Consolidated Financial Statements of

FIRST NATIONS FINANCE AUTHORITY

Year ended March 31, 2013

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INDEPENDENT AUDITORS' REPORT

To the Members of First Nations Finance Authority

We have audited the accompanying consolidated financial statements of First Nations Finance Authority which comprise the consolidated statements of financial position as at March 31, 2013, the consolidated statements of operations, changes in net financial assets and cash flows for the year ended March 31, 2013 and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of First Nations Finance Authority as at March 31, 2013 and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants

May 22, 2013
Kelowna, Canada

FIRST NATIONS FINANCE AUTHORITY

Consolidated Statement of Financial Position

March 31, 2013 with comparative figures for 2012

		2013		2012
Financial Assets				
Cash and cash equivalents	$	363,554	$	385,348
Credit Enhancement Fund assets (note 2)		10,503,810		10,928,540
Accounts receivable		2,358		2,083
Investments (note 3(a))		1,046,056		-
Interim financing loans to members (note 4(a))		20,777,505		-
Restricted cash and cash equivalents (note 6(b))		324,035		324,035
		33,017,318		11,640,006
Liabilities				
Accounts payable and accrued liabilities		149,833		160,767
Due to members (note 3(b))		1,046,056		-
Interim financing (note 4(b))		20,776,000		-
		21,971,889		160,767
Net Financial Assets		11,045,429		11,479,239
Non-Financial Assets				
Tangible capital assets (note 5)		54,338		87,442
Prepaid expenses		18,483		20,978
		72,821		108,420
Commitments and contingencies (note 6(b) and 10)				
Subsequent events (note 4(d))				
Accumulated surplus (note 6)	$	11,118,250	$	11,587,659

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Director

Chief Executive Officer

FIRST NATIONS FINANCE AUTHORITY

Consolidated Statement of Operations

Year ended March 31, 2013 with comparative figures for 2012

	2013 Budget (note 1(h))	2013	2012
Revenue			
Grants and contributions (note 7)	$ 1,112,460	$ 1,112,460	$ 1,547,600
Interest from members (note 4(c))	-	298,900	-
Investment income (note 8)	189,100	137,104	939,890
Management fees (note 9)	8,000	9,707	8,518
	1,309,560	1,558,171	2,496,008
Expenses (note 1(i))			
Interest on interim financing (note 4(c))	-	276,115	-
Professional fees	416,300	340,807	291,334
Travel and workshops	241,000	219,649	201,626
Salaries and benefits	884,500	704,786	659,240
Operation and management	444,760	441,544	449,036
Amortization of tangible capital assets (note 5)	-	44,679	47,508
	1,986,560	2,027,580	1,648,744
Surplus (deficit) (note 1(h) and 6)	(677,000)	(469,409)	847,264
Accumulated surplus, beginning of year	11,587,659	11,587,659	10,740,395
Accumulated surplus, end of year	$ 10,910,659	$ 11,118,250	$ 11,587,659

See accompanying notes to consolidated financial statements.

FIRST NATIONS FINANCE AUTHORITY

Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2013 with comparative figures for 2012

	2013 Budget (note 1(h))	2013	2012
Surplus (deficit)	$ (677,000)	$ (469,409)	$ 847,264
Changes to non-financial assets			
Acquisition of tangible capital assets (note 5)	-	(11,575)	(20,450)
Amortization of tangible capital assets (note 5)	-	44,679	47,508
	-	33,104	27,058
Net change in prepaid expenses	-	2,495	(9,842)
	-	35,599	17,216
Increase (decrease) in net financial assets	(677,000)	(433,810)	864,480
Net financial assets, beginning of year	11,479,239	11,479,239	10,614,759
Net financial assets, end of year	$ 10,802,239	$ 11,045,429	$ 11,479,239

See accompanying notes to consolidated financial statements.

FIRST NATIONS FINANCE AUTHORITY
Consolidated Statement of Cash Flows

Year ended March 31, 2013 with comparative figures for 2012

	2013	2012
Cash provided by (used in):		
Operating transactions:		
Surplus (deficit)	$ (469,409)	$ 847,264
Amortization of tangible capital assets	44,679	47,508
Credit Enhancement Fund contribution receivable	-	10,000,000
Net change in non-cash assets and liabilities:		
Accounts receivable	(275)	117,967
Prepaid expenses	2,495	(9,842)
Accounts payable and accrued liabilities	(10,934)	(34,228)
	(433,444)	10,968,669
Investing transactions:		
Interim financing loans to members	(20,777,505)	-
Net decrease (increase) in Credit Enhancement Fund assets	424,730	(10,928,540)
Acquisition of investments	(1,046,056)	-
	(21,398,831)	(10,928,540)
Capital transactions:		
Purchase of tangible capital assets	(11,575)	(20,450)
Financing transactions:		
Proceeds from interim financing	20,776,000	-
Due to members	1,046,056	-
	21,822,056	-
Increase (decrease) in cash and cash equivalents	(21,794)	19,679
Cash and and cash equivalents, beginning of year	385,348	365,669
Cash and cash equivalents, end of year	$ 363,554	$ 385,348

See accompanying notes to consolidated financial statements.

