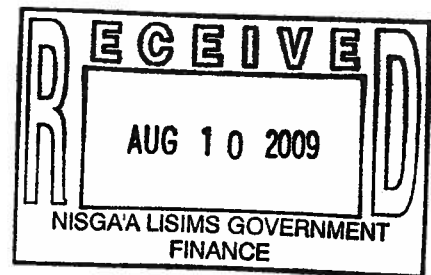


Consolidated financial statements of

Nisga'a Lisims Government

March 31, 2009



Nisga'a Lisims Government

March 31, 2009

Table of contents

Management's responsibility for financial reporting	1
Auditors' report	2
Consolidated statement of operations and accumulated surplus.....	3
Consolidated statement of financial position.....	4
Consolidated statement of change in net financial assets	5
Consolidated statement of cash flows.....	6
Notes to the consolidated financial statements	7-21
Consolidated schedule of tangible capital assets	22
Consolidated schedule of segment disclosure	23-24

Management's responsibility for financial reporting

The consolidated financial statements of the Nisga'a Lisims Government (the "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 accounting policies set out in Note 3 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.

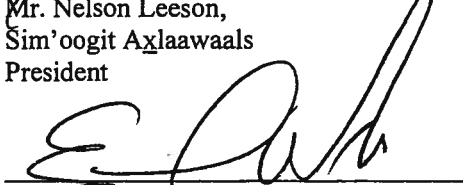
Wilp Si'ayuukhl Nisga'a ("WSN") (the Government's legislative assembly), the Executive and Finance Committee are responsible for ensuring that management fulfills its responsibilities for financial reporting, and WSN is ultimately responsible for reviewing and approving the consolidated financial statements.

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

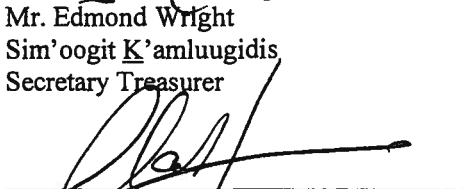
Deloitte & Touche LLP performs an annual audit on the consolidated financial statements in order to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, the financial position of the Government and the results of its operations and its cash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



Mr. Nelson Leeson,
Sim'oogit A~~x~~laawaals
President



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



Mr. Clay Harmon
Director of Finance

Auditors' report

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

We have audited the consolidated statement of financial position of the Nisga'a Lisims Government (the "Government") as at March 31, 2009 and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the Government's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Government as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at March 31, 2008 and for the year then ended, prior to adjustment for the prior period adjustments as described in Note 2, were audited by other auditors who expressed an opinion without reservation on those statements in their report dated June 6, 2008. We have audited the adjustments to the March 31, 2008 financial statements and, in our opinion, such adjustments, in all material respects, are appropriate and have been properly applied.

Deloitte + Touche LLP

Chartered Accountants
July 24, 2009

Nisga'a Lisims Government

Consolidated statement of operations and accumulated surplus year ended March 31, 2009

