

Consolidated financial statements of

Nisga'a Lisims Government

March 31, 2014

Nisga'a Lisims Government

March 31, 2014

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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 Chartered Professional Accountants of Canada 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 financial statements.

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

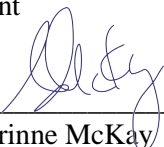
Wilp Si'ayuukhl Nisga'a ("WSN") (the Government's legislative assembly), the Executive and the Finance Committee are responsible for ensuring that management fulfills its responsibilities for financial reporting, and WSN is ultimately responsible for reviewing and approving the consolidated financial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

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

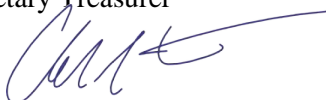
Deloitte LLP performs an annual audit on the consolidated financial statements in order to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, the financial position of the Government and the results of its operations, changes in its net financial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



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



Ms. Corinne McKay
Bilaam Neek'hl
Secretary Treasurer



Ms. Cheryl Stephens
Luu-ts'ipgum Gaak
Acting Chief Financial Officer



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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 Nisga'a Lisims Government, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and the notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Nisga'a Lisims Government as at March 31, 2014 and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Accountants
July 29, 2014
Vancouver, British Columbia

Nisga'a Lisims Government

Consolidated statement of operations and accumulated surplus year ended March 31, 2014

	Budget 2014	2014	2013
	\$	\$	\$
Revenue			
Fiscal Financing Agreement and related funding	60,017,502	59,657,068	58,015,007
Investment income	7,115,000	18,780,539	26,015,426
Tax revenue (Note 18)	6,050,407	6,183,365	4,417,714
Other revenues (Notes 19 and 22)	5,555,771	4,371,994	4,438,044
Share of government business revenue (Note 23)	1,395,541	4,073,384	1,599,138
Interest income on Final Agreement	1,250,215	1,250,215	2,316,494
Contribution from Lisims Fisheries Conservation Trust	350,000	550,000	550,000
Targeted funding - INAC	309,233	509,919	1,814,757
Share of business enterprise income (Note 8)	-	-	621,399
	82,043,669	95,376,484	99,787,979
Expenses (Note 20)			
Administration	9,524,705	9,529,507	5,921,903
Lands and resources	5,559,875	5,646,471	3,182,039
Share of government business expenses (Note 23)	1,497,730	3,550,373	1,821,096
Programs and services	4,202,228	3,750,575	2,927,905
Governance	3,764,498	3,379,885	4,644,889
Fish, wildlife and migratory birds	2,288,149	2,204,876	1,974,265
Commercial development	1,045,000	1,740,090	305,322
Settlement Fund	1,200,000	1,309,863	1,029,191
Elders payments	1,140,000	1,185,000	1,080,000
Amortization	1,200,000	1,069,901	1,101,391
Interest expense	339,507	339,507	633,235
Share of business enterprise loss (Note 8)	-	318,705	-
	31,761,692	34,024,753	24,621,236
Transfers and operating grants			
Nisga'a Village Governments	23,837,466	23,903,123	24,220,500
Nisga'a Valley Health Authority	15,767,312	15,866,945	16,034,796
Nisga'a School Board #92	7,824,310	7,942,020	7,235,707
Nisga'a Urban Locals	1,790,380	1,795,174	2,930,283
Wilp Wilxo'oskwhl Nisga'a	1,021,385	1,021,485	845,673
	50,240,853	50,528,747	51,266,959
	82,002,545	84,553,500	75,888,195
Excess of revenues over expenses	41,124	10,822,984	23,899,784
Accumulated surplus, beginning of year	225,069,678	225,069,678	201,169,894
Accumulated surplus, end of year	225,110,802	235,892,662	225,069,678

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

Nisga'a Lisims Government

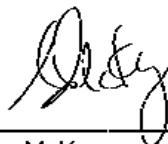
Consolidated statement of financial position as at March 31, 2014

