

NISGA'A LISIMS GOVERNMENT
Consolidated Financial Statements
As at March 31, 2008

McAlpine
& Co. ^{CA}
CHARTERED ACCOUNTANTS

NISGA'A LISIMS GOVERNMENT
Financial Statements of the
Nisga'a Lisims Government

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The consolidated financial statements have been prepared in accordance with the stated accounting policies set out in Note 3 to the consolidated financial statements and comply in most significant respects 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.

McAlpine & Co. performs an annual audit on the consolidated financial statements in order to express an opinion as to whether the consolidated financial statements present fairly the financial position of the Government, results of its financial activities and its cash flows for the year.



Mr. Nelson Leeson,
Sim'oogit Axlaawaals,
President



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



Mr. Clay Harmon
Director of Finance

AUDITORS' REPORT

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

We have audited the consolidated statement of financial position of Nisga'a Lisims Government as at March 31, 2008 and the consolidated statements of revenues and expenditures, accumulated surplus and cash flow 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 Nisga'a Lisims Government as at March 31, 2008 and the results of its financial activities and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

McAlpine + Co.

Terrace, British Columbia
June 6, 2008



CHARTERED ACCOUNTANTS

NISGA'A LISIMS GOVERNMENT
Consolidated Statement of Financial Position
As at March 31, 2008

	2008	2007
Financial Assets		
Current		
Cash	\$ 791,249	\$ 229,763
Accounts receivable (Note 4)	4,755,521	8,252,638
Current portion of long term receivables (Note 5)	25,627,829	16,002,841
	31,174,599	24,485,242
Nisga'a Final Agreement proceeds receivable (Note 5)	113,315,093	129,082,777
Capital Finance Commission Proceeds Receivable (Note 5)	80,729,991	83,719,991
Designated Cash (Note 6)	25,338,940	23,733,916
Designated Trust Funds (Note 7)	82,472,897	62,432,965
	333,031,520	323,454,891
Liabilities		
Current		
Bank indebtedness (Note 8)	3,050,000	3,475,000
Accounts payable and accrued liabilities (Note 9)	1,930,131	2,809,100
Deferred revenue and deposits received (Note 10)	1,780,216	276,588
Silviculture deposits received (Note 10)	888,428	807,856
Current portion of long term debt (Notes 5, 11)	10,355,822	2,015,500
	18,004,597	9,384,044
Nisga'a Final Agreement debt payable (Note 5)	51,745,387	58,971,004
Long term debt (Note 11)	19,097	34,335
	69,769,081	68,389,383
Net Financial Assets	263,262,439	255,065,508
Non-Financial Assets		
Physical Assets (Note 12)	10,161,735	17,368,142
Prepayments and deposits (Note 13)	554,697	530,623
Investment in other entities (Note 14)	1,687,362	2,047,316
	\$ 12,403,794	\$ 19,946,081
Accumulated Surplus (Note 15)	\$275,666,233	\$275,011,589

Commitments and contingent liabilities (Note 16)

On behalf of Wilp Si'ayuukhl Nisga'a

Mr Nelson Leeson, Sim'oogit Axlaawaals, President

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

See notes to financial statements

NISGA'A LISIMS GOVERNMENT
Consolidated Statement of Revenues and Expenditures
Year Ended March 31, 2008

	Budget 2008	2008	2007
Revenue			
Fiscal Financing Agreement and related funding	\$ 43,195,275	\$ 39,724,385	\$ 38,302,412
Targeted funding - INAC	885,000	2,515,467	7,229,298
Interest Income on Final Agreement receivable	6,870,145	7,351,036	7,528,062
Investment Income	4,590,000	6,655,102	4,329,787
Other revenues (Note 17)	4,693,348	3,357,682	3,123,100
Contribution from Lisims Conservation Trust	550,000	550,000	600,000
Unrealized increase in value of portfolio investments (Notes 2, 7)		4,161,798	
	60,783,768	64,315,470	61,112,659
Transfers and operating grants			
Nisga'a Village Governments	17,808,708	17,626,412	16,042,705
Nisga'a Valley Health Board	11,177,795	11,054,703	10,890,542
Nisga'a School Board #92	7,700,000	7,455,733	7,723,651
Wilp Wilxo'oskwhl Nisga'a	384,609	470,612	435,766
Nisga'a Urban Locals	1,260,522	1,250,132	1,017,817
Transfer of Physical Assets to Villages (Notes 3, 12)		7,713,278	
	38,331,634	45,570,870	36,110,481
	22,452,134	18,744,800	25,002,178
Expenses			
Administration	3,685,083	2,832,714	3,405,146
Governance	2,548,392	1,948,213	2,403,598
Programs and services	1,921,907	2,034,532	2,092,843
Fish, wildlife, and migratory birds	1,735,367	1,807,914	1,744,390
Lands and resources	1,580,108	1,391,443	1,090,018
Settlement Fund	414,914	490,649	421,112
Economic Development Fund	1,100,000	277,500	115,805
Elders payment	765,000	860,000	615,000
Capital finance commission	6,547,062	2,478,279	1,934,469
Interest on Final Agreement debt payable	3,114,536	3,114,204	3,059,004
Amortization (Note 2)		494,656	524,779
	23,412,369	17,730,104	17,406,164
Excess of revenue over expenses	960,235	1,014,496	7,596,014
Other income (expenses)			
Share of business enterprises loss (Note 14)		(359,852)	(153,752)
Excess of revenue over expenses	\$ 960,235	\$ 654,644	\$ 7,442,262

