

Consolidated financial statements of

Nisga'a Lisims Government

March 31, 2011

Nisga'a Lisims Government

March 31, 2011

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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.

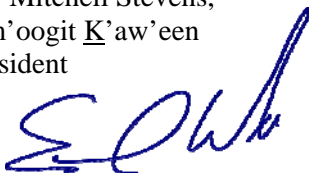
Wilp Si'ayuukhl Nisga'a ("WSN") (the Government's legislative assembly), the Executive and the Finance Committee are responsible for ensuring that management fulfills its responsibilities for financial reporting, and WSN is ultimately responsible for reviewing and approving the consolidated financial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

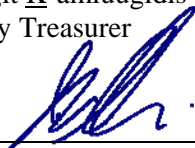
Deloitte & Touche LLP performs an annual audit on the consolidated financial statements in order to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, the financial position of the Government and the results of its operations, changes in its net financial assets and its cash flows for the year in accordance with Canadian generally accepted accounting principles 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
Director of Finance

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, 2011, 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 generally accepted accounting principles, 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, 2011, 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 generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Vancouver, British Columbia
July 28, 2011

Nisga'a Lisims Government

Consolidated statement of operations and accumulated surplus year ended March 31, 2011

	Budget 2011	2011	2010
	\$	\$	\$
	(Unaudited)		
Revenues			
Fiscal Financing Agreement and related funding	53,348,230	53,372,228	56,835,390
Interest income on Final Agreement	4,294,901	4,294,900	5,233,336
Other revenues (Note 18)	4,580,539	5,998,976	5,075,556
Targeted funding - INAC	2,625,302	2,408,545	4,399,613
Investment income	5,589,155	5,085,185	3,532,227
Fisheries Corporation	1,477,355	941,912	1,255,355
Share of business enterprise income (Note 8)	685,263	-	685,263
Contribution from Lisims Fisheries Conservation Trust	550,000	550,000	550,000
Telecom	480,566	518,710	480,568
Tourism	62,270	1,872	62,270
	73,693,581	73,172,328	78,109,578
Expenses (Note 19)			
Administration	6,201,640	4,695,212	4,949,172
Programs and services	3,517,665	3,313,153	2,837,571
Lands and resources	2,607,791	3,020,165	1,739,871
Governance	3,725,517	2,886,171	2,851,384
Fish, wildlife and migratory birds	2,190,784	2,277,636	1,820,480
Fisheries Corporation	1,710,822	1,235,235	1,710,823
Settlement Fund	750,000	907,430	672,340
Telecom	685,554	836,699	463,554
Elders payment	765,000	825,000	630,000
Interest on Final Agreement and Treaty debt payable	900,000	808,635	2,053,249
Amortization	500,000	504,549	480,057
Share of business enterprise loss (Note 8)	-	189,460	-
Business Development Fund	369,000	110,000	455,468
Tourism	184,847	22,241	184,847
Foreign exchange loss	-	-	2,167
	24,108,620	21,631,586	20,850,983
Transfers and operating grants			
Nisga'a Village Governments	21,746,857	21,142,756	21,326,739
Nisga'a Valley Health Authority	13,664,341	14,153,681	13,067,611
Nisga'a School Board #92	7,458,877	7,391,169	8,094,544
Nisga'a Urban Locals	1,990,442	1,990,434	1,669,569
Wiilp Wilxo'oskwhl Nisga'a	775,680	775,681	604,752
	45,636,197	45,453,721	44,763,215
	69,744,817	67,085,307	65,614,198
Excess of revenues over expenses	3,948,764	6,087,021	12,495,380
Accumulated surplus, beginning of year	180,757,558	180,757,558	168,262,178
Accumulated surplus, end of year	184,706,322	186,844,579	180,757,558

