

Consolidated financial statements of

Nisga'a Lisims Government

March 31, 2010

Nisga'a Lisims Government

March 31, 2010

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Management's responsibility for financial reporting

The consolidated financial statements of the Nisga'a Lisims Government (the "Government") and related information contained in these consolidated financial statements is the responsibility of management.

The consolidated financial statements have been prepared in accordance with the accounting policies set out in Note 2 to the consolidated financial statements and comply with the recommendations of the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants and the Nisga'a Financial Administration Act of the Nisga'a Lisims Government. When alternative accounting methods exist, management has chosen those that are more appropriate. Where required, management's best estimates and judgments have been applied in the preparation of these statements.

The Government fulfills its accounting and reporting responsibilities through the Office of the Secretary Treasurer and Director of Finance by maintaining a system of financial management and internal control. The systems are continually enhanced and modified to provide reasonable assurance that transactions are appropriately authorized and accurately recorded, and to safeguard and control the Government's assets, and to ensure all transactions are in accordance with the Nisga'a Financial Administration Act.

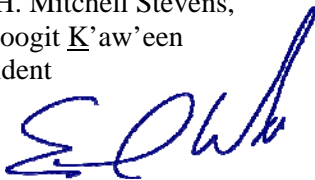
Wilp Si'ayuukhl Nisga'a ("WSN") (the Government's legislative assembly), the Executive and the Finance Committee are responsible for ensuring that management fulfills its responsibilities for financial reporting, and WSN is ultimately responsible for reviewing and approving the consolidated financial statements.

WSN, the Executive and the Finance Committee meet periodically with management, as well as the auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditors' report. They take this information into consideration when approving the consolidated financial statements for issuance to the citizens of Nisga'a Nation. WSN, the Executive and the Finance Committee also consider the engagement of the external auditors.

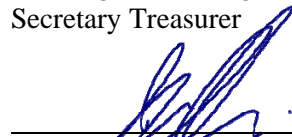
Deloitte & Touche LLP performs an annual audit on the consolidated financial statements in order to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, the financial position of the Government and the results of its operations and its cash flows for the year in accordance with Canadian generally accepted accounting principles for issuance to the Citizens of the Nisga'a Nation.



Mr. H. Mitchell Stevens,
Sim'oogit K'aw'een
President



Mr. Edmond Wright
Sim'oogit K'amluugidis
Secretary Treasurer



Mr. Jason Chan
Director of Finance



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Auditors' Report

To the Wilp Si'ayuukhl Nisga'a of the
Nisga'a Lisims Government

We have audited the consolidated statement of financial position of the Nisga'a Lisims Government (the "Government") as at March 31, 2010 and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the Government's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Deloitte & Touche LLP

Chartered Accountants
June 11, 2010

Nisga'a Lisims Government

Consolidated statement of operations and accumulated surplus year ended March 31, 2010

	Budget 2010	2010	2009
	\$	\$	\$
	(Unaudited)		
Revenues			
Fiscal Financing Agreement and related funding	57,081,379	56,835,390	42,213,489
Interest income on Final Agreement	5,229,250	5,233,336	5,957,558
Other revenues (Note 18)	5,150,387	5,075,556	4,948,427
Targeted funding - INAC	2,429,689	4,399,613	3,485,470
Investment income	3,306,390	3,532,227	4,181,566
Fisheries Corporation	614,557	1,255,355	381,001
Share of business enterprise income (Note 8)	368,432	685,263	39,447
Contribution from Lisims Fisheries Conservation Trust	-	550,000	-
Telecom	679,574	480,568	467,846
Tourism	70,525	62,270	71,934
Foreign exchange gain	-	-	463,696
	74,930,183	78,109,578	62,210,434
Expenses (Note 19)			
Administration	6,082,200	4,949,172	4,293,887
Governance	3,075,873	2,851,384	2,895,246
Programs and services	2,737,800	2,837,571	2,663,998
Interest on Final Agreement and Treaty debt payable	2,053,789	2,053,249	2,732,366
Fish, wildlife and migratory birds	1,847,142	1,820,480	1,621,231
Lands and resources	1,989,305	1,739,871	1,556,424
Fisheries Corporation	1,133,767	1,710,823	1,038,319
Settlement Fund	635,000	672,340	455,291
Elders payment	825,000	630,000	660,000
Amortization	500,000	480,057	477,579
Telecom	533,589	463,554	659,932
Business Development Fund	660,000	455,468	1,025,720
Tourism	198,950	184,847	399,790
Foreign exchange loss	-	2,167	-
Capital Finance Commission	-	-	28,815
	22,272,415	20,850,983	20,508,598
Transfers and operating grants			
Nisga'a Village Governments	19,607,129	21,326,739	14,888,670
Nisga'a Valley Health Authority	12,494,966	13,067,611	12,351,696
Nisga'a School Board #92	8,097,431	8,094,544	6,908,927
Nisga'a Urban Locals	1,400,708	1,669,569	1,363,308
Wilp Wilxo'oskwhl Nisga'a	550,753	604,752	417,475
	42,150,987	44,763,215	35,930,076
	64,423,402	65,614,198	56,438,674
Excess of revenues over expenses	10,506,781	12,495,380	5,771,760
Accumulated surplus, beginning of year	168,262,178	168,262,178	162,490,418
Accumulated surplus, end of year	178,768,960	180,757,558	168,262,178

