

Consolidated financial statements of

Nisga'a Lisims Government

March 31, 2012

Nisga'a Lisims Government

March 31, 2012

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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 Chief Financial Officer 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, to safeguard and control the Government's assets, and to ensure all transactions are in accordance with the Nisga'a Financial Administration Act.

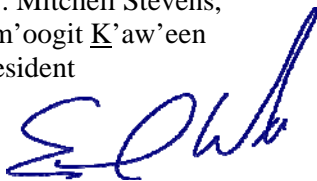
Wilp Si'ayuukhl Nisga'a ("WSN") (the Government's legislative assembly), the Executive and the Finance Committee are responsible for ensuring that management fulfills its responsibilities for financial reporting, and WSN is ultimately responsible for reviewing and approving the consolidated financial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

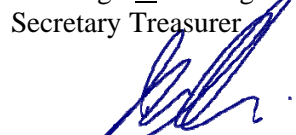
Deloitte & Touche LLP performs an annual audit on the consolidated financial statements in order to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, the financial position of the Government and the results of its operations, changes in its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



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



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



Mr. Jason Chan
Chief Financial Officer

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of the Nisga'a Lisims Government, which comprise the consolidated statement of financial position as at March 31, 2012, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and the notes to the consolidated financial statements.

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.

Auditor's 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 the 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 the auditor's 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, the auditor considers 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 financial position of the Nisga'a Lisims Government as at March 31, 2012, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte & Touche LLP

Chartered Accountants
Vancouver, British Columbia
July 30, 2012

Nisga'a Lisims Government

Consolidated statement of operations and accumulated surplus year ended March 31, 2012

	Budget 2012	2012	2011
	\$	\$	\$
	(Unaudited)		
Revenues			
Fiscal Financing Agreement and related funding	56,012,471	56,058,157	53,372,228
Other revenues (Note 18)	14,048,513	14,182,349	5,998,976
Investment income	5,017,000	7,810,413	5,085,185
Targeted funding - INAC	5,612,484	6,195,913	2,408,545
Interest income on Final Agreement	3,332,481	3,332,481	4,294,900
Government business income (Note 22)	847,849	1,513,709	1,462,494
Contribution from Lisims Fisheries			
Conservation Trust	575,000	575,000	550,000
Government business enterprise income (Note 8)	357,375	492,940	-
	85,803,173	90,160,962	73,172,328
Expenses (Note 19)			
Administration	6,870,430	5,871,955	4,695,212
Governance	3,253,618	3,474,859	2,886,171
Programs and services	3,472,581	2,891,872	3,313,153
Lands and resources	2,640,170	2,710,183	3,020,165
Government business expenses (Note 22)	1,189,838	2,358,591	2,094,175
Fish, wildlife and migratory birds	2,113,760	2,044,493	2,277,636
Interest expense	920,620	921,294	808,635
Settlement Fund	992,351	902,484	907,430
Amortization	550,000	810,169	504,549
Elders payment	765,000	795,000	825,000
Business Development Fund	310,000	163,293	110,000
Government business enterprise loss (Note 8)	-	-	189,460
	23,078,368	22,944,193	21,631,586
Transfers and operating grants			
Nisga'a Village Governments	26,907,413	27,319,040	21,142,756
Nisga'a Valley Health Authority	14,911,867	15,122,928	14,153,681
Nisga'a School Board #92	7,430,877	7,085,514	7,391,169
Nisga'a Urban Locals	2,367,269	2,445,287	1,990,434
Wilp Wilxo'oskwhl Nisga'a	918,680	918,685	775,681
	52,536,106	52,891,454	45,453,721
	75,614,474	75,835,647	67,085,307
Excess of revenues over expenses	10,188,699	14,325,315	6,087,021
Accumulated surplus, beginning of year	186,844,579	186,844,579	180,757,558
Accumulated surplus, end of year	197,033,278	201,169,894	186,844,579