See notes to financial statements

NISGA'A LISIMS GOVERNMENT
Consolidated Statement of Accumulated Surplus
Year Ended March 31, 2008

	2008	2007
Accumulated Surplus - beginning of year - note 2	\$275,011,589	\$267,569,327
Excess of revenue over expenses	654,644	7,442,262
Accumulated Surplus - end of year	\$275,666,233	\$275,011,589

NISGA'A LISIMS GOVERNMENT
Consolidated Statement of Cash Flows
Year Ended March 31, 2008

	2008	2007
Operating activities		
Excess of revenue over expenses	\$ 654,644	\$ 7,442,262
Items not affecting cash:		
Amortization of physical assets	494,656	524,779
Loss on disposal of assets	26,337	
	1,175,637	7,967,041
Changes in non-cash working capital:		
Accounts receivable	3,497,117	(2,317,862)
Accounts payable and accrued liabilities	(878,966)	(130,577)
Prepayments and deposits	(24,074)	46,325
Deferred revenue and deposits received	1,503,628	176,320
Silviculture deposits received	80,572	81,168
	4,178,277	(2,144,626)
Cash flow from operating activities	5,353,914	5,822,415
Investing activities		
Acquisition of physical assets	(1,027,865)	(1,621,963)
Capital finance commission assets transferred to Nisga'a Village Governments	7,713,277	
Investment in other entities	359,954	228,953
Cash flow from (used by) investing activities	7,045,366	(1,393,010)
Financing activities		
Nisga'a Final Agreement proceeds receivable	6,142,696	5,835,691
Capital Finance Commission proceeds receivable	2,990,000	2,990,000
Designated cash	(1,605,024)	280,954
Designated trust funds	(20,039,932)	(13,600,532)
Nisga'a Final Agreement debt payable	1,114,205	1,059,004
Long term debt	(14,739)	(13,981)
Cash flow used by financing activities	(11,412,794)	(3,448,864)
Increase in cash	986,486	980,541
Deficiency - beginning of year	(3,245,237)	(4,225,778)
Deficiency - end of year	\$ (2,258,751)	\$ (3,245,237)
Deficiency consists of:		
Cash	\$ 791,249	\$ 229,763
Bank indebtedness	(3,050,000)	(3,475,000)
	\$ (2,258,751)	\$ (3,245,237)

See notes to financial statements

NISGA'A LISIMS GOVERNMENT
Consolidated Statement of Change in Net Financial Assets
Year Ended March 31, 2008

	2008	2007
Excess Revenues Over Expenses	\$ 654,644	\$ 7,442,261
Amortization of tangible physical assets	494,656	524,779
Acquisition of tangible physical assets	(1,027,865)	(1,621,963)
Transfer of Physical Assets to Villages	7,713,277	
Loss on sale of tangible capital assets	26,337	
Change in prepaid expenses	(24,074)	46,325
Change in investment in other entities	359,956	228,953
Increase In Net Financial Assets	8,196,931	6,620,355
Net Financial Assets, beginning of the year	255,065,508	248,445,153
Net Financial Assets, end of the year	\$263,262,439	\$255,065,508

See notes to financial statements

NISGA'A LISIMS GOVERNMENT
Notes to the Financial Statements
Year Ended March 31, 2008

1. Operating Authority

The Nisga'a Lisims Government (NLG) 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 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 Nisga'a Final Agreement. The Nisga'a Final Agreement came into effect on May 11, 2000 in the area of the Nass Valley in British Columbia, Canada.