Nisga'a Lisims Government

Consolidated statement of financial position

as at March 31, 2010

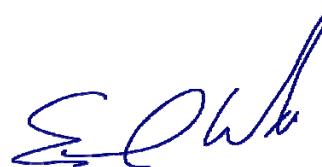
	2010	2009
	\$	\$
Financial assets		
Current financial assets		
Cash	693,775	37,340
Accounts receivable (Note 3)	18,110,455	3,458,125
Current portion of Nisga'a Final Agreement receivable (Note 4 (a))	22,637,829	22,508,034
Current portion of Capital Finance Commission receivable (Note 5)	3,614,634	2,990,000
	45,056,693	28,993,499
Other long-term receivables		
Nisga'a Final Agreement receivable (Note 4 (a))	417,953	481,059
Capital Finance Commission receivable (Note 5)	79,230,331	96,764,618
Designated cash (Note 6)	14,458,536	-
Designated trust funds (Note 7)	21,126,140	21,352,938
Investments in other entities (Note 8)	108,512,583	95,062,156
	2,269,564	1,584,973
	271,071,800	244,239,243
Liabilities		
Current liabilities		
Bank indebtedness (Note 9)	604,879	617,896
Accounts payable and accrued liabilities (Note 10)	7,495,496	3,794,361
Deferred revenue and deposits received (Note 11)	520,169	204,031
Current portion of silviculture liability	105,500	25,500
Current portion of long-term debt (Notes 4 (b), 12 and 13)	17,536,699	14,361,539
	26,262,743	19,003,327
Silviculture liability		
Due to other entities (Note 8)	973,170	846,841
Capital Finance Commission deferred revenue (Note 5 (b))	1,805,560	1,433,276
Nisga'a Final Agreement debt payable (Note 4 (b))	38,711,965	24,195,112
Treaty debt payable (Note 12)	-	44,197,214
Long-term debt (Note 13)	36,624,943	-
	2,897,388	2,840
	107,275,769	89,678,610
Net financial assets	163,796,031	154,560,633
Non-financial assets		
Tangible capital assets (Note 14 and Schedule 1)	16,480,218	12,509,470
Prepaid expenses (Note 15)	476,679	1,159,875
Inventory	4,630	32,200
	16,961,527	13,701,545
Accumulated surplus (Schedule 2)	180,757,558	168,262,178

Commitments and contingencies (Note 17)
Capital Finance Commission contingent asset (Note 17 (b))

On behalf of Wilp Si'ayuukhl Nisga'a



Mitchell Stevens
Sim'oogit K'aw'een, President



Edmond Wright
Sim'oogit K'amluugidis, Secretary Treasurer

Nisga'a Lisims Government

Consolidated statement of change in net financial assets year ended March 31, 2010

	2010	2009
	\$	\$
Excess of revenues over expenses	12,495,380	5,771,760
Amortization of tangible capital assets	664,125	572,973
Acquisition of tangible capital assets	(4,903,739)	(2,517,214)
Transfer of tangible capital assets to Villages and Urban Locals	268,866	24,606
Acquisition of tangible capital asset from a Village	-	(424,700)
Loss on sale of tangible capital assets	-	(3,400)
Change in prepaid expenses	683,196	(605,178)
Change in inventory	27,570	(32,200)
Increase in net financial assets	9,235,398	2,786,647
Net financial assets, beginning of the year	154,560,633	151,773,986
Net financial assets, end of the year	163,796,031	154,560,633

Nisga'a Lisims Government

Consolidated statement of cash flows year ended March 31, 2010

	2010	2009
	\$	\$
Operating activities		
Excess of revenues over expenses	12,495,380	5,771,760
Items not involving cash		
Amortization of tangible capital assets (Schedule 1)	664,125	572,973
Share of business enterprise income	(685,263)	(39,447)
Gain on disposal of assets	-	(3,400)
Transfer of tangible capital assets to Villages and Urban Locals (Schedule 1)	268,866	24,606
	12,743,108	6,326,492
Change in non-cash working capital		
Accounts receivable	(14,589,224)	609,819
Accounts payable and accrued liabilities	3,701,135	1,531,797
Deferred revenue and deposits received	316,138	(1,578,241)
Silviculture liability	206,329	(16,087)
Capital Finance Commission deferred revenue	14,516,853	(4,088,904)
Prepaid expenses	683,196	(408,534)
Inventory	27,570	(8,420)
	17,605,105	2,367,922
Capital activity		
Acquisition of tangible capital assets (Schedule 1)	(4,903,739)	(2,064,211)
Investing activities		
Decrease in designated cash	226,798	3,986,002
Increase in designated trust funds	(13,450,427)	(16,751,057)
	(13,223,629)	(12,765,055)
Financing activities		
Nisga'a Final Agreement receivable (Note 4 (a))	17,404,492	16,680,270
Capital Finance Commission receivable	(15,083,170)	-
Repayment of Nisga'a Final Agreement debt payable	(54,477,753)	(7,607,456)
Long-term debt advances	53,032,352	-
Repayment of long-term debt	(57,162)	(23,728)
Advances from other entities	372,956	1,025,453
	1,191,715	10,074,539
Net cash inflow (outflow)	669,452	(2,386,805)
Cash, net of bank indebtedness, beginning of year	(580,556)	1,806,249
Cash, net of bank indebtedness, end of year	88,896	(580,556)
Supplemental cash flow information		
Interest paid	2,227,703	3,117,700
Interest received	5,300,666	6,543,494
Supplemental non-cash transaction		
Acquisition of tangible capital asset in exchange for partial settlement of account receivable	-	424,700

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2010

1. Operating authority

The Nisga'a Lisims Government ("Government") operates under the authority of the Constitution of the Nisga'a Nation and under the Nisga'a Final Agreement Act in Canada. The members of the Nisga'a Nation ratified a Final Agreement ("Agreement") on November 9, 1998. The Government of Canada and the Province of British Columbia ratified the Agreement through the Legislature and the House of Commons enacting their respective Acts to give effect to the Agreement. The Agreement came into effect on May 11, 2000 in the area of the Nass Valley in British Columbia, Canada.