	2014	2013
	\$	\$
Financial assets		
Cash	412,370	472,361
Accounts and loans receivable (Notes 3 and 22)	3,449,179	3,681,650
Nisga'a Final Agreement proceeds receivable (Note 4)	22,510,937	43,898,550
Capital Finance Commission proceeds receivable (Note 5(a))	3,614,634	7,229,268
Designated cash (Note 6)	24,999,128	20,703,509
Designated trust funds (Note 7)	208,087,862	184,361,776
Investments in other entities (Note 8)	2,686,820	3,004,564
	265,760,930	263,351,678
Liabilities		
Bank indebtedness (Note 9)	517,132	495,382
Accounts payable and accrued liabilities (Note 10)	10,914,459	7,374,307
Deferred revenue and deposits received (Note 11)	378,039	258,872
Silviculture liability	1,546,114	1,539,565
Due to Lisims Forest Resource Limited Partnership (Note 22(c))	2,473,833	2,468,202
Capital Finance Commission deferred revenue (Note 5(b))	27,904,853	27,511,889
Treaty debt payable (Note 12)	9,845,923	19,327,438
Long-term debt (Note 13)	3,386,636	6,711,461
	56,966,989	65,687,116
Net financial assets	208,793,941	197,664,562
Commitments and contingencies (Note 17)		
Capital Finance Commission contingent asset (Note 17(b))		
Non-financial assets		
Tangible capital assets (Note 14 and Schedule 1)	27,066,910	26,942,400
Prepaid expenses (Note 15)	31,811	462,484
Inventory	-	232
	27,098,721	27,405,116
Accumulated surplus (Schedule 2)	235,892,662	225,069,678

On behalf of Wilp Si'ayuukhl Nisga'a



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



Corinne McKay
Bilaam Neek'hl, Secretary Treasurer

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

Nisga'a Lisims Government

Consolidated statement of changes in net financial assets year ended March 31, 2014

	Budget 2014	2014	2013
	\$	\$	\$
Excess of revenues over expenses	41,124	10,822,984	23,899,784
Amortization of tangible capital assets	1,200,000	1,156,462	1,271,676
Impairment of tangible capital assets	-	-	14,365
Acquisition of tangible capital assets	(700,000)	(1,280,972)	(2,205,644)
Change in prepaid expenses	-	430,673	(402,203)
Change in inventory	-	232	12,591
Increase in net financial assets	541,124	11,129,379	22,590,569
Net financial assets, beginning of the year	197,664,562	197,664,562	175,073,993
Net financial assets, end of the year	198,205,686	208,793,941	197,664,562

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

Nisga'a Lisims Government

Consolidated statement of cash flows year ended March 31, 2014

	2014	2013
	\$	\$
Operating activities		
Excess of revenues over expenses	10,822,984	23,899,784
Items not involving cash		
Amortization of tangible capital assets	1,156,462	1,271,676
Impairment of tangible capital assets	-	14,365
Share of business enterprise loss (income)	318,705	(621,399)
	12,298,151	24,564,426
Changes in non-cash working capital		
Accounts and loans receivable	232,471	1,054,037
Accounts payable and accrued liabilities	3,540,152	662,610
Deferred revenue and deposits received	119,167	66,709
Silviculture liability	6,549	160,822
Capital Finance Commission deferred revenue	392,964	(2,050,320)
Prepaid expenses	430,673	(402,203)
Inventory	232	12,591
	17,020,359	24,068,672
Capital activity		
Acquisition of tangible capital assets	(1,280,972)	(2,205,644)
Investing activities		
Increase in designated cash	(4,295,619)	(1,721,770)
Increase in designated trust funds	(23,726,086)	(35,782,470)
Advances to other entities	(961)	-
	(28,022,666)	(37,504,240)
Financing activities		
Nisga'a Final Agreement proceeds	21,387,613	20,321,335
Capital Finance Commission receivable	3,614,634	3,614,634
Long-term debt advances	-	2,150,000
Repayment of long-term debt	(12,806,340)	(9,731,465)
Advances from other entities	5,631	104,792
	12,201,538	16,459,296
Net cash (outflow) inflow	(81,741)	818,084
Bank indebtedness, net of cash, beginning of year	(23,021)	(841,105)
Bank indebtedness, net of cash, end of year	(104,762)	(23,021)
Supplemental cash flow information		
Interest paid	908,321	874,053
Interest received	4,747,323	2,398,170

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2014

1. Operating authority

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

Consolidated

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

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2014

2. Summary of significant accounting policies (continued)

(a) Principles of consolidation (continued)

Modified equity

Lisims Forest Resource Limited Partnership (i)
Nass Area Enterprises Limited Partnership

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

(b) Recognition of revenues and expenses

Government transfers from the federal and provincial governments that do not include stipulations 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. Government transfers with stipulations are recognized as revenue in the period the transfers are authorized, and eligibility criteria and stipulations are met.

Taxation revenues are recognized when authorized by the Government, the taxable event has occurred, and the definition of an asset is met.