Nisga'a Lisims Government

Consolidated statement of financial position as at March 31, 2012

	2012	2011
	\$	\$
Financial assets		
Cash	281,693	251,685
Accounts and loans receivable (Notes 3 and 21)	4,735,687	4,833,366
Nisga'a Final Agreement receivable (Note 4)	64,219,885	83,525,232
Capital Finance Commission receivable (Note 5)	10,843,902	14,458,536
Designated cash (Note 6)	18,981,739	19,058,617
Designated trust funds (Note 7)	148,579,306	127,204,918
Investments in other entities (Note 8)	2,578,772	2,084,591
	250,220,984	251,416,945
Liabilities		
Bank indebtedness (Note 9)	1,122,798	308,084
Accounts payable and accrued liabilities (Note 10)	6,711,697	7,925,262
Deferred revenue and deposits received (Note 11)	192,163	293,938
Silviculture liability	1,378,743	1,193,984
Due to other entities (Note 8)	2,559,017	2,415,621
Capital Finance Commission deferred revenue (Note 5)	29,562,209	33,244,207
Treaty debt payable (Note 12)	28,515,225	37,414,953
Long-term debt (Note 13)	5,105,139	6,851,296
	75,146,991	89,647,345
Net financial assets	175,073,993	161,769,600
Non-financial assets		
Tangible capital assets (Note 14 and Schedule 1)	26,022,797	24,706,017
Prepaid expenses (Note 15)	60,281	363,589
Inventory	12,823	5,373
	26,095,901	25,074,979
Accumulated surplus (Schedule 2)	201,169,894	186,844,579

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

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 changes in net financial assets year ended March 31, 2012

	Budget 2012	2012	2011
	\$	\$	\$
	(Unaudited)		
Excess of revenues over expenses	10,188,699	14,325,315	6,087,021
Amortization of tangible capital assets	550,000	1,008,206	582,381
Acquisition of tangible capital assets	(3,442,769)	(2,457,390)	(8,810,851)
Loss on disposal of tangible capital assets	-	132,404	2,671
Change in prepaid expenses	-	303,308	113,090
Change in inventory	-	(7,450)	(743)
Increase (decrease) in net financial assets	7,295,930	13,304,393	(2,026,431)
Net financial assets, beginning of the year	161,769,600	161,769,600	163,796,031
Net financial assets, end of the year	169,065,530	175,073,993	161,769,600

Nisga'a Lisims Government

Consolidated statement of cash flows year ended March 31, 2012

	2012	2011
	\$	\$
Operating activities		
Excess of revenues over expenses	14,325,315	6,087,021
Items not involving cash		
Amortization of tangible capital assets	1,008,206	582,381
Loss on disposal of tangible capital assets	132,404	2,671
Government business enterprise (income) loss	(492,940)	189,460
	14,972,985	6,861,533
Change in non-cash working capital		
Accounts and loans receivable	97,679	13,695,042
Accounts payable and accrued liabilities	(1,213,565)	429,766
Deferred revenue and deposits received	(101,775)	(226,231)
Silviculture liability	184,759	115,314
Capital Finance Commission deferred revenue	(3,681,998)	(5,467,758)
Prepaid expenses	303,308	113,090
Inventory	(7,450)	(743)
	10,553,943	15,520,013
Capital activity		
Acquisition of tangible capital assets	(2,457,390)	(8,810,851)
Investing activities		
Decrease in designated cash	76,878	2,067,523
Increase in designated trust funds	(21,374,388)	(18,692,335)
	(21,297,510)	(16,624,812)
Financing activities		
Nisga'a Final Agreement receivable	19,305,347	18,342,928
Capital Finance Commission receivable	3,614,634	3,614,634
Long-term debt advances	105,000	4,701,296
Repayment of long-term debt	(10,750,885)	(17,494,077)
Advances from other entities	142,155	605,574
	12,416,251	9,770,355
Net cash outflow	(784,706)	(145,295)
Cash, net of bank indebtedness, beginning of year	(56,399)	88,896
Cash, net of bank indebtedness, end of year	(841,105)	(56,399)
Supplemental cash flow information		
Interest paid	1,199,392	2,227,703
Interest received	3,406,817	5,300,666