The Government comprises:

- (a) an elected Legislative House known as Wilp Si'ayuukhl Nisga'a through which the Nisga'a Nation enacts legislation and performs the duties, functions and obligations of Government;
- (b) an Executive which receives delegated authority from Wilp Si'ayuukhl Nisga'a and authority from the Constitution of the Nisga'a Nation to conduct the duties, functions, and obligations of Government; and
- (c) a Council of Elders which may advise the Government on traditional matters.

2. Summary of significant accounting policies

The consolidated financial statements of the Government are prepared by management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board, and are prepared in accordance with the Nisga'a Financial Administration Act of the Nisga'a Nation. The significant accounting policies are as follows:

(a) *Principles of consolidation*

The consolidated financial statements include the accounts of the Government and organizations controlled by the Government. Organizations considered to be government business enterprises are accounted for using the modified equity method. Under this method, the Government only reports its investment in and advances to and the net income or loss of the organization. Government business-type organizations are consolidated in the financial statements after eliminating any intercompany transactions and balances.

Trust funds under the Government's control are incorporated directly into the Government's accounts while those not under the Government's control, or trusts administered on behalf of other parties, are excluded from the consolidated Government reporting entity.

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2010

2. Summary of significant accounting policies (continued)

(a) *Principles of consolidation (continued)*

Nisga'a Government is comprised of the Nisga'a Lisims Government, which represents the Nisga'a Nation, and the four Nisga'a Village Governments, which represents the four Nisga'a Villages. The Nisga'a Nation and the Nisga'a Villages are separate and distinct legal entities. In addition, there are three Nisga'a Urban Locals, which provide liaison and contact between Nisga'a Government and Nisga'a citizens ordinarily residing within the Nisga'a Urban Local Areas. These financial statements include the consolidated financial affairs of the Government and do not include the financial affairs of the NVGs and Nisga'a Urban Locals. The following are the organizations included in the Government reporting entity and how they are accounted for in the consolidated financial statements:

Consolidated

Nisga'a Interim Settlement Trust
Nisga'a Fisheries Ltd.
enTel Communications Inc. ("enTel")
Lisims Backcountry Adventures Inc.
0765604 B.C. Ltd. (The Nisga'a Scoop)
Nisga'a West Coast Stevedoring (1999) Ltd.

Modified equity

Lisims Forest Resource Limited Partnership

Cost basis

Sim Gan Forest Corporation
Northern Native Fishing Corporation

(b) *Recognition of revenues and expenses*

Revenues are accounted for in the period in which the transactions or events occur that give rise to the revenues. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purposes specified. Investment income is recognized when earned.

Government transfers from the federal and provincial governments are recognized as revenue when the transfers have been authorized, eligibility criteria have been met and a reasonable estimate of the amount can be made.

Expenditures are accounted for in the period the goods and services are acquired and a liability is incurred or transfers are due.

(c) *Accumulated surplus*

Funds within the accumulated surplus include the following as provided for under Section 44(1) of the Nisga'a Financial Administration Act. These funds are not presented separately and are presented on a consolidated basis with any inter-fund balances and transactions eliminated, but are separated for the purposes of segmented reporting in Schedule 2.

(i) Government and Administration Fund

This fund consists of the operations and administration of general Government.

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2010

2. Summary of significant accounting policies (continued)

(c) *Accumulated surplus (continued)*

(ii) Commercial Fisheries Fund

This fund consists of the operations of the commercial fisheries programs under Schedule G of the Nisga'a Final Agreement.

(iii) Business Development Fund

This fund consists of the operations conducted under the Nisga'a Business Development Fund Act.

(iv) Capital Transfer Fund

This fund consists of the receipts and transfers of the capital transfer monies under the Nisga'a Final Agreement.

(v) Investment Fund

This fund consists of NLG's investments in various business and non-business ventures.

(vi) Tangible Capital Asset Fund

This fund consists of the tangible capital assets under the management of the Government. This includes tangible capital assets received as part of settlement and tangible capital assets constructed and acquired.

(vii) Capital Finance Commission Fund

This fund consists of the operations of the Capital Finance Commission under the Nisga'a Capital Finance Commission Act.

(d) *Cash, designated cash and designated trust funds*

Cash and portfolio investments are recorded at cost, less any provision for impairment where investments are considered to be other-than-temporarily impaired.

(e) *Foreign currency translation*

Amounts denominated in foreign currencies are translated into Canadian dollars at the prevailing exchange rate at year end and transactions are translated into Canadian dollars at the prevailing rate at the transaction date. Gains and losses arising from translation of foreign currency balances are recognized in revenues or expenses in the period incurred.

(f) *Loans receivable*

Loans receivable are stated at the lower of cost and management's best estimate of net recoverable value. Valuation allowances, which are recorded to reduce loans receivable, are based on past events, current conditions and all circumstances known at the date of the preparation of the financial statements. Interest revenue is recognized when earned. Interest revenue is not accrued when the collectibility of either principal or interest is not reasonably assured.