The NLG 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.
- c) a **Council of Elders** which may advise NLG on traditional matters.

2. Change in accounting policy and prior period adjustment

The government adopted the policy of accounting for Physical Assets in accordance with the Public Sector Accounting Board (PSAB) which requires depreciation to be recorded as an expense on the Statement of Operations and Physical Asset Expenditures be recorded as a charge to equity. This represents a change in accounting policy for which prior years are restated to reflect the new policy.

The government adopted the policy of accounting for portfolio investments at fair market value rather than cost as required under PSAB and Generally Accepted Accounting Principles (GAAP). This represents a change in accounting policy for which prior years are not restated.

The effect of these on the 2007 Statement of Operations and consequently, the Accumulated Surplus is:

	2007
Excess of revenues over expenses - as originally stated	\$ 6,331,093
Amortization expense	(524,779)
Removal of acquisition of Physical Assets	1,621,963
Other	13,985
Excess of revenues over expenses - as re-stated	\$ 7,442,262

3. Summary of significant accounting policies

The consolidated financial statements of the Nisga'a Lisims 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 except where specifically noted. Significant aspects of the accounting policies adopted by NLG are as follows:

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NISGA'A LISIMS GOVERNMENT
Notes to the Financial Statements
Year Ended March 31, 2008

3. Summary of significant accounting policies (continued)

a) Principles of Consolidation

The Consolidated financial statements include the accounts of the Government and organizations accountable to, and owned or 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 and equity in and the net income or loss of the organization. In addition, any amounts receivable or payable from that entity are reported in note 7.

The Nisga'a Nation comprises the Nisga'a Lisims Government and the four Nisga'a Village Governments (NVG) which are separate legal and governing bodies within the Nisga'a Nation. These financial statements include the consolidated financial affairs of NLG and do not include the financial affairs of the NVGs.

The following are the organizations comprising the consolidated Government reporting entity and how they are accounted for in the consolidated financial statements.

Fully Consolidated:

None

Modified Equity:

Nisga'a West Coast Stevedoring (1999) Ltd.
Lisims Back Country Inc.
Nisga'a Fisheries Ltd.
Lisims Forest Resources Limited Partnership
Entel Communications Inc.

Cost Basis:

Sim Gan Forest Corporation
Northern Native Fishing Corporation

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

b) Basis of Accounting

Revenues are accounted for in the period in which the transactions or events occurred that gave 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. Expenditures are accounted for in the period the goods and services are acquired and a liability is incurred or transfers are due.

c) Fund Accounting

Funds within the consolidated financial statements 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.

(i) Government and Administration Fund

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

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NISGA'A LISIMS GOVERNMENT
Notes to the Financial Statements
Year Ended March 31, 2008

3. Summary of significant accounting policies (continued)

- (ii) **Programs and Service Fund**
This fund consists of the operations of Core and Supplementary Programs. These Programs include Health, Education, Social Services, Justice and other programs.
- (iii) **Fish, Wildlife and Migratory Birds Fund**
This fund consists of the operations of the Fish, Wildlife, and Migratory Birds Programs.
- (iv) **Commercial Fisheries Fund**
This fund consists of the operations of the Commercial Fisheries Programs under Schedule G of the Nisga'a Final Agreement.
- (v) **Business Development Fund**
This fund consists of the operations conducted under the Economic Development Fund Act.
- (vi) **Lands and Resources Fund**
This fund consists of the operations of the Lands and Resources Programs.
- (vii) **Settlement Fund**
This fund consists of the receipts and transfers of the Capital Transfer monies under the Nisga'a Final Agreement.
- (viii) **Investment Fund**
This fund consists of NLG's investments in various business and non-business ventures.
- (ix) **Physical Asset Fund**
This fund consists of the physical assets under the management of NLG. This includes physical assets received as part of settlement and physical assets constructed and acquired.
- (x) **Capital Finance Commission Fund**
This fund consists of the operations of the Capital Finance Commission under the Capital Finance Commission Act.

d) Cash, Designated Cash, and Designated Trust Funds (including portfolio investments)

Cash and investments are recorded at market value. This represents a change in accounting policy as is required under PSAB and GAAP. Prior years are not restated for this change in accounting policy. Investment income is recorded on the accrual basis.

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.

e) 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.