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

1. Significant accounting policies:

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

(a) Basis of consolidation:

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of FNFA's reporting entity, which is comprised of all of FNFA's funding, including its Operating, Credit Enhancement, Sinking and Debt Reserve funds. As at and for the year ended March 31, 2013, the Operating, Credit Enhancement and a Debt Reserve Fund were utilized. All transactions and balances between the funds have been eliminated upon consolidation. Descriptions of FNFA's funds are as follows:

Operating Fund:

FNFA has established an Operating Fund to meet the annual operating budget. In addition to funds received from grants and interest, the Operating Fund receives management fees from the Pooled Investment Funds and pays the cost of their operations.

Credit Enhancement Fund:

Under the Act, FNFA is required to establish a Credit Enhancement Fund ("CEF") for the enhancement of FNFA's credit rating (note 2).

Sinking Fund:

Under the Act, FNFA is required to establish a Sinking Fund to fulfill its repayment obligations to the holders of each debenture security issued by FNFA. No debenture security was outstanding as at March 31, 2013. A Sinking Fund is not required for interim financing loans to members.

1. Significant accounting policies: (continued):

(a) Basis of consolidation (continued):

Debt Reserve Funds:

Under the Act FNFA is required to establish one or more Debt Reserve Funds. If at any time FNFA lacks sufficient funds to meet the principal, interest or sinking fund payments due on its obligations because of a default in payment by a Borrowing Member it can utilize the Debt Reserve Funds to satisfy these obligations.

(b) Basis of accounting:

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

(c) Revenue recognition:

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

FNFA receives management fees with respect to investment services provided to unit holders related to short term investments held with MFA (note 9). These fees are recognized over the related service period.

Interest on loans to members is recorded as revenue in the period in accordance with FNFA's loan agreements with members. Investment income is recorded as revenue in the period earned.

(d) Cash and cash equivalents:

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

1. Significant accounting policies: (continued):

(e) Financial instruments:

Financial instruments are initially classified upon initial recognition as a fair value or an amortized cost instrument. The fair value category includes investments in equity instruments that are quoted in an active market, and any other items elected by FNFA to be recorded at fair value. All other financial instruments are recorded at amortized cost. Transaction costs directly attributable to the acquisition or issue of a financial instrument are added to the amortized cost or expensed if related to instruments recorded on a fair value basis. The effective interest rate method is used to measure interest for financial instruments recorded at amortized cost.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

As at March 31, 2013, FNFA does not have any financial instruments that required or were elected to be recorded at fair value. Accordingly a statement of remeasurement gain (loss) has not been provided.

(f) Tangible capital assets:

Tangible capital assets are reported at cost, net of accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution and are also recorded as revenue. When management determines that a tangible capital asset no longer contributes to FNFA's operations, the tangible capital asset's net book value is written down. Amortization is provided on a declining balance basis over the assets' estimated useful life at the following rates:

Asset	Basis	Rate
Furniture and equipment	Declining balance	20%
Computer equipment	Declining balance	30 - 45%
Leasehold improvements	Straight-line	lesser of lease term and 20%

1. Significant accounting policies: (continued):

(g) Use of estimates:

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates. Significant areas requiring management estimates include the fair value and any impairment of financial assets and the fair value of financial liabilities on issuance. Actual amounts can differ from these estimates.

(h) Budget data:

The budget data presented in these consolidated financial statements have been derived from the budget approved by the Board of Directors on September 28, 2012. The approved budget projected a deficit for the year of $677,000, to be funded from previous years surplus in the Credit Enhancement Fund.

(i) Segmented disclosure:

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. FNFA has determined that it had only one operating segment for the year ended March 31, 2013. Accordingly, segmented disclosures have not been presented in these consolidated financial statements.

2. Credit Enhancement Fund assets:

FNFA entered into an agreement with Aboriginal Affairs and Northern Development Canada ("AANDC"), previously Indian and Northern Affairs Canada, on March 24, 2011 to transfer funds to FNFA for deposit into the Credit Enhancement Fund ("CEF") (note 1(a)).