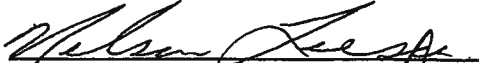
	Budget 2009	2009	2008
	\$ (Unaudited)	\$	\$ (Restated - Note 2)
Revenues			
Fiscal Financing Agreement and related funding	41,529,999	42,213,489	40,059,111
Interest income on Final Agreement and capital finance commission proceeds receivables	6,597,121	5,957,559	6,870,144
Other revenues (Note 17)	5,200,815	4,948,427	2,855,296
Investment income	3,620,103	4,181,565	5,551,238
Targeted funding - INAC	2,423,244	3,485,470	2,515,467
Telecom	-	467,846	-
Foreign exchange gain	-	463,696	31,559
Fisheries Corporation	-	381,001	-
Tourism	-	71,934	-
Share of business enterprise income (Note 8)	-	39,447	-
Contribution from Lisims Fisheries Conservation Trust	550,000	-	550,000
	59,921,282	62,210,434	58,432,815
Expenses (Note 18)			
Administration	4,022,345	4,293,909	3,780,109
Governance	3,274,892	2,895,246	1,977,539
Interest on Final Agreement debt payable	2,785,268	2,732,344	3,114,204
Programs and services	2,534,763	2,663,998	2,034,532
Fish, wildlife and migratory birds	1,571,809	1,621,231	1,807,914
Lands and resources	1,459,731	1,556,424	1,359,617
Fisheries Corporation	-	1,038,319	-
Business Development Fund	781,000	1,025,720	277,500
Elders payment	645,000	660,000	860,000
Telecom	-	659,932	-
Amortization	-	477,579	494,656
Settlement Fund	400,000	455,291	490,649
Tourism	-	399,790	-
Capital Finance Commission	28,304	28,815	29,642
Share of business enterprises loss	-	-	359,853
	17,503,112	20,508,598	16,586,215
Transfers and operating grants			
Nisga'a Village Governments	18,506,651	14,888,670	20,920,625
Nisga'a Valley Health Authority	11,846,608	12,351,696	10,923,460
Nisga'a School Board #92	8,945,379	6,908,927	7,455,733
Nisga'a Urban Locals	1,286,109	1,363,308	1,250,132
Wilp Wilxo'oskwhl Nisga'a	488,169	417,475	470,612
Transfer of tangible capital assets to villages	-	-	3,971,782
	41,072,916	35,930,076	44,992,344
	58,576,028	56,438,674	61,578,559
Excess (deficiency) of revenues over expenses	1,345,254	5,771,760	(3,145,744)
Accumulated surplus, beginning of year			
As previously reported	-	275,666,233	275,011,589
Restatement of prior year (Note 2)	-	(113,175,815)	(109,375,427)
As restated	-	162,490,418	165,636,162
Accumulated surplus, end of year	-	168,262,178	162,490,418

Nisga'a Lisims Government
 Consolidated statement of financial position
 as at March 31, 2009


	2009	2008
	\$	\$
		(Restated - Note 2)
Financial assets		
Current financial assets		
Cash	37,340	791,249
Accounts receivable (Note 4)	3,458,125	4,271,291
Current portion of long-term receivables (Note 5 (a))	22,508,034	22,637,829
Capital Finance Commission proceeds receivable (Note 16 (b))	2,990,000	2,990,000
	28,993,499	30,690,369
Other long-term receivables		
Nisga'a Final Agreement proceeds receivable (Note 5 (a))	481,059	484,220
Designated cash (Note 6)	96,764,618	113,315,093
Designated trust funds (Note 7)	21,352,938	25,338,940
Investments in other entities (Note 8)	95,062,156	78,311,099
	1,584,973	1,687,362
	244,239,243	249,827,083
Liabilities		
Current liabilities		
Bank indebtedness (Note 9)	4,682,896	3,050,000
Accounts payable and accrued liabilities (Note 10)	3,794,361	1,930,131
Deferred revenue and deposits received (Note 11)	204,031	1,780,216
Silviculture liability	872,341	888,428
Current portion of long-term debt (Notes 5 (b) and 12)	10,296,539	10,355,822
	19,850,168	18,004,597
Due to other entities (Note 8)		
Capital Finance Commission deferred revenue and other grants	1,433,276	-
Nisga'a Final Agreement debt payable (Note 5 (b))	24,195,112	28,284,016
Long-term debt (Note 12)	44,197,214	51,745,387
	2,840	19,097
	89,678,610	98,053,097
Net financial assets	154,560,633	151,773,986
Non-financial assets		
Tangible capital assets (Note 13 and Schedule 1)	12,509,470	10,161,735
Prepaid expenses (Note 14)	1,159,875	554,697
Inventory	32,200	-
	13,701,545	10,716,432
Accumulated surplus (Schedule 2)	168,262,178	162,490,418

Commitments and contingencies (Note 16)
 Capital Finance Commission contingent asset (Note 16 (b))

On behalf of Wilp Si'ayuukhl Nisga'a



Nelson Leeson
 Sim'oogit Axlaawaals, President



Edmond Wright
 Sim'oogit K'amluugidis, Secretary Treasurer

Nisga'a Lisims Government

Consolidated statement of change in net financial assets year ended March 31, 2009