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2012

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. Other government 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, 2012

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 Nisga'a Village Governments 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. (i)
enTel Communications Inc. ("enTel") (i)
Lisims Backcountry Adventures Inc. (i)
0765604 B.C. Ltd. (The Nisga'a Scoop) (i)
Nisga'a West Coast Stevedoring (1999) Ltd.
Nass Area Properties Ltd.
Nass Area Properties Limited Partnership
Nass Area Enterprises Ltd.
Nass Area Enterprises Limited Partnership

Modified equity

Lisims Forest Resource Limited Partnership (i)

(i) These entities are included in the Nisga'a Commercial Group.

(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, 2012

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, 2012

2. Summary of significant accounting policies (continued)

(g) *Tangible capital assets*

Tangible capital assets are recorded at cost, except for contributed 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. Deferred 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. Deferred income tax assets are recognized to the extent that such benefits are likely to be realized.

(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, 2012

2. Summary of significant accounting policies (continued)

(i) *Use of estimates*

The preparation of financial statements in accordance with Canadian public sector accounting standards 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 and loans receivable

	2012	2011
	\$	\$
Government funding and grants	1,614,175	1,935,275
HST, GST and PST	1,422,494	804,963
Other accounts receivable	280,209	756,509
Accounts receivable - Nisga'a Commercial Group	584,879	526,469
Business loans - various terms	866,296	826,826
Fishers loans - various terms	337,390	353,083
Gitlaxt'aamiks Village Government	277,287	277,284
	5,382,730	5,480,409
Allowance for doubtful accounts	(647,043)	(647,043)
	4,735,687	4,833,366

4. Nisga'a Final Agreement receivable

	2012	2011
	\$	\$
Receivable, beginning of year	83,525,232	101,868,160
Received in the current year	(22,637,828)	(22,637,828)
Interest earned	3,332,481	4,294,900
Receivable, end of year	64,219,885	83,525,232

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 \$22,637,829.

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, 2012

5. Capital Finance Commission

(a) *Capital Finance Commission receivable*

	2012	2011
	\$	\$
Receivable, beginning of year	14,458,536	18,073,170
Received in current year	(3,614,634)	(3,614,634)
Receivable, end of year	10,843,902	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*

	2012	2011
	\$	\$
Deferred revenue, beginning of year	33,244,207	38,711,965
Interest and inflation adjustment earned	320,664	215,510
Eligible expenditures	(4,002,662)	(5,683,268)
Deferred revenue, end of year	29,562,209	33,244,207

Revenue is recognized when expenditures incurred meet the criteria under the terms of the fiscal financing agreement.

6. Designated cash

	2012	2011
	\$	\$
Capital Finance Commission Fund	18,767,433	18,864,468
Business Development Fund	214,306	194,149
	18,981,739	19,058,617

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2012

7. Designated trust funds

Nisga'a Interim Settlement Trust

The Trust comprises:

	2012	2011
	\$	\$
(a) Interest bearing cash account with RBC Dexia Investor Services Trust	192,949	349,525
(b) Portfolio investments held by RBC Dexia Investor Services Trust at cost (market value \$164,888,996 (2011 - \$143,949,312))	148,386,357	126,855,393
	148,579,306	127,204,918

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	-
2011	3,699,288
2012	5,578,714
	29,639,837

These Funds have been appropriated by WSN as a result of approved cash management strategies. The Government may draw down these Funds at a future point in time, consistent with best practices related to strategic cash management. A distribution of \$3,005,479 (2011 - Nil) was distributed out of the Trust monies during the year ended March 31, 2012.