The funds of the CEF may be invested only in securities, investments or deposits specified under the Act. Investment income from the CEF may be used to temporarily offset shortfalls in the Debt Reserve Funds, to defray FNFA's costs of operation, and for any other purpose prescribed by regulation. The capital of the CEF may be used to temporarily offset shortfalls in the Debt Reserve Funds and for any other purpose prescribed by regulation.

The funding agreement includes provisions pursuant to which FNFA may be required to repay all or a portion of the $10.0 million contribution. The original agreement was amended on March 29, 2012 and again on November 15, 2012 to include the following amended provisions:

i) If FNFA does not issue a bond in accordance with the Act by March 31, 2014, FNFA could be required to repay the contribution by May 1, 2014. The Agreement may be further amended by written request of FNFA to AANDC.

ii) The Minister of AANDC has the right to require the Authority to return the transferred funds if, in the Minister's opinion, FNFA does not make adequate progress towards its first bond issue. The Minister has not, to the date of these financial statements, given any indication that, in their opinion, FNFA has not made adequate progress.

iii) If the FNFA does not issue bonds that, in aggregate, are equal to or greater than $40.0 million at any time up to and including March 31, 2014, the FNFA may be required to repay all or a portion of the contribution.

The CEF assets consist of the following:

	2013	2012
Cash and cash equivalents	$ 10,503,810	$ 10,928,540

3. Debt Reserve Fund:

a) Investments:

Debt Reserve Fund investments consists of cash and cash equivalents held by FNFA as security for debenture payments to bondholders and interim financing providers. If, at any time, FNFA does not have sufficient funds to meet payments or sinking fund contributions due on its obligations, the payments or sinking fund contributions will be made from the Debt Reserve Fund.

b) Due to members:

Amount due to members in the Debt Reserve Fund will be repaid to a member when the member has satisfied all obligations related to the applicable loan agreement. The balance owing to members as at March 31, 2013 is due on demand consistent with the term of the underlying interim financing agreements.

4. Interim financing:

a) Interim financing loans to members:

Interim financing loans to members as at March 31, 2013 consists of loans to three borrowing members with a total face value of $20,777,505. The loans bear interest at 2.50% and are due on the earlier of demand or the expiry of FNFA's credit facility described in note 4(b). The interim financing loans have been issued by FNFA in anticipation of a bond issuance by FNFA. The interim financing loans will be replaced by long-term financing agreements upon on the issuance of such securities and the earlier of five years from the date of the issuance of the interim financing or the completion by the member of the purpose, as defined in their Borrowing Agreement, for the FNFA financing.

The interim financing loans require monthly interest only payments by the members, arising from member revenues as specified in the members' Borrowing Law, into a Secured Revenues Trust Account ("SRTA"), as governed by a Secured Revenues Trust Account Management Agreement between the member and FNFA. As directed by FNFA, the following amounts are withdrawn from the SRTA:

- Monthly interest payments to FNFA under the terms of the respective Borrowing Agreements; and
- The excess balance in the SRTA may be paid to the member based on the terms of their respective Borrowing Agreement.

FNFA conducts periodic evaluations of its loans to members to determine if the loans are

4. Interim financing (continued):

impaired. No impairment provision has been recorded to March 31, 2013. A reduction in the carrying value of a loan may be recovered by a transfer from the applicable Debt Reserve Fund and, ultimately, intervention with First Nations Management Board on eligible revenue streams if it is believed that payments under the loan agreements may not be recovered within a reasonable period of time.

b) Interim financing:

Interim financing consists of a non-revolving credit facility, due on demand, of up to $26,275,790 as of March 31, 2013. The interim financing bears interest at the lender's 30 to 60 day bankers' acceptance rate plus a stamping fee of 1.00% on issuance, with interest-only payments on a monthly basis and the full balance due on or before March 31, 2014. As at March 31, 2013, $20,776,000 had been received by FNFA from this loan facility at a combined average interest rate and stamping fee of 2.27%.