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NISGA'A LISIMS GOVERNMENT
Notes to the Financial Statements
Year Ended March 31, 2008

3. Summary of significant accounting policies (continued)

f) Physical Assets

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

Expenditures on physical assets are capitalized and amortization of physical assets is recorded as an expense in the current period. This represents a change in accounting policy for which prior years are restated to reflect the new policy as required under PSAB. Transfers of Constructed Assets to Villages are recorded as a charge to the Statement of Operations when those assets are completed.

Physical assets are amortized at the following rates on a declining balance basis:

Buildings and mobile homes	4% and 5%
Boats and vessels	7%
Automotive	30%
Machinery and equipment	20%
Furniture, fixtures and office equipment	20%
Computer equipment and software	30% and 50%

g) 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.

h) Commitments and Contingencies

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, and various Nisga'a Institutions, various capital projects and numerous other potential commitments.

The contingencies of the Government are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is considered likely to occur or fails to occur and is quantifiable, an estimated liability is accrued. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingency is disclosed. Contingent liabilities result from potential environmental liabilities or pending litigation and like items.

i) Nisga'a Final Agreement Proceeds and Grants from Canada and British Columbia

The amounts are recorded at the net present value of expected future cash flows subject to the terms of the Nisga'a Final Agreement and various Acts and agreements negotiated with the Government of Canada and the Province of British Columbia. Certain of the entitlements are dependent on a number of variables, including population growth, the growth of government spending, own source or tax revenues, and other federal transfers.

j) 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 entity. 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.

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NISGA'A LISIMS GOVERNMENT
Notes to the Financial Statements
Year Ended March 31, 2008

3. Summary of significant accounting policies (continued)

k) Financial Instruments

The Government's financial instruments consist of cash, accounts receivable, temporary and long-term investments, bank indebtedness, accounts payable, amounts due to (from) related parties and long-term debt. Unless otherwise noted, it is management's opinion that the Government is not exposed to significant interest, currency or credit risks arising from these financial instruments.

l) Use of Estimates

These financial statements have been prepared in accordance with accounting practices generally accepted in Canada. In preparing these financial statements management has made estimates and assumptions that affect the amounts reported. Actual results could differ from those estimates.

4. Accounts Receivable

	2008	2007
Accounts receivable and accruals	\$ 907,079	\$ 736,882
Government funding and grants	2,364,688	5,580,127
GST and PST	158,525	477,084
Gitlakdamix Village Government	687,500	687,500
Business loans - various terms	804,380	940,248
Fishers loans - various terms	452,803	462,251
Subtotal	5,374,975	8,884,092
Allowance for doubtful accounts	(619,454)	(631,454)
	\$ 4,755,521	\$ 8,252,638

5. Nisga'a Final Agreement Receivable / Debt Payable

	2008	2007
(a) Nisga'a Final Agreement Proceeds Receivable		
Receivable - beginning of year	\$142,095,618	\$147,931,309
Received in the current year	(13,012,841)	(13,012,841)
Interest received	6,870,145	7,177,150
Subtotal	135,952,922	142,095,618
Current portion	(22,637,829)	(13,012,841)
	\$113,315,093	\$129,082,777

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 payment of \$13,012,841, and seven payments of \$22,637,829.

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NISGA'A LISIMS GOVERNMENT
Notes to the Financial Statements
Year Ended March 31, 2008

5. Nisga'a Final Agreement Receivable / Debt Payable (continued)

(b) Capital Finance Commission Proceeds Receivable		
Receivable - beginning of year	\$ 86,709,991	\$ 89,699,991
Received in the current year	(3,470,892)	(3,340,912)
Inflation adjustment earned	480,892	350,912
Subtotal	83,719,991	86,709,991
Current portion	(2,990,000)	(2,990,000)
	\$ 80,729,991	\$ 83,719,991

Receivable over 36 years commencing May 11, 2000, at a payment of \$498,335 in the first month in each year and monthly payments of \$226,515 in each of the remaining eleven months in each year. The annual amount of \$2,990,000 is indexed to the rate of inflation.

(c) Nisga'a Final Agreement Debt Payable		
Debt payable - beginning of year	\$ 60,971,004	\$ 59,912,000
Repaid in the current year	(2,000,000)	(2,000,000)
Accrued interest	3,114,200	3,059,004
Subtotal	62,085,204	60,971,004
Current portion	(10,339,817)	(2,000,000)
	\$ 51,745,387	\$ 58,971,004

Loan payable bears interest at 5.185% and is repayable over 13 years commencing May 11, 2002 at six payments of \$2,000,000 and seven payments of \$10,339,822. Effectively, there is no principal repayment until 2008.