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2010

2. Summary of significant accounting policies (continued)

(g) *Tangible capital assets*

Tangible capital assets are recorded at cost, except for lands, natural resources and cultural resources which are recorded at a nominal value of \$1 each.

Tangible capital assets are amortized at the following rates and methods:

Buildings and mobile homes	4% and 5%	declining balance
Boats and vessels	7%	declining balance
Automotive	30%	declining balance
Machinery and equipment	20%	declining balance
Furniture, fixtures and office equipment	20%	declining balance
Computer equipment	30%	declining balance
Communications infrastructure	12%	declining balance
Leasehold improvements	Over the term of the lease	straight line

Assets under construction are not amortized until they are brought into use.

When conditions indicate that a tangible capital asset no longer contributes to the ability to provide goods or services, or that the value of future economic benefits is less than its book value, the carrying value of the asset is reduced to reflect the decline in value.

(h) *Income taxes*

The fully consolidated entities of the Nisga'a Commercial Group (Note 2 (a)) use the liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of assets and liabilities and are calculated using tax rates anticipated to be in effect in the periods that the temporary differences are expected to reverse. The effect of a change in the income tax rates on future income tax assets and liabilities is recognized in operations in the period the change becomes substantively enacted.

(i) *Employee benefits*

Under the terms and conditions of employment, Government employees may qualify and earn benefits for annual leave, elective leave, severance and other benefits. The estimated liability for these benefits is recorded as the benefits are earned by employees. Severance liabilities are recorded when employees are identified for lay-off.

(j) *Silviculture*

The Government accrues the cost of the silviculture required under its harvest agreements at the time that the timber is harvested. The liability is re-measured at fair value at the end of the fiscal period.

(k) *Budgets*

The budget figures are the appropriations approved by Wilp Si'ayuukhl Nisga'a and the approved budgets for the consolidated entities, adjusted to eliminate transfers within inter-entity funds of the consolidated Government reporting entities. The budget figures represent the Government's final budget for the year as approved by Wilp Si'ayuukhl Nisga'a. The budget figures presented have not been audited.

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2010

2. Summary of significant accounting policies (continued)

(i) *Use of estimates*

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities for the reporting period. Significant estimates used in preparation of these financial statements include, amongst other things, collectibility of receivables, estimate of silviculture liability, accrued expenses, own source revenue liability, and contingent liabilities. Actual results could differ from those estimates.

3. Accounts receivable

	2010	2009
	\$	\$
Government funding and grants	16,946,853	2,099,994
Fishers loans - various terms	383,510	424,934
GST and PST	365,902	420,137
Business loans - various terms	363,999	343,053
New Aiyansh Village Government	276,453	275,925
Accounts receivable - Nisga'a Commercial Group	81,784	258,631
Other accounts receivable	338,997	316,690
	18,757,498	4,139,364
Allowance for doubtful accounts	(647,043)	(681,239)
	18,110,455	3,458,125

4. Nisga'a Final Agreement receivable/debt payable

(a) *Nisga'a Final Agreement receivable*

	2010	2009
	\$	\$
Receivable, beginning of year	119,272,652	135,952,922
Received in the current year	(22,637,828)	(22,637,828)
Interest earned	5,233,336	5,957,558
	101,868,160	119,272,652
Current portion	(22,637,829)	(22,508,034)
Receivable, end of year	79,230,331	96,764,618

The Nisga'a Final Agreement proceeds receivable bears interest at 5.185% and is receivable annually over 15 years commencing May 11, 2000 at two payments of \$22,021,731, six payments of \$13,012,841, and seven payments of \$22,637,828.

The credit, interest, liquidity and cash flow risks associated with this receivable is considered to be similar to those generally faced by the Government of Canada and the Province of British Columbia. The Government's risk is dependent on those governments' ability to fund the obligations established under the Nisga'a Final Agreement. It is management's opinion that the Government is not exposed to significant risks arising from these financial instruments.

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2010

4. Nisga'a Final Agreement receivable/debt payable (continued)

(b) *Nisga'a Final Agreement debt payable*

	2010	2009
	\$	\$
Debt payable, beginning of year	54,477,753	62,085,209
Repaid in the current year	(56,331,266)	(10,339,822)
Accrued interest	1,853,513	2,732,366
	-	54,477,753
Current portion	-	(10,280,539)
Debt payable, end of year	-	44,197,214

5. Capital Finance Commission

(a) *Capital Finance Commission receivable*

	2010	2009
	\$	\$
Receivable, beginning of year	2,990,000	5,980,000
Received in current year	(2,990,000)	(2,990,000)
Awarded in current year	18,073,170	-
	18,073,170	2,990,000
Current portion	(3,614,634)	(2,990,000)
Receivable, end of year	14,458,536	-

The Government entered into a five year fiscal financing agreement with the Government of Canada and the Province of British Columbia on March 9, 2010. As a result, the Government will receive \$3,614,634 per annum for the next five years (Note 17 (b) (i)).

(b) *Capital Finance Commission deferred revenue*

	2010	2009
	\$	\$
Deferred revenue, beginning of year	24,195,112	31,274,016
Recognized in current year (Note 5 (a))	18,073,170	-
Interest and inflation adjustment earned	738,206	1,358,911
Eligible expenditures	(4,294,523)	(8,437,815)
Deferred revenue, end of year	38,711,965	24,195,112

Eligible expenditures are charged to deferred revenue when they meet the criteria under the terms of the fiscal financing agreement.