Other 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 on an accrual basis when earned.

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) 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.

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2014

2. Summary of significant accounting policies (continued)

(c) *Accumulated surplus (continued)*

(vii) Capital Finance Commission Fund

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

(viii) Land Title Assurance Fund

This fund is required under a Torrens title system and guarantees title in cases of fraud or error. The fund is used to compensate individuals who are deprived of their title.

(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 the statement of operations 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.

(g) *Tangible capital assets*

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

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

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

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

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

(h) *Income taxes*

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

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2014

2. Summary of significant accounting policies (continued)

substantively enacted. Deferred income tax assets are recognized to the extent that such benefits are likely to be realized.

(i) *Employee benefits*

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

(j) *Silviculture*

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

(k) *Budgets*

The budget figures are the appropriations approved by Wilp Si'ayuukhl Nisga'a and the approved budgets for the consolidated entities, adjusted to eliminate transfers within inter-entity funds of the consolidated Government reporting entities. The budget figures represent the Government's budget for the year as approved by Wilp Si'ayuukhl Nisga'a.

(l) *Use of estimates*

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities for the reporting period. Significant estimates used in the preparation of these financial statements include the collectibility of loans and receivables, estimate of silviculture liability, accrued expenses, own source revenue liability, useful lives of tangible capital assets and contingent liabilities. Actual results could differ from those estimates.

3. Accounts and loans receivable

	2014	2013
	\$	\$
Government funding and grants	652,921	707,393
HST, GST and PST	589,778	748,441
Other accounts receivable	794,421	559,507
Accounts receivable - Government business	647,126	602,321
Business loans - various terms	688,864	908,604
Fishers loans - various terms	304,871	314,395
Gitlaxt'aamiks Village Government	277,289	277,287
Deferred tax asset	129,996	187,602
	4,085,266	4,305,550
Allowance for doubtful accounts	(636,087)	(623,900)
	3,449,179	3,681,650

The loan to Gitlaxt'aamiks Village Government is unsecured and bears interest at a rate equivalent to the Government's line of credit from a commercial bank. Management anticipates that this amount will be repaid through the provision of services to the Government.

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2014

4. Nisga'a Final Agreement receivable

	2014	2013
	\$	\$
Receivable, beginning of year	43,898,550	64,219,885
Received in the current year	(22,637,829)	(22,637,829)
Interest earned	1,250,216	2,316,494
Receivable, end of year	<u>22,510,937</u>	<u>43,898,550</u>

The Nisga'a Final Agreement proceeds receivable bears interest at 5.185% per annum 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 final payment was received by the Government in May 2014.

5. Capital Finance Commission

(a) Capital Finance Commission receivable

	2014	2013
	\$	\$
Receivable, beginning of year	7,229,268	10,843,902
Received in current year	(3,614,634)	(3,614,634)
Receivable, end of year	<u>3,614,634</u>	<u>7,229,268</u>

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 five years ending in fiscal 2015 (Note 17(b)(i)).

(b) Capital Finance Commission deferred revenue

	2014	2013
	\$	\$
Deferred revenue, beginning of year	27,511,889	29,562,209
Interest and inflation adjustment earned	554,039	409,547
Eligible expenditures	(161,075)	(2,459,867)
Deferred revenue, end of year	<u>27,904,853</u>	<u>27,511,889</u>

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

6. Designated cash

	2014	2013
	\$	\$
Capital Finance Commission Fund	24,745,194	20,466,389
Business Development Fund	253,934	237,120
	<u>24,999,128</u>	<u>20,703,509</u>

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2014

7. Designated trust funds

Nisga'a Interim Settlement Trust

The Trust comprises:

	2014	2013
	\$	\$
(a) Interest bearing cash account with RBC Investor Services Trust	893,267	154,963
(b) Portfolio investments held by RBC Investor Services Trust at cost (market value \$227,083,501 (2013 - \$192,581,720))	207,194,595	184,206,813
	208,087,862	184,361,776

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

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

	\$
2007	5,506,421
2008	7,815,414
2009	7,040,000
2010	-
2011	3,699,288
2012	5,578,714
2013	5,245,217
2014	5,295,678
	34,674,311

These Funds have been appropriated by the WSN as a result of approved cash management strategies. The Government may draw down these Funds at a future point in time, consistent with best practices related to strategic cash management. During the year ended March 31, 2014, a distribution of \$6,350,000 (2013 - \$6,845,000) was made out of the Trust monies.