	2009	2008
	\$	\$ (Restated - Note 2)
Excess (deficiency) of revenues over expenses	5,771,760	(3,415,744)
Amortization of tangible capital assets	572,973	494,656
Acquisition of tangible capital assets	(2,517,214)	(1,027,865)
Transfer of tangible capital assets to villages	24,606	7,713,277
Acquisition of tangible capital asset from a village	(424,700)	-
Loss on sale of tangible capital assets	(3,400)	26,337
Change in prepaid expenses	(605,178)	(24,074)
Change in inventory	(32,200)	-
Increase in net financial assets	2,786,647	3,766,587
Net financial assets, beginning of the year	151,773,986	148,007,399
Net financial assets, end of the year	154,560,633	151,773,986

Nisga'a Lisims Government

Consolidated statement of cash flows year ended March 31, 2009

	2009	2008
	\$	\$ (Restated - Note 2)
Operating activities		
Excess (deficiency) of revenues over expenses	5,771,760	(3,145,744)
Items not involving cash		
Amortization of tangible capital assets	572,973	494,656
Share of business enterprise (income) loss	(39,447)	359,954
(Gain) loss on disposal of assets	(3,400)	26,337
Tangible capital assets transferred to Nisga'a Village Governments	24,606	3,971,782
	6,326,492	1,706,985
Change in non-cash working capital		
Accounts receivable	609,819	3,497,118
Inventory	(8,420)	-
Accounts payable and accrued liabilities	1,531,797	(878,967)
Prepaid expenses	(408,534)	(24,074)
Deferred revenue and deposits received	(1,578,241)	1,503,628
Silviculture liability	(16,087)	80,572
Capital Finance Commission deferred revenue and other grants	(4,088,904)	6,370,084
	2,367,922	12,255,346
Capital activity		
Acquisition of tangible capital assets	(2,064,211)	(1,027,865)
Investing activities		
Decrease (increase) in designated cash	3,986,002	(1,605,024)
Increase in designated trust funds	(16,751,057)	(15,878,134)
	(12,765,055)	(17,483,158)
Financing activities		
Nisga'a Final Agreement proceeds	16,680,270	6,142,696
Repayment of Nisga'a Final Agreement debt	(7,607,456)	1,114,205
Repayment of long-term debt	(23,728)	(14,738)
Advances from other entities	1,025,453	-
	10,074,539	7,242,163
Net cash (outflow) inflow	(2,386,805)	986,486
Bank indebtedness, net of cash, beginning of year	(2,258,751)	(3,245,237)
Bank indebtedness, net of cash, end of year	(4,645,556)	(2,258,751)
Supplemental cash flow information		
Interest paid	385,334	79,348
Interest received	585,936	1,333,711
Supplemental non-cash transaction		
Acquisition of tangible capital asset in exchange for partial settlement of account receivable	424,700	-

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2009

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. Prior period adjustments

(a) *Portfolio investments*

Effective April 1, 2007, the Government changed its accounting policy for recording portfolio investments from the cost method to the fair value method. As the *Statement of Principles - Financial Instruments* prepared by the Public Sector Accounting Board has not yet been adopted, the Government has amended its accounting policy to apply the cost method of accounting for these investments instead of the fair value method with retrospective effect. As a result, designated trust funds and accumulated surplus decreased by \$4,161,798 at March 31, 2008 and unrealized increase in value of designated trust funds decreased by \$4,161,798 for the year then ended.

(b) *Capital Finance Commission proceeds receivable*

The Government has amended its accounting for Capital Finance Commission proceeds to record as a receivable only those government transfers authorized by the Government of Canada and to record as revenue only those amounts expended by the Government on eligible tangible capital assets. The financial statements have been adjusted retrospectively with restatement of the comparative period.

