292)	5,943,749
Cash, beginning of the year	11,129,410	5,185,661
Cash, end of the year	\$10,535,118	\$11,129,410

Notes to Financial Statements

Year ended December 31, 2025

1. Nature of business

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 overarching 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 His Majesty the King in right of Canada.

The Fund’s vision is to provide “First Nation prosperity through homeownership”.

On April 28, 2008, the Fund entered into a Funding Agreement with Canada Mortgage and Housing Corporation (“CMHC”), 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.

The Indenture of Trust and Funding Agreement were amended and restated as at December 31, 2021.

2. 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, fair value, or amortized cost using the effective interest rate method. Included in financial assets are cash and cash equivalents, restricted cash, accounts receivable, receivables from investments, and long-term investments. Included in financial liabilities are accounts payable and accrued liabilities, and capital lease obligations.

Financial instruments that are measured at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active marketing for the identical assets or liabilities using the last bid price.

Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and



Notes to Financial Statements

Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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.

The fair value of cash equivalents is disclosed in note 3.

Long-term investments: Long-term investments comprise fixed income and equity 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. Unrealized gains and losses resulting from the difference between acquisition cost and the fair value of long-term investments that are subsequently measured at fair value are recognized in deferred contributions.

The fair value of long-term investments is disclosed in note 4.

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. 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.



Notes to Financial Statements

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.

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 a Fund that, pursuant to section 149 of the Income Tax Act (Canada) (the "Act"), is not subject to income taxes.

Use of estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenditures and disclosure of contingent assets and liabilities. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

Notes to Financial Statements

3. Cash and cash equivalents:

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

As at December 31, 2025, the fair value of the Fund's investments in Government of Canada treasury bills was \$7,965,879 (2024 - \$6,726,025). The fair value of the Fund's cash equivalents is determined by reference to published price quotations in an active market.

	2025	2024
Cash	\$2,569,239	\$4,403,385
Government of Canada treasury bills	7,965,879	6,726,025
	\$10,535,118	\$11,129,410

4. Long-term investments:

The following table shows the composition of long-term investments:

Long-term investments that are subsequently measured at fair value are grouped into Level 2 at December 31, 2025 (2024 - Level 2). The Fund owns units in various pooled fund vehicles. The Fund's investment in these pooled fund units represent a proportionate interest in the net assets of the pooled funds, which derive value from the market price of the underlying assets that are held within. There were no transfers in or out of Level 3.

The following table shows the contractual maturity structure and average yield for the fixed income portion of long-term investments, which are measured at amortized cost using the effective interest rate method:

As at December 31, 2025, the fair value of the Fund's fixed income portion of long-term investments was \$171,193,495 (2024 - \$111,129,830). The fair value of the Fund's fixed income portion of the long-term investments is determined by reference to published price quotations in an active market.

	2025	2024
Measured at amortized cost		
Fixed income	\$175,117,952	\$111,777,133
Measured at fair value		
Equities	224,093,509	275,662,183
	\$399,211,461	\$387,439,316

	Within 1 year (\$)	1 to 3 years (\$)	3 to 5 years (\$)	Over 5 years (\$)	2025 (\$)	2024 (\$)
Corporate bonds	1,142,277	21,572,717	17,750,873	36,401,739	76,867,606	43,690,562
Municipal bonds	–	–	–	3,532,009	3,532,009	1,407,410
Provincial bonds	–	3,172,105	457,073	62,246,696	65,875,874	33,270,078
Government of Canada bonds	25,058	10,420,131	5,364,495	13,032,779	28,842,463	33,409,083
Total	1,167,335	35,164,953	23,572,441	115,213,223	175,117,952	111,777,133
Yield	2.92%	3.12%	3.08%	3.96%	3.67%	4.02%

Notes to Financial Statements

5. Capital assets:

Depreciation expense is included in administrative expenses in the statement of operations. Included in intangibles properties are costs to obtain SIEMS (security information and event management system) previously acquired in 2021 and disposed of at a loss of \$21,571 during 2025.