Total distributions from the Nisga'a Interim Settlement Trust are as follows:

	\$
2012	3,005,479
2013	6,845,000
2014	6,350,000
	16,200,479

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2014

8. Investments in other entities

	2014				2013			
	Shares/ units	Advances	Investment	Total	Shares	Advances	Investment	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Nisga'a Fisheries Ltd.	-	6,734	-	6,734	-	5,773	-	5,773
Lisims Forest Resource Limited Partnership	100	-	2,679,965	2,680,065	100	-	2,614,225	2,614,325
Nass Area Enterprises Limited Partnership	-	-	-	-	100	-	384,345	384,445
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	236,057	2,450,642	2,686,820	221	235,096	2,769,247	3,004,564

Financial information for Government business enterprises is as follows:

	Assets	Liabilities	Net assets	Revenue	Expenses	Net income
	\$	\$	\$	\$	\$	\$
Lisims Forest Resource Limited Partnership	3,712,582	1,007,881	2,704,701	3,247,669	3,181,929	65,740

	2013					
	Assets	Liabilities	Net assets	Revenue	Expenses	Net income
	\$	\$	\$	\$	\$	\$
Lisims Forest Resource Limited Partnership	3,679,047	1,040,089	2,638,958	5,080,961	5,042,524	38,437

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2014

9. Bank indebtedness

	2014	2013
	\$	\$
Cheques issued in excess of cash on hand	517,132	495,382

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

10. Accounts payable and accrued liabilities

	2014	2013
	\$	\$
Accounts payable and accrued liabilities	9,359,723	6,010,580
Nisga'a Village Governments and Institutions	247,499	498,641
Elective leave and vacation liability	730,297	465,019
Accounts payable and accrued liabilities - Government businesses	288,316	168,271
Payroll liabilities	288,624	231,796
	10,914,459	7,374,307

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.

	2014	2013
	\$	\$
Deferred revenue and deposits received	370,485	251,397
Deferred revenue - Government businesses	7,554	7,475
	378,039	258,872

12. Treaty debt payable

	2014	2013
	\$	\$
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	9,845,923	19,327,438

The loan was settled in May 2014.

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2014

13. Long-term debt

	2014	2013
	\$	\$
Demand loan at bank prime rate, repayable at \$46,750 per month including interest, secured by a general security agreement	3,386,636	3,836,461
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, authorized to a maximum of \$5,000,000	-	2,875,000
	3,386,636	6,711,461

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

	\$
2015	464,401
2016	478,725
2017	493,491
2018	508,712
2019	524,402
Thereafter	916,905
	3,386,636

14. Tangible capital assets (Schedule 1)

	2014	2013
	Net book value	Net book value
	\$	\$
Contributed land, natural resources and cultural resources	3	3
Land	634,931	594,227
Buildings and mobile homes	24,068,828	22,782,844
Leasehold improvements	1,782	3,433
Boats and vessels	400,605	366,887
Automotive	256,710	318,748
Machinery and equipment	207,567	201,412
Furniture, fixtures and office equipment	127,842	136,556
Computer equipment	85,826	53,930
Communications infrastructure	204,384	212,159
Construction in progress	1,078,432	2,272,201
	27,066,910	26,942,400

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2014

14. Tangible capital assets (Schedule 1) (continued)

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

	2014	2013
	\$	\$
Prepaid expenses	241	451,712
Prepaid expenses - Government businesses	31,570	10,772
	31,811	462,484

16. Tax losses carried forward

The Nisga'a Commercial Group has incurred non-capital losses of \$4,392,938 (2013 - \$5,292,539) 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:

	\$
2015	468,302
2026	850,932
2027	710,054
2028	563,795
2029	813,037
2030	403,521
2031	304,061
2032	161,691
2033	110,413
2034	7,132
	4,392,938