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2010

6. Designated cash

	2010	2009
	\$	\$
Capital Finance Commission Fund	20,638,808	21,205,113
Museum loan holdback (Note 11)	327,500	-
Business Development Fund	159,832	147,825
	21,126,140	21,352,938

7. Designated trust funds

Nisga'a Interim Settlement Trust

The Trust comprises:

	2010	2009
	\$	\$
(a) Interest bearing cash account with RBC Dexia Investor Services Trust	132,877	26,435
(b) Portfolio investments held by RBC Dexia Investor Services Trust at cost (market value \$112,361,793 (2009 - \$78,587,301))	108,379,706	95,035,721
	108,512,583	95,062,156

The Government has contributed funds to this Trust to hold, protect and grow a portion of Nisga'a Final Agreement proceeds for the future benefit of the Nisga'a Nation.

Total appropriations from the Nisga'a Interim Settlement to the Government and Administration Fund were as follows:

	\$
2007	5,506,421
2008	7,815,414
2009	7,040,000
2010	-
	20,361,835

These Funds have been appropriated by WSN as a result of approved cash management strategies. The Funds have not been transferred out of the Trust monies at March 31, 2010. The Government may draw down these Funds at a future point in time, consistent with best practices related to strategic cash management.

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2010

8. Investments in and due to other entities

	2010				2009			
	Shares	Advances	Accumulated equity (deficit)	Total	Shares	Advances	Accumulated equity (deficit)	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Nisga'a Fisheries Ltd.	-	(599)	-	(599)	-	-	-	-
Lisims Forest Resource Limited Partnership	100	-	2,270,042	2,270,142	100	-	1,584,852	1,584,952
Nisga'a West Coast Stevedoring (1999) Ltd.	1	229,323	(229,323)	1	1	229,323	(229,323)	1
Sim Gan Forest Corporation	19	-	-	19	19	-	-	19
Northern Native Fishing Corporation	1	-	-	1	1	-	-	1
	121	228,724	2,040,719	2,269,564	121	229,323	1,355,529	1,584,973

Financial information for Lisims Forest Resources Limited Partnership is as follows:

	2010					
	Assets	Liabilities	Net assets	Revenue	Expenses	Net income
	\$	\$	\$	\$	\$	\$
Lisims Forest Resources Limited Partnership	2,493,771	196,730	2,297,041	4,244,432	3,559,169	685,263

	2009					
	Assets	Liabilities	Net assets	Revenue	Expenses	Net income
	\$	\$	\$	\$	\$	\$
Lisims Forest Resources Limited Partnership	1,906,079	321,127	1,584,952	3,214,593	3,175,146	39,447

The amounts due to other entities are unsecured, interest free, and have no fixed terms of repayment.

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2010

9. Bank indebtedness

	2010	2009
	\$	\$
Cheques issued in excess of cash on hand	604,879	617,896

10. Accounts payable and accrued liabilities

	2010	2009
	\$	\$
Accounts payable and accrued liabilities	3,154,125	1,700,058
Nisga'a Village Governments and Institutions	3,003,872	768,344
Elective leave and vacation liability	932,209	866,709
Accounts payable and accrued liabilities - Nisga'a Commercial Group	150,480	314,480
Payroll liabilities	254,810	144,770
	7,495,496	3,794,361

11. Deferred revenue and deposits received

Deferred revenue and deposits received consists of proceeds received for specific projects to be completed in the future and forestry bid deposits held. These amounts will be recognized in the period monies are used for the purpose specified.

	2010	2009
	\$	\$
Deferred revenue and deposits received	512,178	193,863
Deferred revenue - Nisga'a Commercial Group	7,991	10,168
	520,169	204,031

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2010

12. Treaty debt payable

	2010	2009
	\$	\$
Non-revolving term facility repayable in annual instalments of principal and interest of \$9,585,733, bearing interest at bank prime minus 0.48%, secured by a general security agreement and funds received under the Nisga'a Final Agreement.	46,191,720	-
Less: Current portion	(9,566,777)	-
	36,624,943	-

Scheduled principal repayments required in the next five years are as follows:

	\$
2011	9,566,777
2012	9,399,667
2013	9,235,030
2014	9,073,714
2015	8,916,532
	46,191,720

13. Long-term debt

	2010	2009
	\$	\$
Revolving demand loan at bank prime rate with no specific terms of repayment, secured by a general security agreement and an assignment of specific future funding. The loans are authorized to a maximum of \$9,000,000.	7,600,000	4,025,000
enTel demand operating line of credit facility available of \$100,000, with floating interest rate at prime.	-	40,000
Credit line related to Museum, at bank prime, payable at \$46,750 per month including interest, secured by specific physical assets.	3,265,632	-
Demand loan at bank prime, payable at \$1,450 per month including interest, secured by specific physical assets.	1,678	18,840
	10,867,310	4,083,840
Less: Current portion	(7,969,922)	(4,081,000)
	2,897,388	2,840

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2010

13. Long-term debt (continued)

Scheduled principal repayments required in the next five years and thereafter are as follows:

	\$
2011	7,969,922
2012	452,249
2013	463,819
2014	475,685
2015	487,855
Thereafter	1,017,780
	<u>10,867,310</u>