Cost	Balance at December 31, 2024	Transfers and additions	Transfers, disposals and adjustments	Balance at December 31, 2025
Furniture and equipment	\$308,175	\$–	\$–	\$308,175
Leasehold improvements	78,013	–	–	78,013
Equipment under capital lease	73,601	67,518	(66,268)	74,851
Intangible properties	21,571	–	(21,571)	–
Total	\$481,360	\$67,518	\$(87,839)	\$461,039

Accumulated depreciation	Balance at December 31, 2024	Depreciation expense	Transfers, disposals and adjustments	Balance at December 31, 2025
Furniture and equipment	\$177,187	\$28,038	\$–	\$205,225
Leasehold improvements	36,281	15,635	–	51,916
Equipment under capital lease	54,832	23,662	(66,268)	12,226
Intangible properties	–	–	–	–
Total	\$268,300	\$67,355	\$(66,268)	\$269,367

	Net book value December 31, 2024	Net book value December 31, 2025
Furniture and equipment	\$ 130,988	\$ 102,950
Leasehold improvements	41,732	26,097
Equipment under capital lease	18,769	62,625
Intangible properties	21,571	–
Total	\$ 213,060	\$ 191,672

6. Capital management:

The Fund includes deferred contributions in the definition of capital. As at December 31, 2025, the deferred contributions were \$414,202,814 (2024 - \$398,773,054). 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. The unrealized gains portion of deferred contributions represent fluctuations in the fair value of the Fund's equity investments from one year to another.

The Fund continued to diversify its portfolio with a more conservative approach as market volatility persisted. With increased holdings in long-term investments measured at fair value, the Fund has greater exposure to the fluctuations in the market prices, which made modest gains during 2025. Management and Trustees continue to pursue diversification strategies while avoiding significant losses.

Notes to Financial Statements

7. Administrative expenses:

The following table presents the composition of administrative expenses.

- a. Professional and technical services include the following services: all staff (salaries and fringe benefits), investment management, 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.

	2025	2024
Professional and technical services (a)	\$5,575,669	\$5,133,518
Travel	176,551	247,940
Trustee governance (b)	156,079	151,272
Business premises (c)	41,020	258,567
Computer and telecommunications	316,651	290,571
Other (d)	668,915	579,720
	\$6,934,885	\$6,661,588

8. Statement of cash flows:

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

	2025	2024
Increase in receivables from investments	\$(4,448,124)	\$(116,674)
Increase in prepaid expenses	(70,476)	(15,386)
Increase in other assets	(53,981)	–
Decrease (increase) in accounts receivable	767	(409)
Decrease in accounts payable and accrued liabilities	101,364	166,573
	\$(4,470,450)	\$34,104

Notes to Financial Statements

9. 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:

	2025	2024
Balance, beginning of year	\$9,955,789	\$9,537,364
Add	2,148,235	1,754,455
Allocations during the year (50% of prior year's net income)	12,104,024	11,291,819
Less		
Funds expensed towards capacity development	1,307,134	1,336,030
Balance, end of year	\$10,796,890	\$9,955,789

10. Commitments and contingent liabilities:

Commitments

The Fund leases office premises and certain computer equipment under long-term operating leases expiring up to August 31, 2029. Future minimum annual lease payments for the office premises over the next five years are as follows (see note 12 for computer equipment lease commitments):

2026	\$ 52,633
2027	41,306
2028	17,787
2029	10,768
Total	\$ 122,494

As at December 31, 2025, the Fund had entered into contracts with suppliers to provide capacity development services. The work performed by these suppliers to December 31, 2025 but not yet paid by the Fund of \$416,151 (2024 - \$332,291) is included in accounts payable and accrued liabilities. The balance owing on these contracts for work that was not yet performed as at December 31, 2025 is approximately \$2,324,746 (2024 - \$1,479,964).

10. Commitments and contingent liabilities:

Credit enhancement guarantee:

As at December 31, 2025, the Fund has approved maximum housing loan guarantee credit to First Nations communities of \$1,083,128,000 (2024 - \$1,041,378,000) based on an estimated 7,469 units (2024 - 7,230).

Since its inception, the Fund has provided guarantees on a total of 589 loans (2024 - 566) for 630 units (2024 - 607), including both single and multiunit rental properties, under the Credit Enhancement Facility for a maximum guaranteed amount of \$11,491,839 (2024 - \$10,935,789). The amortization period of the loans ranges from 5 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, 2025, the maximum guaranteed amount outstanding was \$8,497,216 (2024 - \$8,231,110).