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2009

2. Prior period adjustments (continued)

The following table outlines the impact of the changes in paragraphs (a) and (b) above on the prior period:

	As previously reported	Increase (decrease)	Restated
	\$	\$	\$
Revenues, expenses and accumulated surplus			
Fiscal Financing Agreement and related funding	39,724,385	334,726	40,059,111
Other revenues	3,326,123	(470,827)	2,855,296
Interest income on receivables	7,351,036	(480,892)	6,870,144
Investment income	6,655,102	(1,103,864)	5,551,238
Unrealized increase in value of portfolio investments	4,161,798	(4,161,798)	-
Capital Finance Commission expense	1,533,383	(1,503,741)	29,642
Transfers to Nisga'a Village Governments	17,626,412	3,294,213	20,920,625
Transfers to Nisga'a Valley Health Authority	11,054,703	(131,243)	10,923,460
Transfer of physical assets to Villages	7,713,278	(3,741,496)	3,971,782
Excess (deficiency) of revenues over expenses	654,644	(3,800,388)	(3,145,744)
Accumulated surplus at beginning of year	275,011,589	(109,375,427)	165,636,162
Accumulated surplus at end of year	275,666,233	(113,175,815)	162,490,418
Assets and liabilities			
Capital Finance Commission proceeds receivable	83,719,991	(80,729,991)	2,990,000
Capital Finance Commission deferred revenue and other grants	-	28,284,016	28,284,016
Designated trust funds	82,472,897	(4,161,798)	78,311,099

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2009

3. 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 the net income or loss of the organization. In addition, any amounts receivable or payable from that entity are reported in Note 8. Government business-type organizations are consolidated in the financial statements after eliminating any intercompany transactions and balances.

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

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

Fully consolidated

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

Modified equity

- Lisims Forest Resource Limited Partnership

Cost basis

- Sim Gan Forest Corporation
- Northern Native Fishing Corporation

In prior years, Nisga'a Fisheries Ltd., enTel Communications Inc. and Lisims Backcountry Adventures Inc. were considered to be government business enterprises and were accounted for on the modified equity basis.

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2009

3. Summary of significant accounting policies (continued)

(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.

(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) Fisheries, Wildlife and Migratory Birds Fund

This fund consists of the operations of the fisheries, 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 Nisga'a Business Development Fund Act.

(vi) Lands and Resources Fund

This fund consists of the operations of the lands and resources programs.

(vii) Capital Transfer Fund

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

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2009

3. Summary of significant accounting policies (continued)

(c) Accumulated surplus (continued)

(viii) Investment Fund

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

(ix) 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.

(x) 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.

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.

(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.

(f) Tangible capital assets

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

Transfers of constructed assets to villages are expensed when those assets are completed.

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

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2009

3. Summary of significant accounting policies (continued)

(f) *Tangible capital assets (continued)*

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.

(g) *Income taxes*

The fully consolidated entities of the Nisga'a Commercial Group (Note 3 (a)) use the asset and liability method for accounting for income taxes. Under the asset and liability method, the changes in net future tax asset or liability during the current year are included in income. Future tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. Temporary differences arise from differences in the timing of recognition of certain items of income and expenses for financial statement and tax purposes. Some of these temporary differences relate to investments and unpaid claims and adjustment expenses.

(h) *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.

(i) *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.

(j) *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, silviculture liability, accrued expenses, own source revenue liability, and contingent liabilities. Actual results could differ from those estimates.

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2009

4. Accounts receivable

	2009	2008
	\$	\$
Government funding and grants	2,099,994	2,364,688
Fishers loans - various terms	424,934	452,803
GST and PST	420,137	158,525
Business loans - various terms	343,053	320,150
New Aiyansh Village Government	275,925	687,500
Accounts receivable - Commercial Group	258,631	-
Other accounts receivable	316,690	907,079
	4,139,364	4,890,745
Allowance for doubtful accounts	(681,239)	(619,454)
	3,458,125	4,271,291

5. Nisga'a Final Agreement receivable/debt payable

(a) Nisga'a Final Agreement proceeds receivable

	2009	2008
	\$	\$
Receivable, beginning of year	135,952,922	142,095,618
Received in the current year	(22,637,829)	(13,012,841)
Interest received	5,957,559	6,870,145
	119,272,652	135,952,922
Current portion	(22,508,034)	(22,637,829)
Receivable, end of year	96,764,618	113,315,093

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.

(b) Nisga'a Final Agreement debt payable

	2009	2008
	\$	\$
Debt payable, beginning of year	62,085,209	60,971,009
Repaid in the current year	(10,339,822)	(2,000,000)
Accrued interest	2,732,366	3,114,200
	54,477,753	62,085,209
Current portion	(10,280,539)	(10,339,822)
Debt payable, end of year	44,197,214	51,745,387

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

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2009

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

The credit, interest, liquidity and cash flow risks associated with these receivables and debt payable are 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.