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2012

8. Investments in and due to other entities

	2012				2011			
	Shares	Advances	Accumulated equity (deficit)	Total	Shares	Advances	Accumulated equity (deficit)	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Nisga'a Fisheries Ltd.	-	4,409	-	4,409	-	3,736	-	3,736
Lisims Forest Resource Limited Partnership	100	-	2,574,242	2,574,342	100	-	2,080,734	2,080,834
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	233,732	2,344,919	2,578,772	121	233,059	1,851,411	2,084,591

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

	2012					
	Assets	Liabilities	Net assets	Revenue	Expenses	Net income
	\$	\$	\$	\$	\$	\$
Lisims Forest Resource Limited Partnership	3,416,650	816,129	2,600,521	6,994,243	6,501,303	492,940

	2011					
	Assets	Liabilities	Net assets	Revenue	Expenses	Net income
	\$	\$	\$	\$	\$	\$
Lisims Forest Resource Limited Partnership	2,943,394	835,813	2,107,581	3,575,421	3,764,881	(189,460)

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, 2012

9. Bank indebtedness

	2012	2011
	\$	\$
Cheques issued in excess of cash on hand	1,122,798	308,084

The Government has a \$5 million credit facility available at bank prime, secured by a general security agreement.

10. Accounts payable and accrued liabilities

	2012	2011
	\$	\$
Accounts payable and accrued liabilities	4,053,326	4,350,768
Nisga'a Village Governments and Institutions	1,085,334	2,114,267
Elective leave and vacation liability	1,168,560	1,087,791
Accounts payable and accrued liabilities - Nisga'a Commercial Group	193,073	244,128
Payroll liabilities	211,404	128,308
	6,711,697	7,925,262

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.

	2012	2011
	\$	\$
Deferred revenue and deposits received	188,620	291,500
Deferred revenue - Nisga'a Commercial Group	3,543	2,438
	192,163	293,938

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2012

12. Treaty debt payable

	2012	2011
	\$	\$
Non-revolving term facility repayable in annual instalments of principal and interest of \$9,821,022 bearing interest at 3.2% per annum, secured by a general security agreement and funds received under the Nisga'a Final Agreement.		
Payable, beginning of year	37,414,953	-
Advance in the current year	-	37,115,588
Repaid in the current year	(9,687,610)	-
Interest charged	787,882	299,365
	28,515,225	37,414,953

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

	\$
2013	9,721,628
2014	9,753,468
2015	9,040,129
	28,515,225

13. Long-term debt

	2012	2011
	\$	\$
Demand loan at bank prime, repayable at \$46,750 per month including interest, secured by a general security agreement.	4,275,139	4,701,296
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 \$5,000,000.	725,000	2,150,000
Nass Area Enterprises Limited Partnership operations, demand operating line of credit facility at bank prime plus 1%, authorized to a maximum of \$1,000,000, secured by a general security agreement.	105,000	-
	5,105,139	6,851,296

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2012

13. Long-term debt (continued)

Scheduled principal repayments required in the next five years and thereafter, if otherwise not demanded, are as follows:

	\$
2013	1,381,255
2014	532,225
2015	513,851
2016	496,112
2017	478,985
Thereafter	1,702,711
	5,105,139

14. Tangible capital assets (Schedule 1)

	2012	2011
	Net book value	Net book value
	\$	\$
Contributed land, natural resources and cultural resources	3	3
Land	526,028	526,028
Buildings and mobile homes	23,487,094	10,530,966
Leasehold improvements	4,446	6,390
Boats and vessels	396,525	438,618
Automotive	327,250	101,797
Machinery and equipment	244,964	272,197
Furniture, fixtures and office equipment	177,315	182,666
Computer equipment	69,127	91,234
Communications infrastructure	260,192	229,032
Construction in progress	529,853	12,327,086
	26,022,797	24,706,017

Contributed land, natural resources and cultural resources are contributions from the Nisga'a Final Agreement that 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, 2012

15. Prepaid expenses

	2012	2011
	\$	\$
Prepaid expenses	41,380	332,065
Prepaid expenses - Nisga'a Commercial Group	18,901	31,524
	60,281	363,589

16. Tax losses carried forward

The Nisga'a Commercial Group has incurred non-capital losses of \$5,991,448 (2011 - \$6,021,078) 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	823,670
2015	1,267,516
2026	943,986
2027	710,054
2028	563,795
2029	813,037
2030	403,521
2031	304,061
2032	161,808
	5,991,448

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.