14. Tangible capital assets (Schedule 1)

	2010	2009
	Net book value	Net book value
	\$	\$
Land, natural resources and cultural resources	1,803	1,803
Buildings and mobile homes	8,871,407	9,423,626
Leasehold improvements	10,411	12,837
Boats and vessels	414,381	363,562
Automotive	143,670	169,802
Machinery and equipment	9,941	12,425
Furniture, fixtures and office equipment	156,060	148,504
Computer equipment	119,199	63,247
Communications infrastructure	247,143	283,784
Construction in progress	6,506,203	2,029,880
	<u>16,480,218</u>	<u>12,509,470</u>

The land, natural resources and cultural resources contributed were recorded at \$1 each as a reasonable valuation of these assets was not available. This is a departure from the accounting required under Section 42 of the Nisga'a Financial Administration Act which requires that these assets be recorded at fair value. These assets include the following:

- | | |
|--------------------|--|
| Lands | - Approximately 2,020 square kilometres of land comprising of 1,993 of Nisga'a lands in the lower Nass Valley and 27 of Category A and B lands held outside of Nisga'a lands |
| | - A commercial recreation tenure |
| Natural resources | - Timber, subsurface minerals, limited water, fish and wildlife |
| Cultural resources | - Heritage sites, artwork and artifacts |

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2010

15. Prepaid expenses

	2010	2009
	\$	\$
Prepaid expenses	269,749	306,276
Prepaid expenses - Nisga'a Commercial Group	206,930	212,321
Imprest social assistance prepaid advances to Villages	-	641,278
	476,679	1,159,875

16. Tax losses carried forward

The Nisga'a Commercial Group has incurred non-capital losses of \$5,665,645 (2009 - \$6,033,455) for tax purposes which are available to reduce future taxable income. Such benefits will be recognized in the period it is determined that they are more likely than not to be realized. These losses expire as follows:

	\$
2014	1,030,125
2015	1,220,892
2026	943,986
2027	709,616
2028	563,795
2029	813,037
2030	384,194
	5,665,645

The Nisga'a Commercial Group has deductible temporary differences of \$88,128 (2009 - \$59,172) and capital losses of \$10,503 (2009 - \$13,233) for which no future income tax asset has been recognized.

17. Commitments and contingencies

(a) Commitments

- (i) The Government enters into various contracts and agreements and is committed to various expenditures in the normal course of business.
- (ii) The Government is committed to provide various programs and services and to conduct various activities under the Nisga'a Final Agreement. The cost of completing all of these activities is substantial, although the cost cannot be readily determined.
- (iii) The nature of the Government's activities requires negotiation of contracts that are significant in relation to its current financial position and that may materially affect the level of future expenditures. These include contractual commitments pertaining to funding agreements with Nisga'a Village Governments, various Nisga'a institutions and various capital projects.
- (iv) The Government is committed to minimum operating lease payments in respect of two vehicles in the amount of \$3,769.

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2010

17. Commitments and contingencies (continued)

(a) *Commitments (continued)*

- (v) Letters of guarantee in the amount of \$Nil (2009 - \$15,000) in respect to loans held by the Department of Fisheries and Oceans. The guarantee was cancelled during fiscal 2010.

(b) *Contingencies*

- (i) Effective May 11, 2000, the Government entered into the first Nisga'a Nation Fiscal Financing Agreement (the "Agreement") with the Government of Canada and the Province of British Columbia for a five year period. A second Agreement was entered into on March 9, 2010 for a further five year period. The terms of the Agreement provide that every five years, or at longer intervals as agreed upon by the parties, the parties will negotiate and attempt to reach agreement on a fiscal financing agreement by which funding will be provided to the Nisga'a Nation to provide agreed-upon public programs and services to Nisga'a citizens. Funding provided under the first and second Agreements include amounts for the replacement and maintenance of certain agreed-upon tangible capital assets. The Government expects to receive approximately \$76 million, plus inflationary adjustments, for these tangible capital assets under future Agreements, of which approximately \$12.6 million, plus inflationary adjustments, relates to Government owned assets.
- (ii) The Government of Canada and the Nisga'a Lisims Government have set up the Lisims Fisheries Conservation Trust which is under the control of trustees independent from the Nisga'a Nation and Nisga'a Lisims Government. The objectives of the trust are to promote conservation and protection of, to facilitate sustainable management of, and to promote and support Nisga'a participation in the stewardship of the Nass area fish species and stocks and the Nass area fisheries for the benefit of all Canadians. The trust had net assets of \$14,391,575 at December 31, 2009 (December 31, 2008 - \$12,210,581), which are not included in these financial statements. The Government received \$550,000 (2008 - \$Nil) from the Trust during the year.
- (iii) The Government is contingently liable to banks for housing loan guarantees provided in the amount of \$625,115 (2009 - \$689,948) under housing programs.

18. Other revenues

	2010	2009
	\$	\$
Other grants and contributions	1,600,840	2,158,767
Goods and services tax	1,451,406	811,788
Contract revenues	1,029,616	784,556
Social services tax	468,198	425,894
Stumpage and silviculture levies	153,611	213,144
Insurance proceeds	144,586	98,600
Rental income	133,076	139,539
Other	74,053	305,079
Levies, fees, permits and leases	20,170	11,060
	5,075,556	4,948,427

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2010

19. Expenses by object

	2010	2009
	\$	\$
Compensation and training	6,994,048	7,041,212
Purchased goods and services	7,829,233	7,108,183
Interest on Final Agreement and Treaty debt payable	2,053,249	2,732,366
Travel, accommodation and related costs	982,992	847,330
Own source revenue taxation	900,000	364,322
Elders payments	630,000	660,000
Amortization	664,125	572,973
Other interest and bank charges	188,268	101,177
Other grants and contributions	395,468	903,935
Urban housing and renovation grants	213,600	177,100
	20,850,983	20,508,598

20. Defined contribution plan

The Government participates in an individual defined contribution plan for its permanent employees. Permanent employees are required to contribute 5% of their earnings. An additional voluntary contribution up to 8% of earnings is permitted. The Government contributes amounts equal to the employee's required contribution of 5%. The Government contributed \$188,247 (2009 - \$188,123) and its participating employees contributed \$204,898 (2009 - \$173,059) to the plan during the year.