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2014

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.
- (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 financial results are not included in these financial statements. The Government received \$550,000 (2013 - \$550,000) from the Trust during the year.
- (iii) During fiscal 2014, the Government received a Notice of Disagreement with the determination of the Nisga'a Nation own source revenue for fiscal 2008/2009 from Aboriginal Affairs and Northern Development Canada ("AANDC"). Specifically, AANDC has disagreed with the classification of the Nisga'a Goods and Services Tax revenues as "Other Nisga'a Revenues" and is of the view that these revenues should be treated as a "Nisga'a Tax". There is currently no inclusion rate set for the "Nisga'a Tax" category and this is the subject of ongoing negotiations between the Government and AANDC, which will impact both Nisga'a Goods and Services Tax and federal Personal Income Tax revenues. The outcome of the negotiations may require an adjustment to the own source revenue capacity calculations retroactive to fiscal 2009. The Government has estimated a maximum potential additional liability for the fiscal years ended March 31, 2009 to March 31, 2014 of \$5,043,000. The amount of any additional liability will be recorded in the period that the applicable inclusion rate has been agreed to by the parties.
- (iv) The Government is contingently liable to banks for housing loan guarantees provided in the amount of \$1,571,831 (2013 - \$1,303,943) under housing programs.
- (v) Certain legal actions have been commenced against the Government in connection with various matters arising during the normal course of business activities. Management is of the opinion that the cost of settling and defending such actions will not be significant and, accordingly, no provision for losses has been reflected in these financial statements.

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2014

18. Tax revenue

	2014	2013
	\$	\$
Social services tax	-	1,929,780
GST	1,275,938	1,423,246
Federal personal income tax	3,587,614	877,188
Provincial sales tax	564,813	-
Provincial personal income tax	755,000	187,500
	6,183,365	4,417,714

19. Other revenues

	2014	2013
	\$	\$
Contract revenues	2,952,189	3,594,477
Stumpage and silviculture levies	798,100	129,905
Other grants and contributions	303,211	319,218
Other	169,823	62,387
Rental income	124,065	95,828
Levies, fees, permits and leases	20,475	20,376
Fish revenue	3,081	4,956
Insurance proceeds	1,050	210,897
	4,371,994	4,438,044

20. Expenses by object

	2014	2013
	\$	\$
Purchased goods and services	16,725,590	11,245,736
Compensation and training	8,022,322	7,889,063
Own source revenue taxation	4,026,047	931,125
Travel, accommodation and related costs	1,263,917	958,342
Elders payments	1,185,000	1,080,000
Amortization	1,156,472	1,271,674
Other interest and bank charges	560,924	260,219
Interest on Final Agreement and Treaty debt payable	339,507	633,235
Share of business enterprise loss	318,705	-
Urban housing and renovation grants	185,500	244,644
Other grants and contributions	183,163	280,435
Income tax expense (recovery)	57,606	(187,602)
Impairment of tangible capital assets	-	14,365
	34,024,753	24,621,236

Nisga'a Lisims Government

Notes to the consolidated financial statements

March 31, 2014

21. 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 \$209,308 (2013 - \$194,216) to the plan during the year.

22. Related party transactions and balances

During the year ended March 31, 2014, the Government:

- (a) Received from Lisims Forest Resource Limited Partnership ("LFRLP") \$193,905 (2013 - \$315,122) for stumpage fees relating to logging rights given to LFRLP and silviculture levies.
- (b) Charged LFRLP \$10,261 (2013 - \$10,370) in respect of own-source revenue expenses related to LFRLP's net income.
- (c) Has an outstanding accounts receivable balance due from LFRLP of \$146,286 (2013 - \$99,338) in relation to silviculture levies and an accounts payable amount to LFRLP of \$36,061. The amount due to LFRLP of \$2,473,833 (2013 - \$2,468,202) is non-interest bearing, unsecured and has no fixed terms of repayment.
- (d) Nass Area Enterprises Limited Partnership ("NAELP") paid \$46,750 (2013 - \$31,360) for office administration expenses and salaries, wages and benefits of \$114,724 (2013 - \$123,215) to the Government.
- (e) As at March 31, 2014, NAELP has an accounts payable and accrued liabilities balance due to the Government of \$267,782 (2013 - \$106,309).
- (f) Has an accounts payable amount to enTel Communications Inc. of \$Nil (2013 - \$17,438).

The advances due from other entities are unsecured, interest free and have no fixed terms or repayment.

Amounts paid to 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.

23. Government business income and expenses

	2014				
	Fisheries Corporation	Nass Area Properties	Telecom	Tourism	Total
	\$	\$	\$	\$	\$
Revenues	3,308,761	218,883	545,662	78	4,073,384
Expenses	2,602,921	243,655	693,487	10,310	3,550,373
	705,840	(24,772)	(147,825)	(10,232)	523,011

	2013				
	Fisheries Corporation	Nass Area Properties	Telecom	Tourism	Total
	\$	\$	\$	\$	\$
Revenues	994,209	113,597	491,241	91	1,599,138
Expenses	1,133,711	323,365	356,253	7,767	1,821,096
	(139,502)	(209,768)	134,988	(7,676)	(221,958)