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2012

17. Commitments and contingencies (continued)

(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 \$90 million, plus inflationary adjustments, for these tangible capital assets under future Agreements, of which approximately \$14.9 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 \$14,127,661 at December 31, 2011 (December 31, 2010 - \$15,863,842), which are not included in these financial statements. The Government received \$575,000 (2011 - \$550,000) from the Trust during the year.
- (iii) The Government is contingently liable to banks for housing loan guarantees provided in the amount of \$1,062,509 (2011 - \$964,984) under housing programs.

18. Other revenues

	2012	2011
	\$	\$
Contract revenues	11,470,605	3,418,520
HST, GST and PST	1,288,337	1,575,988
Social services tax	456,000	465,433
Other grants and contributions	337,020	284,264
Stumpage and silviculture levies	243,431	80,884
Rental income	181,479	156,015
Insurance proceeds	78,018	-
Fish revenue	71,262	-
Other	35,074	4,357
Levies, fees, permits and leases	21,123	13,515
	14,182,349	5,998,976

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2012

19. Expenses by object

	2012	2011
	\$	\$
Purchased goods and services	10,487,975	10,210,341
Compensation and training	7,423,099	6,913,400
Amortization	1,008,206	582,381
Travel, accommodation and related costs	1,003,810	937,536
Interest expense	921,294	808,635
Elders payments	795,000	825,000
Own source revenue taxation	590,176	672,739
Other interest and bank charges	291,594	184,253
Urban housing and renovation grants	182,342	255,170
Loss on disposal of tangible capital assets	132,404	2,671
Other grants and contributions	108,293	50,000
Government business enterprise loss (Note 8)	-	189,460
	22,944,193	21,631,586

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 \$180,503 (2011 - \$180,010) to the plan during the year.

21. Related party transactions and balances

During the year ended March 31, 2012, the Government:

- (a) Received from Lisims Forest Resource Limited Partnership ("LFRLP") \$134,921 (2011 - \$57,022) for stumpage fees relating to logging rights given to LFRLP.
- (b) Received from LFRLP silviculture levies of \$256,179 (2011 - \$23,682).
- (c) Charged LFRLP \$203,498 (2011 - \$Nil) in respect of own-source revenue expenses related to LFRLP's net income (loss) for the period April 1, 2009 to March 31, 2012.
- (d) Has an outstanding accounts receivable balance due from LFRLP of \$62,462 (2011 - \$84,033) 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.

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2012

22. Government business income and expenses

						2012
	Fisheries Corporation	Nass Area Enterprises	Nass Area Properties	Telecom	Tourism	Total
	\$	\$	\$	\$	\$	\$
Revenues	987,242	-	51,522	474,850	95	1,513,709
Expenses	1,165,339	198,617	481,135	504,019	9,481	2,358,591
	(178,097)	(198,617)	(429,613)	(29,169)	(9,386)	(844,882)

						2011
	Fisheries Corporation	Nass Area Enterprises	Nass Area Properties	Telecom	Tourism	Total
	\$	\$	\$	\$	\$	\$
Revenues	941,912	-	-	518,710	1,872	1,462,494
Expenses	1,235,235	-	-	836,699	22,241	2,094,175
	(293,323)	-	-	(317,989)	(20,369)	(631,681)