Nisga'a Lisims Government

Consolidated statement of financial position

as at March 31, 2011

	2011	2010
	\$	\$
Financial assets		
Current financial assets		
Cash	251,685	693,775
Accounts receivable (Note 3)	4,393,985	18,110,455
Current portion of Nisga'a Final Agreement receivable (Note 4)	22,637,829	22,637,829
Current portion of Capital Finance Commission receivable (Note 5 (a))	3,614,634	3,614,634
	30,898,133	45,056,693
Other long-term receivables	439,381	417,953
Nisga'a Final Agreement receivable (Note 4)	60,887,403	79,230,331
Capital Finance Commission receivable (Note 5 (a))	10,843,902	14,458,536
Designated cash (Note 6)	19,058,617	21,126,140
Designated trust funds (Note 7)	127,204,918	108,512,583
Investments in other entities (Note 8)	2,084,591	2,269,564
	251,416,945	271,071,800
Liabilities		
Current liabilities		
Bank indebtedness (Note 9)	308,084	604,879
Accounts payable and accrued liabilities (Note 10)	7,925,262	7,495,496
Deferred revenue and deposits received (Note 11)	293,938	520,169
Current portion of silviculture liability	160,000	105,500
Current portion of long-term debt (Notes 12 and 13)	12,487,318	17,536,699
	21,174,602	26,262,743
Silviculture liability	1,033,984	973,170
Due to other entities (Note 8)	2,415,621	1,805,560
Capital Finance Commission deferred revenue (Note 5 (b))	33,244,207	38,711,965
Treaty debt payable (Note 12)	27,628,891	36,624,943
Long-term debt (Note 13)	4,150,040	2,897,388
	89,647,345	107,275,769
Net financial assets	161,769,600	163,796,031
Non-financial assets		
Tangible capital assets (Note 14 and Schedule 1)	24,706,017	16,480,218
Prepaid expenses (Note 15)	363,589	476,679
Inventory	5,373	4,630
	25,074,979	16,961,527
Accumulated surplus (Schedule 2)	186,844,579	180,757,558

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, 2011

	2011	2010
	\$	\$
Excess of revenues over expenses	6,087,021	12,495,380
Amortization of tangible capital assets	582,381	664,125
Acquisition of tangible capital assets	(8,810,851)	(4,903,739)
Loss on disposal of tangible capital assets	2,671	-
Transfer of tangible capital assets to Villages and Urban Locals	-	268,866
Change in prepaid expenses	113,090	683,196
Change in inventory	(743)	27,570
(Decrease) increase in net financial assets	(2,026,431)	9,235,398
Net financial assets, beginning of the year	163,796,031	154,560,633
Net financial assets, end of the year	161,769,600	163,796,031

Nisga'a Lisims Government

Consolidated statement of cash flows year ended March 31, 2011

	2011	2010
	\$	\$
Operating activities		
Excess of revenues over expenses	6,087,021	12,495,380
Items not involving cash		
Amortization of tangible capital assets (Schedule 1)	582,381	664,125
Loss on disposal of tangible capital assets (Schedule 1)	2,671	-
Share of business enterprise loss (income)	189,460	(685,263)
Transfer of tangible capital assets to Villages and Urban Locals (Schedule 1)	-	268,866
	6,861,533	12,743,108
Change in non-cash working capital		
Accounts receivable	13,695,042	(14,589,224)
Accounts payable and accrued liabilities	429,766	3,701,135
Deferred revenue and deposits received	(226,231)	316,138
Silviculture liability	115,314	206,329
Capital Finance Commission deferred revenue	(5,467,758)	14,516,853
Prepaid expenses	113,090	683,196
Inventory	(743)	27,570
	15,520,013	17,605,105
Capital activity		
Acquisition of tangible capital assets (Schedule 1)	(8,810,851)	(4,903,739)
Investing activities		
Decrease in designated cash	2,067,523	226,798
Increase in designated trust funds	(18,692,335)	(13,450,427)
	(16,624,812)	(13,223,629)
Financing activities		
Nisga'a Final Agreement receivable	18,342,928	17,404,492
Capital Finance Commission receivable	3,614,634	(15,083,170)
Long-term debt advances	4,701,296	53,032,352
Repayment of long-term debt	(17,494,077)	(57,162)
Advances from other entities	605,574	372,956
Repayment of Nisga'a Final Agreement debt payable	-	(54,477,753)
	9,770,355	1,191,715
Net cash (outflow) inflow	(145,295)	669,452
Cash, net of bank indebtedness, beginning of year	88,896	(580,556)
Cash, net of bank indebtedness, end of year	(56,399)	88,896
Supplemental cash flow information		
Interest paid	983,539	2,227,703
Interest received	4,389,955	5,300,666