The interim financing is secured by a general security agreement, registered in a first prior position, a general assignment of book debts, bankers acceptance agreements, a pledge of negotiable collateral (covering debt reserve funds assets and all other accounts, other than Credit Enhancement Fund and general operating bank account), guarantees from borrowing members equal to the face value of their interim financing loans and an irrevocable direction to pay signed by FNFA. Also working within the rules and guidelines in the Act and the Credit Enhancement Fund Agreement, the FNFA will transfer some or all of the Credit Enhancement Fund assets to a Debt Reserve Fund to cover a shortfall against the interim financing if repayment of the interim financing is demanded. Once accessed, the Credit Enhancement Fund will be replenished as per the Credit Enhancement Fund Agreement.

c) Net interest on interim financing:

Interest received from members for the year-ended March 31, 2013 was $298,900 (2012 - $nil). Interest expense on interim financing for the year-ended March 31, 2013 was $276,115 (2012 - $nil).

d) Subsequent events:

Subsequent to March 31, 2013, FNFA received loan drawdown requests and issued additional interim financing loans in the amount of $5,037,863 to approved borrowing members.

5. Tangible capital assets:

March 31, 2013	Furniture and equipment	Computer equipment	Leasehold improvements	Total
Costs:				
Balance, beginning of year	$ 44,575	$ 101,096	$ 115,709	$ 261,380
Additions	-	11,575	-	11,575
Write-downs/disposals	(1,346)	(3,502)	-	(4,848)
Balance, end of year	43,229	109,169	115,709	268,107
Accumulated amortization:				
Balance, beginning of year	25,642	55,551	92,745	173,938
Amortization	4,072	17,643	22,964	44,679
Write-downs/disposals	(1,346)	(3,502)	-	(4,848)
Balance, end of year	28,368	69,692	115,709	213,769
Net book value, end of year	$ 14,861	$ 39,477	$ -	$ 54,338

March 31, 2012	Furniture and equipment	Computer equipment	Leasehold improvements	Total
Costs:				
Balance, beginning of year	$ 40,928	$ 89,412	$ 115,709	$ 246,049
Additions	4,502	15,948	-	20,450
Write-downs/disposals	(855)	(4,264)	-	(5,119)
Balance, end of year	44,575	101,096	115,709	261,380
Accumulated amortization:				
Balance, beginning of year	22,325	44,629	64,595	131,549
Amortization	4,172	15,186	28,150	47,508
Write-downs/disposals	(855)	(4,264)	-	(5,119)
Balance, end of year	25,642	55,551	92,745	173,938
Net book value, end of year	$ 18,933	$ 45,545	$ 22,964	$ 87,442

6. Accumulated surplus:

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

	2013	2012
Accumulated surplus:		
Credit Enhancement Fund	$ 10,503,810	$ 10,928,540
Operating Fund:		
Invested in tangible capital assets	54,338	87,442
Unrestricted	560,102	571,677
	$ 11,118,250	$ 11,587,659

The accumulated surplus in FNFA's Debt Reserve Funds as at March 31, 2013 was $nil (2012 - $nil).

b) Members capital:

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

6. Accumulated surplus (continued):

c) Change in accumulated surplus is calculated as follows:

		Operating Fund		
	Credit Enhancement Fund (note 2)	Invested in tangible capital assets	Unrestricted	Total
Balance, March 31, 2011	$ 10,000,000	$ 114,500	$ 625,895	$ 10,740,395
Surplus (deficit)	928,540	(47,508)	(33,768)	847,264
Acquisition of tangible capital assets	-	20,450	(20,450)	-
Balance, March 31, 2012	10,928,540	87,442	571,677	11,587,659
Surplus (deficit)	120,215	(44,679)	(544,945)	(469,409)
Acquisition of tangible capital assets	-	11,575	(11,575)	-
Transfers	(544,945)	-	544,945	-
Balance, March 31, 2013	$ 10,503,810	$ 54,338	$ 560,102	$ 11,118,250

7. Grants and contributions:

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

		2013		2012
Comprehensive Funding Arrangement	$	612,460	$	1,047,600
Grant Agreements		500,000		500,000
	$	1,112,460	$	1,547,600

The AANDC provided a Comprehensive Funding Arrangement for the 2012-2013 fiscal years. The contribution is for delivery of specific programs, services and activities as set out in the arrangement. This funding agreement is reviewed annually based on the needs and the financial results of the FNFA.

Under the terms of the Grant Agreements, which is for the purpose of covering costs associated with the FNFA's core business, the FNFA is to receive an annual maximum of $500,000. This arrangement expires on March 31, 2013 and has been renewed. Management anticipates that this agreement will be renewed for future years.

8. Investment income:

		2013		2012
Credit Enhancement Fund:				
Investment income	$	129,351	$	173,345
Realized gain on cash equivalents		-		763,854
Transaction and bank charges		(9,136)		(8,659)
		120,215		928,540
Other interest income		16,889		11,350
	$	137,104	$	939,890

9. Management fees:

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

10. Commitments:

(a) Operating lease commitments:

The FNFA entered into a lease agreement for office space. The agreement is for 60 months and expires February 2018.