Nisga'a Lisims Government

Consolidated schedule of tangible capital assets
as at March 31, 2012

Schedule 1

	Contributed land, natural resources and cultural resources	Land	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, 2011	3	526,028	14,334,011	19,435	752,214	617,464	305,055	589,806	641,349	629,256	12,327,086	30,741,707
Additions	-	-	178,467	-	-	296,455	30,229	53,870	7,715	70,007	1,820,647	2,457,390
Disposals	-	-	(206,164)	-	-	-	-	-	-	-	-	(206,164)
Transfer construction in progress	-	-	13,617,876	-	-	-	-	-	-	-	(13,617,876)	-
	3	526,028	27,924,190	19,435	752,214	913,919	335,284	643,676	649,064	699,263	529,857	32,992,933
Accumulated amortization												
As at April 1, 2011	-	-	3,803,045	13,045	313,596	515,667	32,858	407,140	550,115	400,224	-	6,035,690
Additions	-	-	707,811	1,944	42,094	71,002	57,462	59,223	29,823	38,847	-	1,008,206
Disposals	-	-	(73,760)	-	-	-	-	-	-	-	-	(73,760)
	-	-	4,437,096	14,989	355,690	586,669	90,320	466,363	579,938	439,071	-	6,970,136
Net book value, March 31, 2012	3	526,028	23,487,094	4,446	396,524	327,250	244,964	177,313	69,126	260,192	529,857	26,022,797
Net book value, March 31, 2011	3	526,028	10,530,966	6,390	438,618	101,797	272,197	182,666	91,234	229,032	12,327,086	24,706,017

Nisga'a Lisims Government

Consolidated schedule of segment disclosure
year ended March 31, 2012

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	2012 Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues									
Fiscal Financing Agreement and related funding	55,674,702	-	-	-	-	383,455	-	-	56,058,157
Other revenues (Note 18)	14,182,349	-	-	-	-	-	-	-	14,182,349
Investment income	7,759,966	392,639	50,447	-	-	-	-	(392,639)	7,810,413
Targeted funding - INAC	529,390	-	-	-	-	-	5,666,523	-	6,195,913
Interest income on Final Agreement	3,332,481	-	-	-	-	-	-	-	3,332,481
Government business income (Note 22)	-	-	-	-	1,513,709	-	-	-	1,513,709
Contribution from Lisims Fisheries Conservation Trust	575,000	-	-	-	-	-	-	-	575,000
Government business enterprise income	-	-	-	-	492,940	-	-	-	492,940
	82,053,888	392,639	50,447	-	2,006,649	383,455	5,666,523	(392,639)	90,160,962
Expenses									
Administration	5,739,551	-	-	-	-	132,404	-	-	5,871,955
Governance	3,474,859	-	-	-	-	-	-	-	3,474,859
Programs and services	2,891,872	-	-	-	-	-	-	-	2,891,872
Lands and resources	2,710,183	-	-	-	-	-	-	-	2,710,183
Government business expenses (Note 22)	-	-	-	-	2,358,591	-	-	-	2,358,591
Fish, wildlife and migratory birds	2,044,493	-	-	-	-	-	-	-	2,044,493
Interest expense	921,294	-	-	-	-	-	-	-	921,294
Settlement Fund	902,484	-	-	-	-	-	-	-	902,484
Amortization	-	-	-	-	-	810,169	-	-	810,169
Elders payment	795,000	-	-	-	-	-	-	-	795,000
Business Development Fund	-	-	163,293	-	-	-	-	-	163,293
Intergovernmental interest	392,639	-	-	-	-	-	-	(392,639)	-
	19,872,375	-	163,293	-	2,358,591	942,573	-	(392,639)	22,944,193
Transfers and operating grants									
Nisga'a Village Governments	21,652,517	-	-	-	-	-	5,666,523	-	27,319,040
Nisga'a Valley Health Authority	15,122,928	-	-	-	-	-	-	-	15,122,928
Nisga'a School Board #92	7,085,514	-	-	-	-	-	-	-	7,085,514
Nisga'a Urban Locals	2,445,287	-	-	-	-	-	-	-	2,445,287
Wilp Wilxo'oskwhl Nisga'a	918,685	-	-	-	-	-	-	-	918,685
	47,224,931	-	-	-	-	-	5,666,523	-	52,891,454
	67,097,306	-	163,293	-	2,358,591	942,573	5,666,523	(392,639)	75,835,647
Excess of revenues over expenses	14,956,582	392,639	(112,846)	-	(351,942)	(559,118)	-	-	14,325,315
Accumulated surplus, beginning of year	170,827,016	13,052,220	1,877,925	-	(8,921,409)	10,008,827	-	-	186,844,579
Accumulated surplus, end of year	185,783,598	13,444,859	1,765,079	-	(9,273,351)	9,449,709	-	-	201,169,894