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2011

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, 2011

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.
enTel Communications Inc. ("enTel")
Lisims Backcountry Adventures Inc.
0765604 B.C. Ltd. (The Nisga'a Scoop)
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

(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, 2011

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, 2011

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. 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. Future 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, 2011

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

	2011	2010
	\$	\$
Government funding and grants	1,935,275	16,946,853
HST, GST and PST	804,963	365,902
Other accounts receivable	756,509	338,997
Accounts receivable - Nisga'a Commercial Group	526,469	81,784
Business loans - various terms	387,445	363,999
Fishers loans - various terms	353,083	383,510
New Aiyansh Village Government	277,284	276,453
	5,041,028	18,757,498
Allowance for doubtful accounts	(647,043)	(647,043)
	4,393,985	18,110,455

4. Nisga'a Final Agreement receivable

	2011	2010
	\$	\$
Receivable, beginning of year	101,868,160	119,272,652
Received in the current year	(22,637,828)	(22,637,828)
Interest earned	4,294,900	5,233,336
	83,525,232	101,868,160
Current portion	(22,637,829)	(22,637,829)
Receivable, end of year	60,887,403	79,230,331

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, 2011

5. Capital Finance Commission

(a) *Capital Finance Commission receivable*

	2011	2010
	\$	\$
Receivable, beginning of year	18,073,170	2,990,000
Received in current year	(3,614,634)	(2,990,000)
Awarded in current year (Note 5 (b))	-	18,073,170
	14,458,536	18,073,170
Current portion	(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*

	2011	2010
	\$	\$
Deferred revenue, beginning of year	38,711,965	24,195,112
Recognized in current year (Note 5 (a))	-	18,073,170
Interest and inflation adjustment earned	215,510	738,206
Eligible expenditures	(5,683,268)	(4,294,523)
Deferred revenue, end of year	33,244,207	38,711,965

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

6. Designated cash

	2011	2010
	\$	\$
Capital Finance Commission Fund	18,864,468	20,638,808
Museum loan holdback	-	327,500
Business Development Fund	194,149	159,832
	19,058,617	21,126,140

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2011

7. Designated trust funds

Nisga'a Interim Settlement Trust

The Trust comprises:

	2011	2010
	\$	\$
(a) Interest bearing cash account with RBC Dexia Investor Services Trust	349,525	132,877
(b) Portfolio investments held by RBC Dexia Investor Services Trust at cost (market value \$143,949,312 (2010 - \$112,361,793))	126,855,393	108,379,706
	127,204,918	108,512,583

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
	24,061,123

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, 2011. 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, 2011

8. Investments in and due to other entities

	2011				2010			
	Shares	Advances	Accumulated equity (deficit)	Total	Shares	Advances	Accumulated equity (deficit)	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Nisga'a Fisheries Ltd.	-	3,736	-	3,736	-	(599)	-	(599)
Lisims Forest Resource Limited Partnership	100	-	2,080,734	2,080,834	100	-	2,270,042	2,270,142
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	233,059	1,851,411	2,084,591	121	228,724	2,040,719	2,269,564

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

	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)

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

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, 2011

9. Bank indebtedness

	2011	2010
	\$	\$
Cheques issued in excess of cash on hand	308,084	604,879

10. Accounts payable and accrued liabilities

	2011	2010
	\$	\$
Accounts payable and accrued liabilities	4,350,768	3,154,125
Nisga'a Village Governments and Institutions	2,114,267	3,003,872
Elective leave and vacation liability	1,087,791	932,209
Accounts payable and accrued liabilities - Nisga'a Commercial Group	244,128	150,480
Payroll liabilities	128,308	254,810
	7,925,262	7,495,496

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.