6. Designated cash

	2009	2008
	\$	\$
Capital Finance Commission Fund	21,205,113	25,183,772
Business Development Fund	147,825	155,168
	21,352,938	25,338,940

7. Designated trust funds

Nisga'a Interim Settlement Trust

The Trust comprises:

	2009	2008
	\$	\$
		(Restated - Note 2)
(a) Interest bearing cash account with RBC Dexia Investor Services Trust	26,435	8,954,756
(b) Portfolio investments held by RBC Dexia Investor Services Trust at cost (market value \$78,587,301 (2008 - \$73,518,141))	95,035,721	69,356,343
	95,062,156	78,311,099

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.

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
	20,361,835

These Funds have been appropriated by WSN as a result of approved cash management strategies. The Funds have not been transferred out of the Trust monies at March 31, 2009. 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, 2009

8. Investments in and due to other entities

	Shares	Advances	Accumulated equity (deficit)	2009 Total
	\$	\$	\$	\$
Lisims Forest Resources Limited Partnership	100	-	1,584,852	1,584,952
Nisga'a West Coast Stevedoring (1999) Ltd.	1	229,323	(229,323)	1
Sim Gan Forest Corporation	19	-	-	19
Northern Native Fishing Corporation	1	-	-	1
	121	229,323	1,355,529	1,584,973

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

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

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

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2009

9. Bank indebtedness

	2009	2008
	\$	\$
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.	4,025,000	3,050,000
Cheques issued in excess of cash	617,896	-
enTel demand operating line of credit facility available of \$100,000, with floating interest rate at prime.	40,000	-
	4,682,896	3,050,000

10. Accounts payable and accrued liabilities

	2009	2008
	\$	\$
Accounts payable and accrued liabilities	1,700,058	1,027,455
Elective leave and vacation liability	866,709	738,085
Nisga'a Village Governments and Institutions	768,344	111,749
Accounts payable and accrued liabilities - Commercial Group	314,480	-
Payroll liabilities	144,770	52,842
	3,794,361	1,930,131

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.

	2009	2008
	\$	\$
Insurance proceeds received	-	1,747,916
Deferred revenue and deposits received	193,863	32,300
Deferred revenue - Commercial Group	10,168	-
	204,031	1,780,216

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2009

12. Long-term debt

	2009	2008
	\$	\$
Demand loan at bank prime, payable at \$1,450 per month including interest, secured by specific physical assets	18,840	35,097
Less: Current portion	(16,000)	(16,000)
	2,840	19,097

Principal repayment terms are approximately:

	\$
2010	16,000
2011	2,840
	18,840

13. Tangible capital assets (Schedule 1)

	2009	2008
	Net book value	Net book value
	\$	\$
Land, natural resources and cultural resources	1,803	3
Buildings and mobile homes	9,423,626	9,079,710
Leasehold improvements	12,837	-
Boats and vessels	363,562	295,500
Automotive	169,802	121,260
Machinery and equipment	12,425	15,531
Furniture, fixtures and office equipment	148,504	108,178
Computer equipment	63,247	76,314
Communications infrastructure	283,784	-
Construction in progress	2,029,880	465,239
	12,509,470	10,161,735

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

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2009

14. Prepaid expenses

	2009	2008
	\$	\$
Imprest social assistance prepaid advances to Villages	641,278	230,000
Prepaid expenses	306,276	312,697
Prepaid expenses - Commercial Group	212,321	-
Security deposits - crown tenures	-	12,000
	<u>1,159,875</u>	<u>554,697</u>

15. Tax losses carried forward

The Nisga'a Commercial Group has incurred non-capital losses of \$6,033,455 (2008 - \$5,679,262) for tax purposes which are available to reduce future taxable income. Such benefits will be recorded as an adjustment to the tax provision in the year realized. These losses expire as follows:

	\$
2010	838,071
2026	947,206
2027	2,786,817
2028	638,870
2029	822,491
	<u>6,033,455</u>

The Nisga'a Commercial Group has deductible temporary differences of \$59,172 (2008 - \$29,123) and capital losses of \$13,233 (2008 - \$13,233) for which no future income tax asset has been recognized.