The credit, interest, liquidity, and cash flow risks associated with these receivables and debt are considered to be similar to those generally faced by the Government of Canada and the Province of British Columbia. Nisga'a Lisims 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.

6. Designated Cash

	2008	2007
Commercial Fisheries Fund	\$	\$ 6,873,426
Capital Finance Commission Fund	25,183,772	16,704,213
Economic Development Fund	155,168	156,277
	\$ 25,338,940	\$ 23,733,916

Designated cash has been borrowed internally and used for operations in accordance the authorized cash management strategies as described in note 7.

NISGA'A LISIMS GOVERNMENT
Notes to the Financial Statements
Year Ended March 31, 2008

7. Designated Trust Funds

	2008	2007
a) Nisga'a Interim Settlement Trust		
The trust comprises:		
i) Interest bearing cash account with Royal Trust	\$ 8,954,756	\$ 1,275,210
ii) Portfolio investments held by Royal Trust at fair market value. (Cost - \$69,356,343)	73,518,141	61,157,755
The government has contributed 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.		
	\$ 82,472,897	\$ 62,432,965

During the last year and current years, \$5,506,412 and \$6,400,000 respectively, were appropriated to be transferred from the Nisga'a Interim Settlement Trust to general revenues. These transfers were deferred in accordance with authorized cash management strategies. These transfers may be implemented in the future, consistent with this strategic cash management policy.

8. Bank indebtedness

	2008	2007
Bank indebtedness - 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.	\$ 3,050,000	\$ 3,475,000

9. Accounts payable and accruals

	2008	2007
Accounts payable and accruals	\$ 1,027,455	\$ 1,498,846
Payroll liabilities	52,842	217,387
Elective leave and vacation liability	738,085	849,654
Nisga'a Village Governments and Institutions	111,749	243,213
	\$ 1,930,131	\$ 2,809,100

NISGA'A LISIMS GOVERNMENT
Notes to the Financial Statements
Year Ended March 31, 2008

10. Deferred revenue and deposits received

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

	2008	2007
Deferred revenue and deposits received	\$ 32,300	\$ 276,588
Insurance proceeds received	1,747,916	
	\$ 1,780,216	\$ 276,588
Silviculture deposits received	\$ 888,428	\$ 807,856

11. Long term debt

	2008	2007
Demand loan at bank prime, payable at \$1,450 per month including interest, secured by specific physical assets.	\$ 35,097	\$ 49,835
Less: current portion	(16,000)	(15,500)
	\$ 19,097	\$ 34,335

Principal repayment terms are approximately:

2009	\$ 16,000
2010	17,000
2011	2,097
	<u>35,097</u>
	\$ 35,097

12. Physical Assets

	Cost	Accumulated amortization	2008 Net book value	2007 Net book value
Land, natural resources, and cultural resources	\$ 3	\$ 3	\$ 3	\$ 3
Buildings and mobile homes	11,888,837	2,806,655	9,082,182	8,909,744
Boats and vessels	323,304	111,284	212,020	209,178
Automotive	411,656	290,396	121,260	29,808
Computer equipment and software	532,406	456,092	76,314	25,611
Machinery and equipment	253,782	140,923	112,859	72,736
Furniture, fixtures and office equipment	319,062	227,204	91,858	175,131
Construction in progress	465,239		465,239	7,945,931
	\$ 14,194,289	\$ 4,032,554	\$ 10,161,735	\$ 17,368,142

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NISGA'A LISIMS GOVERNMENT
Notes to the Financial Statements
Year Ended March 31, 2008

12. Physical Assets (continued)

The lands, natural resources, and cultural resources contributed were recorded at \$1 each as 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 market 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.

During the year Physical Assets were transferred to Villages from Construction in Progress in the following amounts :

New Aiyansh	\$750,391
Gitwinksihlkw	\$693,523
Laxgalts'ap	\$4,031,479
Gingolx	\$2,172,282
Nisga'a Valley Health Board	\$65,603

13. Prepayments and Deposits

	2008	2007
Imprest social assistance advances to Villages	\$ 230,000	\$ 230,000
Security deposits - crown tenures	12,000	7,000
Prepaid expenses and deposits	312,697	293,623
	\$ 554,697	\$ 530,623