An estimate of the Fund's liability on the guaranteed amount of \$8,497,216 in place at December 31, 2025 (2024 - \$8,231,110) is \$262,452 (2024 - \$103,372). The Fund has no history of any claims paid to lenders at this point. As at December 31, 2025, there were 50 loans in arrears (2024 - 47 loans). The outstanding amounts of loans in arrears total \$7,884,718 (2024 - \$7,497,861) and range from 5 to 1,034 days in arrears (2024 - 4 to 2,160 days). Of the total outstanding loans in arrears, 11 (2024 - 14) loans for a total of \$1,907,606 (2024 - \$2,265,039) were in arrears for more than 121 days. As the liability established at the end of 2025 was \$262,452, which is higher than the estimated liability at the end of 2024 of \$103,372, the difference of \$159,080 was expensed in 2025 (2024 - recovery of \$277,986) in the statement of operations with a corresponding increase to the liability account in the 2025 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 - 2024. 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 16 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 - 2021 have now expired. The 2022 Notice was dated July 26, 2023, the 2023 Notice was dated November 20, 2024, and the 2024 Notice was dated April 23, 2025.

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 2022 by the Fund would be approximately \$5,957,000 (2024 - \$5,112,000).

Notes to Financial Statements

11. 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 sixty-six-month term, which will end in February 2027. The Fund also leases personal computers on a three-year term, which will end in July 2028. Future minimum annual lease payments over the next three years are as follows:

Total interest on leases for the year was \$1,707 (2024 - \$1,253).

2026	\$ 25,828
2027	24,265
2028	14,154
Total minimum lease payments	64,247
Less amounts representing interest	3,976
Present value of net minimum capital lease payments	60,271
Less current portion	23,388
Total long-term capital lease payments	36,883

12. 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.

Any 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.

As at December 31, 2025, the Fund owed \$25,000 to CMHC (2024 - \$Nil) with regard to its evaluation of the Fund.

Notes to Financial Statements

13. Financial instruments and risk management:

The Fund has the following financial risks from its financial instruments:

a. Market risk:

Market risk is the risk of adverse financial impact, encompassing fluctuations in the fair value or future cash flows of a financial instrument, arising from changes in underlying market factors, including currency risk, interest rate risk and other price risk.

The Fund limits its exposure to various market risks through its diversification strategy and asset allocation within its actively managed investment portfolio in accordance with the Fund's Statement of Investment Policy and Investment Strategy, governed by the Minister of Finance Investment Management Framework for Up-front Funding. This strategy has not significantly changed in the current year.

(i) Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is not subject to significant foreign currency risks.

(ii) Interest rate risk:

The following tables illustrate the potential impact on the market values of the Fund's long-term investments from reasonable changes in interest rates as at December 31, 2025.

Change in interest rate	-1%	-0.5%	-0.25%	0.25%	0.5%	1%
Change in market value	(17,818,229)	(8,909,114)	(4,454,557)	4,454,557	8,909,114	17,818,229

Notes to Financial Statements

(iii) Other price risk:

The following tables illustrate the potential impact on the market values of the Fund's long-term investments from reasonable changes in market prices as at December 31, 2025.

The Fund's market risk remained elevated in 2025 due to the volatility in market prices and mixed economic data.

b. 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 fixed income 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. As at December 31, 2025, investments held by the Fund were issued by the Government of Canada, a province, a municipality, a national bank, a Canadian corporation, or a Canadian investment fund.

	S&P/TSX		World Markets	
Change in market price	-10%	10%	-10%	10%
Change in market value	(6,509,534)	6,509,534	(5,020,886)	5,847,856

Notes to Financial Statements

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.

c. 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.

The Fund's credit risk and liquidity risk have not changed from the prior year and are not considered to be significant by management.

	2025	2024
Deferred contributions, beginning of year	\$384,980,069	\$380,683,599
Investment income	16,743,342	12,788,084
Non-cash amortization of premiums and discounts	(10,731)	(115,056)
Realized loss on sale of long-term investments	(285,485)	(656,926)
Recognized as revenue to match expenses	(8,426,099)	(7,719,632)
	393,001,096	384,980,069
Unrealized gains (losses), beginning of year	13,792,985	(1,610,502)
Unrealized gains (losses) attributable to:		
Equity portion of long-term investments	6,107,867	15,403,487
Amounts reclassified to realized loss on sale of long-term investments	1,300,866	–
Net unrealized losses, end of year	21,201,718	13,792,985
	\$ 414,202,814	\$ 398,773,054



Fund Staff

@ December 31, 2025

Travis Seymour
Chief Executive Officer

Finance & Administration

Tae Kim
Director of Finance & Administration

Oriyomi Bakare
Controller

Mike Britton
Manager, Information Security

Carl Kanjilal
Treasurer

Almaz Kifleyesus
Senior Financial Analyst & Compliance

Ahmad Sultan
Junior IT Analyst

Jocelyn Zhou
Financial Accountant

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Administrator

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FNMHF

FIRST NATIONS MARKET HOUSING FUND