16. 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, 2009

16. Commitments and contingencies (continued)

(a) Commitments (continued)

- (iv) The Government is committed to minimum operating lease payments in respect of two vehicles as follows:
- | | |
|------|--------------|
| | \$ |
| 2010 | 11,307 |
| 2011 | 3,769 |
| | <hr/> 15,076 |
- (v) Letters of guarantee in the amount of \$15,000 (2008 - \$15,000) in respect to loans held by the Department of Fisheries and Oceans. At March 31, 2009, \$13,500 is outstanding.

(b) Contingencies

- (i) Effective May 11, 2000, the Government entered into the Nisga'a Nation Fiscal Financing Agreement (the "Agreement") with the Government of Canada and the Province of British Columbia for a 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 Agreement includes amounts for the replacement and maintenance of certain agreed-upon tangible capital assets. The Government expects to receive approximately \$80 million, plus inflationary adjustments, for these tangible capital assets under future Agreements, of which approximately \$11.2 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 \$12,210,581 at December 31, 2008 (December 31, 2007 - \$15,646,909), which are not included in these financial statements. The Government received \$Nil (2008 - \$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 \$689,948 (2008 - \$667,349) under housing programs.

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2009

17. Other revenues

	2009	2008
	\$	\$
Other grants and contributions	2,158,767	1,173,184
Goods and services tax	811,788	-
Contract revenues	784,556	881,730
Social services tax	425,894	-
Other	305,079	162,736
Stumpage and silviculture levies	213,144	284,964
Rental income	139,539	92,220
Insurance proceeds	98,600	-
Levies, fees, permits and leases	11,060	13,254
Fish revenue	-	201,208
Recoveries and reimbursements	-	46,000
	4,948,427	2,855,296

18. Expenses by object

	2009	2008
	\$	\$
Purchased goods and services	7,108,205	5,628,018
Compensation and training	7,041,212	5,308,228
Interest on Final Agreement debt payable	2,732,344	3,114,204
Other grants and contributions	903,935	192,500
Travel, accommodation and related costs	847,330	803,824
Elders payments	660,000	860,000
Amortization	572,973	494,656
Own source revenue	364,322	-
Urban housing and renovation grants	177,100	100,000
Other interest and bank charges	101,177	84,785
	20,508,598	16,586,215

19. 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 \$171,413 (2008 - \$Nil) and its participating employees contributed \$230,357 (2008 - \$Nil) to the plan during the year.

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2009

20. Related party transactions and balances

During the year ended March 31, 2009, the Government:

- (a) Received from Lisims Forest Resource Limited Partnership ("LFRLP") \$58,404 (2008 - \$107,301) for stumpage fees relating to logging rights given to LFRLP.
- (b) Received from LFRLP silviculture levies of \$154,739 (2008 - \$177,662).
- (c) Has an outstanding accounts receivable balance due from LFRLP of \$76,164 (2008 - \$69,917) in relation to silviculture levies.

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

21. Comparative figures

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

Nisga'a Lisims Government
 Consolidated schedule of tangible capital assets
 as at March 31, 2009

	Land, natural resources and cultural resources	Buildings and mobile homes	Leasehold improvements	Boats and vessels	Automotive	Machinery and equipment	Furniture, fixtures and office equipment	Computer equipment	Communications infrastructure	Construction in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost											
As at April 1, 2008	3	11,875,653	-	482,889	411,656	40,338	386,106	532,405	-	465,239	14,194,289
Additions	1,800	711,921	22,011	103,217	214,073	-	89,011	15,356	609,948	1,564,641	3,331,978
Disposals	-	-	-	-	(39,101)	-	-	-	-	-	(39,101)
	1,803	12,587,574	22,011	586,106	586,628	40,338	475,117	547,761	609,948	2,029,880	17,487,166
Accumulated amortization											
As at April 1, 2008	-	2,795,943	-	187,389	290,396	24,807	277,927	459,092	-	-	4,035,554
Additions	-	368,005	9,174	35,155	165,531	3,106	48,686	25,422	326,164	-	981,243
Disposals	-	-	-	-	(39,101)	-	-	-	-	-	(39,101)
	-	3,163,948	9,174	222,544	416,826	27,913	326,613	484,514	326,164	-	4,977,696
Net book value, March 31, 2009	1,803	9,423,626	12,837	363,562	169,802	12,425	148,504	63,247	283,784	2,029,880	12,509,470
Net book value, March 31, 2008	3	9,079,710	-	295,500	121,260	15,531	108,178	76,314	-	465,239	10,161,735