	2011	2010
	\$	\$
Deferred revenue and deposits received	291,500	512,178
Deferred revenue - Nisga'a Commercial Group	2,438	7,991
	293,938	520,169

12. Treaty debt payable

	2011	2010
	\$	\$
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.	37,414,953	46,191,720
Less: Current portion	(9,786,062)	(9,566,777)
	27,628,891	36,624,943

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2011

12. Treaty debt payable (continued)

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

	\$
2012	9,786,062
2013	9,479,442
2014	9,183,228
2015	8,966,221
	<u>37,414,953</u>

13. Long-term debt

	2011	2010
	\$	\$
Demand loan at bank prime, repayable at \$46,750 per month including interest, secured by a general security agreement.	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 \$9,000,000.	2,150,000	7,600,000
Credit line related to Museum, at bank prime, payable in full by September 30, 2010, 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
	<u>6,851,296</u>	<u>10,867,310</u>
Less: Current portion	<u>(2,701,256)</u>	<u>(7,969,922)</u>
	<u>4,150,040</u>	<u>2,897,388</u>

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

	\$
2012	2,701,256
2013	532,225
2014	513,851
2015	496,112
2016	478,985
Thereafter	2,128,867
	<u>6,851,296</u>

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2011

14. Tangible capital assets (Schedule 1)

	2011	2010
	Net book value	Net book value
	\$	\$
Contributed land, natural resources and cultural resources	3	3
Land	526,028	1,800
Buildings and mobile homes	10,530,966	8,871,407
Leasehold improvements	6,390	10,411
Boats and vessels	438,618	414,381
Automotive	101,797	143,670
Machinery and equipment	272,197	9,941
Furniture, fixtures and office equipment	182,666	156,060
Computer equipment	91,234	119,199
Communications infrastructure	229,032	247,143
Construction in progress	12,327,086	6,506,203
	24,706,017	16,480,218

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

15. Prepaid expenses

	2011	2010
	\$	\$
Prepaid expenses	332,065	269,749
Prepaid expenses - Nisga'a Commercial Group	31,524	206,930
	363,589	476,679

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2011

16. Tax losses carried forward

The Nisga'a Commercial Group has incurred non-capital losses of \$6,021,078 (2010 - \$5,665,645) 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	926,966
2015	1,324,051
2026	943,986
2027	710,054
2028	563,795
2029	813,037
2030	403,521
2031	335,668
	<hr/> 6,021,078

The Nisga'a Commercial Group has deductible temporary differences of \$114,354 (2010 - \$88,128) and capital losses of \$10,503 (2010 - \$10,503) 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.

(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.

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2011

17. Commitments and contingencies (continued)

(b) *Contingencies (continued)*

- (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 \$15,863,842 at December 31, 2010 (December 31, 2009 - \$14,391,575), which are not included in these financial statements. The Government received \$550,000 (2010 - \$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 \$964,984 (2010 - \$625,115) under housing programs.

18. Other revenues

	2011	2010
	\$	\$
Other grants and contributions	284,264	1,600,840
HST, GST and PST	1,575,988	1,451,406
Contract revenues	3,418,520	1,029,616
Social services tax	465,433	468,198
Stumpage and silviculture levies	80,884	153,611
Insurance proceeds	-	144,586
Rental income	156,015	133,076
Other	4,357	74,053
Levies, fees, permits and leases	13,515	20,170
	5,998,976	5,075,556

19. Expenses by object

	2011	2010
	\$	\$
Compensation and training	6,913,400	6,994,048
Purchased goods and services	10,213,012	7,829,233
Interest on Final Agreement and Treaty debt payable	808,635	2,053,249
Travel, accommodation and related costs	937,536	982,992
Own source revenue taxation	672,739	900,000
Elders payments	825,000	630,000
Amortization	582,381	664,125
Other interest and bank charges	184,253	188,268
Share of business enterprise loss (Note 8)	189,460	-
Other grants and contributions	50,000	395,468
Urban housing and renovation grants	255,170	213,600
	21,631,586	20,850,983

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2011

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 \$180,010 (2010 - \$188,247) and its participating employees contributed \$212,334 (2010 - \$204,898) to the plan during the year.