21. Related party transactions and balances

During the year ended March 31, 2010, the Government:

- (a) Received from Lisims Forest Resource Limited Partnership ("LFRLP") \$116,842 (2009 - \$58,404) for stumpage fees relating to logging rights given to LFRLP.
- (b) Received from LFRLP silviculture levies of \$36,771 (2009 - \$154,739).
- (c) Has an outstanding accounts receivable balance due from LFRLP of \$121,544 (2009 - \$76,164) in relation to silviculture levies.

Amounts paid and received from related parties were incurred in the normal course of business and are measured at the exchange amount, which is the amount agreed upon by the transacting parties.

22. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

Nisga'a Lisims Government

Consolidated schedule of tangible capital assets
as at March 31, 2010

Schedule 1

	Land, natural resources and cultural resources	Buildings and mobile homes	Leasehold improvements	Boats and vessels	Automotive	Machinery and equipment	Furniture, fixtures and office equipment	Computer equipment	Communications infrastructure	Construction in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost											
As at April 1, 2009	1,803	12,587,574	22,011	586,106	586,628	40,339	475,117	547,762	609,948	2,029,880	17,487,168
Additions	-	168,686	-	96,123	29,870	-	43,136	84,599	5,002	4,476,323	4,903,739
Transfers to Villages and Urban Locals	-	(365,100)	-	-	-	-	-	-	-	-	(365,100)
	1,803	12,391,160	22,011	682,229	616,498	40,339	518,253	632,361	614,950	6,506,203	22,025,807
Accumulated amortization											
As at April 1, 2009	-	3,163,948	9,174	222,544	416,826	27,914	326,613	484,515	326,164	-	4,977,698
Additions	-	452,039	2,426	45,304	56,002	2,484	35,580	28,647	41,643	-	664,125
Transfers to Villages	-	(96,234)	-	-	-	-	-	-	-	-	(96,234)
	-	3,519,753	11,600	267,848	472,828	30,398	362,193	513,162	367,807	-	5,545,589
Net book value, March 31, 2010	1,803	8,871,407	10,411	414,381	143,670	9,941	156,060	119,199	247,143	6,506,203	16,480,218
Net book value, March 31, 2009	1,803	9,423,626	12,837	363,562	169,802	12,425	148,504	63,247	283,784	2,029,880	12,509,470

Nisga'a Lisims Government

Consolidated schedule of segment disclosure
year ended March 31, 2010

Schedule 2

	Government and Administration Fund	Commercial Fisheries Fund	Business Development Fund	Capital Transfer Fund	Investment Fund	Tangible Capital Asset Fund	Capital Finance Commission Fund	Interfund Eliminations on Consolidation	2010 Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues									
Fiscal Financing Agreement and related funding	56,334,777	-	-	-	-	500,613	-	-	56,835,390
Interest income on Final Agreement	5,233,336	-	-	-	-	-	-	-	5,233,336
Other revenues (Note 18)	5,075,550	-	6	-	-	-	-	-	5,075,556
Targeted funding - INAC	2,589,677	-	-	-	-	-	1,809,936	-	4,399,613
Investment income	3,475,496	280,109	56,731	-	-	-	-	(280,109)	3,532,227
Fisheries Corporation	-	-	-	-	1,255,355	-	-	-	1,255,355
Share of business enterprise income	-	-	-	-	685,263	-	-	-	685,263
Contribution from Lisims Fisheries Conservation Trust	550,000	-	-	-	-	-	-	-	550,000
Telecom	-	-	-	-	480,568	-	-	-	480,568
Tourism	-	-	-	-	62,270	-	-	-	62,270
	73,258,836	280,109	56,737	-	2,483,456	500,613	1,809,936	(280,109)	78,109,578
Expenses									
Administration	4,943,588	-	-	-	-	5,584	-	-	4,949,172
Governance	2,851,384	-	-	-	-	-	-	-	2,851,384
Programs and services	2,837,571	-	-	-	-	-	-	-	2,837,571
Interest on Final Agreement and Treaty debt payable	2,053,249	-	-	-	-	-	-	-	2,053,249
Lands and resources	1,739,871	-	-	-	-	-	-	-	1,739,871
Fish, wildlife and migratory birds	1,820,480	-	-	-	-	-	-	-	1,820,480
Fisheries Corporation	-	-	-	-	1,710,823	-	-	-	1,710,823
Elders payment	630,000	-	-	-	-	-	-	-	630,000
Business Development Fund	-	-	455,468	-	-	-	-	-	455,468
Settlement Fund	672,340	-	-	-	-	-	-	-	672,340
Telecom	-	-	-	-	463,554	-	-	-	463,554
Amortization	-	-	-	-	-	480,057	-	-	480,057
Tourism	-	-	-	-	184,847	-	-	-	184,847
Foreign exchange loss	2,167	-	-	-	-	-	-	-	2,167
Intergovernmental interest	280,109	-	-	-	-	-	-	(280,109)	-
	17,830,759	-	455,468	-	2,359,224	485,641	-	(280,109)	20,850,983
Transfers and operating grants									
Nisga'a Village Governments	19,516,803	-	-	-	-	-	1,809,936	-	21,326,739
Nisga'a Valley Health Authority	13,067,611	-	-	-	-	-	-	-	13,067,611
Nisga'a School Board #92	8,094,544	-	-	-	-	-	-	-	8,094,544
Nisga'a Urban Locals	1,669,569	-	-	-	-	-	-	-	1,669,569
Wilp Wilxo'oskwhl Nisga'a	604,752	-	-	-	-	-	-	-	604,752
	42,953,279	-	-	-	-	-	1,809,936	-	44,763,215
	60,784,038	-	455,468	-	2,359,224	485,641	1,809,936	(280,109)	65,614,198
Excess of revenues over expenses	12,474,798	280,109	(398,731)	-	124,232	14,972	-	-	12,495,380
Accumulated surplus, beginning of year	151,195,843	12,449,287	2,339,460	-	(8,210,226)	10,487,814	-	-	168,262,178
Accumulated surplus, end of year	163,670,641	12,729,396	1,940,729	-	(8,085,994)	10,502,786	-	-	180,757,558