Nisga'a Lisims Government
 Consolidated schedule of segment disclosure
 year ended March 31, 2009

Schedule 2

	Government Administration Fund	Commercial Fisheries Fund	Business Development Fund	Capital Transfer Fund	Investment Fund	Tangible Capital Asset Fund	Capital Finance Commission Fund	Interfund Eliminations on Consolidation	2009 Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues									
Fiscal Financing Agreement and related funding	41,529,994	-	-	-	-	-	683,495	-	42,213,489
Other revenues (Note 17)	4,348,427	-	600,000	-	-	-	-	-	4,948,427
Interest income on Final Agreement and capital commission proceeds receivable	5,957,559	-	-	-	-	-	-	-	5,957,559
Investment income	4,127,146	303,641	54,419	-	-	-	736,774	(303,641)	4,181,565
Targeted funding - INAC	2,748,696	-	-	-	-	-	-	-	3,485,470
Telecom	-	-	-	-	467,846	-	-	-	467,846
Foreign exchange gain	463,696	-	-	-	-	-	-	-	463,696
Fisheries Corporation	-	-	-	-	381,001	-	-	-	381,001
Tourism	-	-	-	-	71,934	-	-	-	71,934
Share of business enterprise income	-	-	-	-	39,447	-	-	-	39,447
	59,175,518	303,641	654,419	-	960,228	-	1,420,269	(303,641)	62,210,434
Expenses									
Administration	4,293,909	-	-	-	-	-	-	-	4,293,909
Governance	2,895,246	-	-	-	-	-	-	-	2,895,246
Interest on Final Agreement debt payable	2,732,344	-	-	-	-	-	-	-	2,732,344
Programs and services	2,663,998	-	-	-	-	-	-	-	2,663,998
Fish, wildlife and migratory birds	1,621,231	-	-	-	-	-	-	-	1,621,231
Lands and resources	1,556,424	-	-	-	-	-	-	-	1,556,424
Fisheries Corporation	-	-	-	-	1,038,319	-	-	-	1,038,319
Business Development Fund	-	-	1,025,720	-	-	-	-	-	1,025,720
Elders payment	660,000	-	-	-	-	-	-	-	660,000
Telecom	-	-	-	-	-	477,579	-	-	477,579
Amortization	-	-	-	-	-	-	-	-	-
Interest	303,641	-	-	-	-	-	-	(303,641)	-
Settlement Fund	455,291	-	-	-	-	-	-	-	455,291
Tourism	-	-	-	-	399,790	-	-	-	399,790
Capital Finance Commission	-	-	-	-	-	-	28,815	-	28,815
Share of business enterprises loss	-	-	-	-	-	-	-	-	-
	17,182,084	-	1,025,720	-	2,098,041	477,579	28,815	(303,641)	20,508,598
Transfers and operating grants									
Nisga'a Village Governments	14,101,896	-	50,000	-	-	-	736,774	-	14,888,670
Nisga'a Valley Health Authority	12,351,696	-	-	-	-	-	-	-	12,351,696
Nisga'a School Board #92	6,908,927	-	-	-	-	-	-	-	6,908,927
Nisga'a Urban Locals	1,363,308	-	-	-	-	-	-	-	1,363,308
Wilip Wiljgo'oskwihl Nisga'a	417,475	-	-	-	-	-	-	-	417,475
Department appropriation	771,000	-	(771,000)	-	-	-	-	-	-
	35,914,302	-	(721,000)	-	-	-	736,774	-	35,930,076
	53,096,386	-	304,720	-	2,098,041	477,579	765,589	(303,641)	56,438,674
Excess (deficiency) of revenues over expenses	6,079,132	303,641	349,699	-	(1,137,813)	(477,579)	654,680	-	5,771,760
Transfer between funds	-	-	-	-	-	654,680	(654,680)	-	-
Accumulated surplus, beginning of year (restated)	145,116,711	12,445,646	1,989,761	-	(7,072,413)	10,310,713	-	-	162,490,418
Accumulated surplus, end of year	151,195,843	12,449,287	2,339,460	-	(8,210,226)	10,487,814	-	-	168,262,178