21. Related party transactions and balances

During the year ended March 31, 2011, the Government:

- (a) Received from Lisims Forest Resource Limited Partnership ("LFRLP") \$57,022 (2010 - \$116,842) for stumpage fees relating to logging rights given to LFRLP.
- (b) Received from LFRLP silviculture levies of \$23,682 (2010 - \$36,771).
- (c) Has an outstanding accounts receivable balance due from LFRLP of \$84,033 (2010 - \$121,544) 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

Consolidated schedule of tangible capital assets
as at March 31, 2011

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, 2010	3	1,800	12,298,785	22,011	682,229	616,498	40,339	518,253	632,361	614,950	6,506,203	21,933,432
Additions	-	524,228	2,035,226	-	69,985	966	264,716	71,553	8,988	14,306	5,820,883	8,810,851
Disposals	-	-	-	(2,671)	-	-	-	-	-	-	-	(2,671)
	3	526,028	14,334,011	19,340	752,214	617,464	305,055	589,806	641,349	629,256	12,327,086	30,741,612
Accumulated amortization												
As at April 1, 2010	-	-	3,427,378	11,600	267,848	472,828	30,398	362,193	513,162	367,807	-	5,453,214
Additions	-	-	375,667	1,350	45,748	42,839	2,460	44,947	36,953	32,417	-	582,381
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	3,803,045	12,950	313,596	515,667	32,858	407,140	550,115	400,224	-	6,035,595
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
Net book value, March 31, 2010	3	1,800	8,871,407	10,411	414,381	143,670	9,941	156,060	119,199	247,143	6,506,203	16,480,218

Nisga'a Lisims Government

Consolidated schedule of segment disclosure
year ended March 31, 2011

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	2011 Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues									
Fiscal Financing Agreement and related funding	53,348,228	-	-	-	-	24,000	-	-	53,372,228
Interest income on Final Agreement	4,294,901	-	-	-	-	-	-	-	4,294,901
Other revenues (Note 18)	5,998,976	-	-	-	-	-	-	-	5,998,976
Targeted funding - INAC	1,628,276	-	-	-	-	-	780,269	-	2,408,545
Investment income	5,037,988	322,824	47,196	-	-	-	-	(322,824)	5,085,184
Fisheries Corporation	-	-	-	-	941,912	-	-	-	941,912
Contribution from Lisims Fisheries Conservation Trust	550,000	-	-	-	-	-	-	-	550,000
Telecom	-	-	-	-	518,710	-	-	-	518,710
Tourism	-	-	-	-	1,872	-	-	-	1,872
	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
Fisheries Corporation	-	-	-	-	1,235,235	-	-	-	1,235,235
Settlement Fund	907,430	-	-	-	-	-	-	-	907,430
Telecom	-	-	-	-	836,699	-	-	-	836,699
Elders payment	825,000	-	-	-	-	-	-	-	825,000
Interest on Final Agreement and Treaty debt payable	808,635	-	-	-	-	-	-	-	808,635
Amortization	-	-	-	-	-	504,549	-	-	504,549
Share of business enterprise loss	-	-	-	-	189,460	-	-	-	189,460
Business Development Fund	-	-	110,000	-	-	-	-	-	110,000
Tourism	-	-	-	-	22,241	-	-	-	22,241
Foreign exchange loss	-	-	-	-	-	-	-	-	-
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

Nisga'a Lisims Government

Consolidated schedule of segment disclosure
year ended March 31, 2010

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	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