(b) Other commitments:

The FNFA has an agreement with the MFA to which service fees are provided by the MFA at a cost of $1,000 per month. This agreement expires on September 30, 2013.

The FNFA entered into an agreement with Moody's Canada Inc. to provide indicative rating services for a cost of $ 84,000, of which $35,000 has been included as a current liability within accounts payable and accrued liabilities for in the year ended March 31, 2013 for work performed to date.

Total estimated operating lease and other commitments for the next five years are as follows:

2014	$ 123,546
2015	75,046
2016	75,046
2017	75,046
2018	62,538
	$ 411,222

11. Financial instruments:

(a) Fair value:

Fair value represents the estimated consideration that would be agreed upon in a current transaction between knowledgeable and willing parties who are under no compulsion to act. The fair value of a financial instrument on initial recognition is the fair value of the consideration given or received. Subsequent to initial recognition, financial instruments measured at fair value are remeasured based on the available information. As at March 31, 2013 and 2012, FNFA did not have any financial instruments that were required or elected to be recorded at fair value. Accordingly, no disclosure regarding the information used in determining fair value measurements has been provided.

(b) Credit risk:

Credit risk refers to the risk that counterparty may default on its contractual obligations resulting in a financial loss. FNFA holds its cash and cash equivalents, Credit Enhancement Fund assets and investments with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, FNFA's cash accounts are insured up to $300,000.

FNFA's investment policies for its Credit Enhancement Fund, Debt Reserve Funds, and Sinking Funds are governed by the Act, which specifies eligible investments. FNFA's investment policy for other cash and investments is monitored by management and the Board, consistent with its mandate.

(c) Liquidity risk:

Liquidity risk is the risk that FNFA will not be able to meet its financial obligations as they become due. For the year ended March 31, 2013, each interim financing loan to members was funded through interim financing with the same term. FNFA monitors the maturity of its financial liabilities and assesses whether it has sufficient cash to settle these financial obligations when due.

FNFA is subject to non-financial covenants and restrictions in relation to its interim financing and Credit Enhancement Fund (note 2). As at March 31, 2013, FNFA was in compliance with these covenants and restrictions.

The following table summarizes the contractual maturities of FNFA's financial assets and liabilities:

11. Financial instruments (continued):

In thousands of dollars				March 31, 2013
	On demand	Within 6 months	6 months to 1 year	Total
Financial Assets				
Cash and cash equivalents	$ 364	$ -	$ -	$ 364
Credit Enhancement Fund assets	10,504	-	-	10,504
Accounts receivable	-	2	-	2
Debt Reserve Fund	1,046	-	-	1,046
Interim financing loans to members	20,777	-	-	20,777
Restricted cash and cash equivalents	324	-	-	324
	33,015	2	-	33,017
Financial Liabilities				
Accounts payable and accrued liabilities	150	-	-	150
Debt Reserve Fund	1,046	-	-	1,046
Interim financing	20,776	-	-	20,776
	21,972	-	-	21,972
Net Financial Assets	$ 11,043	$ 2	$ -	$ 11,045

In thousands of dollars				March 31, 2012
	On demand	Within 6 months	6 months to 1 year	Total
Financial Assets				
Cash and cash equivalents	$ 385	$ -	$ -	$ 385
Credit Enhancement Fund assets	10,929	-	-	10,929
Accounts receivable	-	2	-	2
Restricted cash and cash equivalents	324	-	-	324
	11,638	2	-	11,640
Financial Liabilities				
Accounts payable and accrued liabilities	161	-	-	161
	161	-	-	161
Net Financial Assets	$ 11,477	$ 2	$ -	$ 11,479

11. Financial instruments (continued):

(d) Interest rate risk:

Interest rate risk relates to the impact of changes in interest rates on FNFA's future cash inflows from its investments and loans to member and future cash outflows on its interim financing. FNFA's cash and cash equivalents, Credit Enhancement Fund assets and investments are held in cash or short term money market instruments, accordingly, FNFA is not subject to significant interest rate risk in regards to these financial assets.

FNFA is subject to interest rate risk with respect to its interim financing, which bears interest at variable rates based on the lenders' 30-60 bankers' acceptance rate. For the year ended March 31, 2013, FNFA's interest on its interim financing loans to members were not subject to significant interest rate risk in relation to its interim financing for the year ended March 31, 2013.

12. Comparative figures:

Certain 2012 comparative figures haves been reclassified to conform with the financial statement presentation adopted for the current year.