Nisga'a Lisims Government
 Consolidated schedule of segment disclosure
 year ended March 31, 2008

	Government 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	2008 Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	2008 Consolidated (Restated - Note 2)
Revenues									
Fiscal Financing Agreement and related funding	39,724,385	-	-	-	-	-	334,726	-	40,059,111
Interest Income on Final Agreement receivable	6,870,144	-	-	-	-	-	-	-	6,870,144
Investment Income	5,544,468	495,146	6,770	-	-	(3,122)	-	(495,146)	5,551,238
Other revenues (Note 17)	2,858,418	-	-	-	-	-	-	-	2,855,296
Targeted funding - INAC	2,385,418	-	-	-	-	-	130,049	-	2,515,467
Contribution from Lisims Conservation Trust	550,000	-	-	-	-	-	-	-	550,000
Foreign exchange gain	31,559	-	-	-	-	-	-	-	31,559
	57,969,392	495,146	6,770	-	-	(3,122)	464,775	(495,146)	58,332,815
Expenses (Note 18)									
Administration	3,780,109	-	-	-	-	-	-	-	3,780,109
Interest on Final Agreement debt payable	3,114,204	-	-	-	-	-	-	-	3,114,204
Programs and services	2,034,532	-	-	-	-	-	-	-	2,034,532
Governance	1,977,539	-	-	-	-	-	-	-	1,977,539
Fish, wildlife and migratory birds	1,807,914	-	-	-	-	-	-	-	1,807,914
Lands and resources	1,359,617	-	-	-	-	-	-	-	1,359,617
Elders payment	860,000	-	-	-	-	-	-	-	860,000
Amortization	-	-	-	-	-	494,656	-	(495,146)	494,656
Interest	495,146	-	-	-	-	-	-	-	495,146
Settlement Fund	490,649	-	-	-	-	-	-	-	490,649
Share of business enterprises loss	-	-	-	-	359,853	-	-	-	359,853
Business Development Fund	30,000	-	247,500	-	-	-	-	-	277,500
Capital Finance Commission	-	-	-	-	-	-	29,642	-	29,642
	15,949,710	-	247,500	-	359,853	494,656	29,642	(495,146)	16,586,215
Transfers and operating grants									
Nisga'a Village Governments	20,790,576	-	-	-	-	-	130,049	-	20,920,625
Nisga'a Valley Health Authority	10,923,460	-	-	-	-	-	-	-	10,923,460
Transfer of tangible capital assets to villages (Notes 3 and 12)	-	-	-	-	-	-	3,971,782	-	3,971,782
Nisga'a School Board #92	7,455,733	-	-	-	-	-	-	-	7,455,733
Nisga'a Urban Locals	1,250,132	-	-	-	-	-	-	-	1,250,132
Wlip Wilgo'oskwhi Nisga'a	470,612	-	-	-	-	-	-	-	470,612
Department appropriation	1,909,000	-	(1,909,000)	-	-	-	-	-	-
	42,799,513	-	(1,909,000)	-	-	-	4,101,831	-	44,992,344
	58,749,223	-	(1,661,500)	-	359,853	494,656	4,131,473	(495,146)	61,578,559
(Deficiency) excess of revenues over expenses	(784,831)	495,146	1,668,270	-	(359,853)	(497,778)	(3,666,698)	-	(3,145,744)
Transfer between funds	-	-	-	-	-	334,726	(334,726)	-	-
Accumulated surplus, beginning of year	145,901,542	11,650,500	321,491	-	(6,712,560)	10,473,765	4,001,424	-	165,636,162
Accumulated surplus, end of year	145,116,711	12,145,646	1,989,761	-	(7,072,413)	10,310,713	-	-	162,490,418