Nisga'a Lisims Government

Consolidated schedule of segment disclosure
year ended March 31, 2009

Schedule 2

(continued)

	Government and Administration Fund	Commercial Fisheries Fund	Business Development Fund	Capital Transfer Fund	Investment Fund	Tangible Capital Asset Fund	Capital Finance Commission Fund	Interfund Eliminations on Consolidation	2009 Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues									
Fiscal Financing Agreement and related funding	41,529,994	-	-	-	-	-	683,495	-	42,213,489
Interest income on Final Agreement and capital commission proceeds receivable	5,957,559	-	-	-	-	-	-	-	5,957,559
Other revenues (Note 18)	4,348,427	-	600,000	-	-	-	-	-	4,948,427
Investment income	4,127,146	303,641	54,419	-	-	-	-	(303,641)	4,181,565
Targeted funding - INAC	2,748,696	-	-	-	-	-	736,774	-	3,485,470
Telecom	-	-	-	-	467,846	-	-	-	467,846
Foreign exchange gain	463,696	-	-	-	-	-	-	-	463,696
Fisheries Corporation	-	-	-	-	381,001	-	-	-	381,001
Tourism	-	-	-	-	71,934	-	-	-	71,934
Share of business enterprise income	-	-	-	-	39,447	-	-	-	39,447
	59,175,518	303,641	654,419	-	960,228	-	1,420,269	(303,641)	62,210,434
Expenses									
Administration	4,293,887	-	-	-	-	-	-	-	4,293,887
Governance	2,895,246	-	-	-	-	-	-	-	2,895,246
Interest on Final Agreement debt payable	2,732,366	-	-	-	-	-	-	-	2,732,366
Programs and services	2,663,998	-	-	-	-	-	-	-	2,663,998
Fish, wildlife and migratory birds	1,621,231	-	-	-	-	-	-	-	1,621,231
Lands and resources	1,556,424	-	-	-	-	-	-	-	1,556,424
Fisheries Corporation	-	-	-	-	1,038,319	-	-	-	1,038,319
Business Development Fund	-	-	1,025,720	-	-	-	-	-	1,025,720
Elders payment	660,000	-	-	-	-	-	-	-	660,000
Telecom	-	-	-	-	659,932	-	-	-	659,932
Amortization	-	-	-	-	-	477,579	-	-	477,579
Settlement Fund	455,291	-	-	-	-	-	-	-	455,291
Tourism	-	-	-	-	399,790	-	-	-	399,790
Capital Finance Commission	-	-	-	-	-	-	28,815	-	28,815
Intergovernmental interest	303,641	-	-	-	-	-	-	(303,641)	-
Share of business enterprises loss	-	-	-	-	-	-	-	-	-
	17,182,084	-	1,025,720	-	2,098,041	477,579	28,815	(303,641)	20,508,598
Transfers and operating grants									
Nisga'a Village Governments	14,101,896	-	50,000	-	-	-	736,774	-	14,888,670
Nisga'a Valley Health Authority	12,351,696	-	-	-	-	-	-	-	12,351,696
Nisga'a School Board #92	6,908,927	-	-	-	-	-	-	-	6,908,927
Nisga'a Urban Locals	1,363,308	-	-	-	-	-	-	-	1,363,308
Wilp Wil xo'oskwhl Nisga'a	417,475	-	-	-	-	-	-	-	417,475
Department appropriation	771,000	-	(771,000)	-	-	-	-	-	-
	35,914,302	-	(721,000)	-	-	-	736,774	-	35,930,076
	53,096,386	-	304,720	-	2,098,041	477,579	765,589	(303,641)	56,438,674
Excess (deficiency) of revenues over expenses	6,079,132	303,641	349,699	-	(1,137,813)	(477,579)	654,680	-	5,771,760
Transfer between funds	-	-	-	-	-	654,680	(654,680)	-	-
Accumulated surplus, beginning of year (restated)	145,116,711	12,145,646	1,989,761	-	(7,072,413)	10,310,713	-	-	162,490,418
Accumulated surplus, end of year	151,195,843	12,449,287	2,339,460	-	(8,210,226)	10,487,814	-	-	168,262,178