Nisga'a Lisims Government
 Consolidated schedule of segment disclosure
 year ended March 31, 2011

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	2011 Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues									
Fiscal Financing Agreement and related funding	53,348,228	-	-	-	-	24,000	-	-	53,372,228
Other revenues (Note 18)	5,998,976	-	-	-	-	-	-	-	5,998,976
Investment income	5,037,988	322,824	47,196	-	-	-	-	(322,824)	5,085,184
Interest income on Final Agreement	4,294,901	-	-	-	-	-	-	-	4,294,901
Targeted funding - INAC	1,628,276	-	-	-	-	-	780,269	-	2,408,545
Government business income (Note 22)	-	-	-	-	1,462,494	-	-	-	1,462,494
Contribution from Lisims Fisheries Conservation Trust	550,000	-	-	-	-	-	-	-	550,000
	70,858,369	322,824	47,196	-	1,462,494	24,000	780,269	(322,824)	73,172,328
Expenses									
Administration	4,667,528	-	-	-	14,274	13,410	-	-	4,695,212
Programs and services	3,313,153	-	-	-	-	-	-	-	3,313,153
Lands and resources	3,020,165	-	-	-	-	-	-	-	3,020,165
Governance	2,886,171	-	-	-	-	-	-	-	2,886,171
Fish, wildlife and migratory birds	2,277,636	-	-	-	-	-	-	-	2,277,636
Government business expenses (Note 22)	-	-	-	-	2,094,175	-	-	-	2,094,175
Settlement Fund	907,430	-	-	-	-	-	-	-	907,430
Elders payment	825,000	-	-	-	-	-	-	-	825,000
Interest expense	808,635	-	-	-	-	-	-	-	808,635
Amortization	-	-	-	-	-	504,549	-	-	504,549
Government business enterprise loss	-	-	-	-	189,460	-	-	-	189,460
Business Development Fund	-	-	110,000	-	-	-	-	-	110,000
Intergovernmental interest	322,824	-	-	-	-	-	-	(322,824)	-
	19,028,542	-	110,000	-	2,297,909	517,959	-	(322,824)	21,631,586
Transfers and operating grants									
Nisga'a Village Governments	20,362,487	-	-	-	-	-	780,269	-	21,142,756
Nisga'a Valley Health Authority	14,153,681	-	-	-	-	-	-	-	14,153,681
Nisga'a School Board #92	7,391,169	-	-	-	-	-	-	-	7,391,169
Nisga'a Urban Locals	1,990,434	-	-	-	-	-	-	-	1,990,434
Wilp Wilxo'oskwhl Nisga'a	775,681	-	-	-	-	-	-	-	775,681
	44,673,452	-	-	-	-	-	780,269	-	45,453,721
	63,701,994	-	110,000	-	2,297,909	517,959	780,269	(322,824)	67,085,307
Excess of revenues over expenses	7,156,375	322,824	(62,804)	-	(835,415)	(493,959)	-	-	6,087,021
Accumulated surplus, beginning of year	163,670,641	12,729,396	1,940,729	-	(8,085,994)	10,502,786	-	-	180,757,558
Accumulated surplus, end of year	170,827,016	13,052,220	1,877,925	-	(8,921,409)	10,008,827	-	-	186,844,579