14. Long term investments

	2008	2007
(a) Nisga'a Fisheries Ltd.		
100 Common Shares - 100%	201	201
Advances - unsecured and no fixed terms of repayment	5,045,538	5,045,538
Accumulated equity (deficit)	(5,381,019)	(4,795,078)
	(335,280)	250,661
(b) Lisims Forest Resources Limited Partnership		
9999 Partnership Units - 99.9%	\$ 100	\$ 100
Capital Account - advances and drawings	1,422,599	1,135,115
Capital Account - share of profit or loss	122,759	122,759
	\$ 1,545,458	\$ 1,257,974

(continues)

NISGA'A LISIMS GOVERNMENT
Notes to the Financial Statements
Year Ended March 31, 2008

14. Long term investments (continued)

	2008	2007
(c) Entel Communications Inc.		
100 Common Shares - 100%	\$ 1	\$ 1
Advances - unsecured and no fixed terms of repayment	1,635,744	1,635,745
Accumulated equity (deficit)	(1,036,083)	(984,169)
	\$ 599,662	\$ 651,577
(d) Lisims Back Country Inc.		
1 Common Share - 100%	\$ 1	\$ 1
Advances - unsecured and no fixed terms of repayment	30,236	30,236
Accumulated equity (deficit)	(152,736)	(143,154)
	\$ (122,499)	\$ (112,917)
e) Nisga'a West Coast Stevedoring (1999) Ltd		
1 Class A Common Share - 100%	\$ 1	\$ 1
Advances - unsecured and no fixed terms of repayment	229,323	229,323
Accumulated equity (deficit)	(229,323)	(229,323)
	\$ 1	\$ 1
(f) Sim Gan Forest Corporation - 19 Common Shares - 19%		
	\$ 19	\$ 19
(g) Northern Native Fishing Corporation -1 Common Share - 33%		
	\$ 1	\$ 1
	\$ 1,687,362	\$ 2,047,316

15. Accumulated Surplus

	2008	2007
Accumulated surplus consists of the following:		
Net assets invested in physical assets	\$ 10,161,735	\$ 17,318,302
Accumulated surpluses of funds	265,504,498	257,693,287
	\$275,666,233	\$275,011,589

16. Commitments, Contingencies and Subsequent Events

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.

NISGA'A LISIMS GOVERNMENT
Notes to the Financial Statements
Year Ended March 31, 2008

16. Commitments, Contingencies and Subsequent Events (continued)

b) Contingencies

- i) The Government of Canada has 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 \$15,646,909 at December 31, 2007 (2006 - \$15,586,894), which are not included in these financial statements. The government received \$550,000 (2007 - \$600,000) from the Trust during the year.
- ii) The government is contingently liable to banks for housing loan guarantees provided in the amount of \$964,380 under housing programs.
- iii) During the year, the Government made contributions and grants to the various related parties that offer services to the public. Although these organizations operate independently of normal Government operations, the Government may be held responsible for any liabilities or deficits on behalf of these entities. An estimate of the potential liability, if any, cannot be determined.

c) Subsequent Events

The Government has undertaken the following transactions subsequent to March 31, 2008:

- i) Cash of \$12,298,006 was transferred to the Nisga'a Interim Settlement Trust.

17. Other revenues

	2008	2007
Other grants and contributions	\$ 1,173,184	\$ 1,297,811
Contract revenues	881,730	1,231,073
Insurance proceeds	470,827	12,290
Stumpage and silviculture levies	284,964	297,524
Fish revenue	201,208	
Other	194,295	79,074
Rental income	92,220	57,674
Recoveries and reimbursements	46,000	124,607
Levies, fees, permits, and leases	13,254	23,047
	\$ 3,357,682	\$ 3,123,100

NISGA'A LISIMS GOVERNMENT
Notes to the Financial Statements
Year Ended March 31, 2008

18. Expenses by Object

	2008	2007
Purchased goods and services	\$ 6,771,907	\$ 6,171,262
Compensation and training	5,308,228	5,472,390
Travel, accommodation and related costs	803,824	1,091,958
Interest on Final Agreement Debt Payable	3,114,204	3,059,004
Other interest and bank charges	84,785	171,771
Elders payments	860,000	615,000
Other grants and contributions	192,500	
Urban housing grants	100,000	300,000
Amortization	494,656	524,779
	\$ 17,730,104	\$ 17,406,164

19. Financial Instruments

The government's financial instruments consist of cash, receivables, advances to related parties, investments, accounts payable, accrued liabilities and long term debt. Unless otherwise noted, it is management's opinion that the government is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

20. Comparative figures

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