Nisga'a Lisims Government

Consolidated schedule of tangible capital assets - Schedule 1 year ended March 31, 2014

	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	Communi- cations infrastructure	Construction in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost												
As at April 1, 2013	3	594,227	28,156,807	19,435	760,205	1,027,864	335,284	628,780	657,947	698,135	2,272,201	35,150,888
Additions	-	40,704	2,255,409	-	71,651	38,098	8,574	-	60,305	-	(1,193,769)	1,280,972
	3	634,931	30,412,216	19,435	831,856	1,065,962	343,858	628,780	718,252	698,135	1,078,432	36,431,860
Accumulated amortization												
As at April 1, 2013	-	-	5,373,963	16,002	393,318	709,116	133,872	492,224	604,017	485,976	-	8,208,488
Additions	-	-	969,425	1,651	37,933	100,136	2,419	8,714	28,409	7,775	-	1,156,462
	-	-	6,343,388	17,653	431,251	809,252	136,291	500,938	632,426	493,751	-	9,364,950
Net book value, March 31, 2014	3	634,931	24,068,828	1,782	400,605	256,710	207,567	127,842	85,826	204,384	1,078,432	27,066,910
Cost												
As at April 1, 2012	3	526,028	27,924,190	19,435	752,214	913,919	335,284	643,676	649,064	699,263	529,857	32,992,933
Additions	-	68,199	232,657	-	7,991	113,945	-	7,498	8,883	24,127	1,742,344	2,205,644
Impairment	-	-	(40)	-	-	-	-	(22,394)	-	(25,255)	-	(47,689)
	3	594,227	28,156,807	19,435	760,205	1,027,864	335,284	628,780	657,947	698,135	2,272,201	35,150,888
Accumulated amortization												
As at April 1, 2012	-	-	4,437,096	14,989	355,690	586,669	90,320	466,363	579,938	439,071	-	6,970,136
Additions	-	-	936,877	1,013	37,628	122,447	43,552	41,742	24,079	64,338	-	1,271,676
Impairment	-	-	(10)	-	-	-	-	(15,881)	-	(17,433)	-	(33,324)
	-	-	5,373,963	16,002	393,318	709,116	133,872	492,224	604,017	485,976	-	8,208,488
Net book value, March 31, 2013	3	594,227	22,782,844	3,433	366,887	318,748	201,412	136,556	53,930	212,159	2,272,201	26,942,400

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

Nisga'a Lisims Government

Consolidated schedule of segment disclosure - Schedule 2 year ended March 31, 2014

	Government and Administration Fund	Commercial Fisheries Fund	Business Development Fund	Capital Transfer Fund	Investment Fund	Tangible Capital Asset Fund	Capital Finance Commission Fund	Land Title Assurance Fund	Interfund eliminations on consolidation	2014 Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue										
Fiscal Financing Agreement and related funding	59,390,000	-	217,426	-	-	49,642	-	-	-	59,657,068
Investment income	18,738,591	346,638	41,948	-	-	-	-	(346,638)	-	18,780,539
Tax revenue	6,183,365	-	-	-	-	-	-	-	-	6,183,365
Other revenues	4,371,994	-	-	-	-	-	-	-	-	4,371,994
Share of government business income	-	-	-	-	4,073,384	-	-	-	-	4,073,384
Interest income on Final Agreement	1,250,215	-	-	-	-	-	-	-	-	1,250,215
Contribution from Lisims Fisheries Conservation Trust	550,000	-	-	-	-	-	-	-	-	550,000
Targeted funding - INAC	323,529	-	-	-	-	-	186,390	-	-	509,919
	90,807,694	346,638	259,374	-	4,073,384	49,642	186,390	-	(346,638)	95,376,484
Expenses										
Administration	9,875,157	-	-	-	-	-	988	-	(346,638)	9,529,507
Lands and resources	5,646,471	-	-	-	-	-	-	-	-	5,646,471
Share of government business expenses	-	-	-	-	3,550,373	-	-	-	-	3,550,373
Programs and services	3,750,575	-	-	-	-	-	-	-	-	3,750,575
Governance	3,379,885	-	-	-	-	-	-	-	-	3,379,885
Fish, wildlife and migratory birds	2,204,876	-	-	-	-	-	-	-	-	2,204,876
Business Development Fund	-	1,609,848	130,242	-	-	-	-	-	-	1,740,090
Settlement Fund	1,309,863	-	-	-	-	-	-	-	-	1,309,863
Elders payment	1,185,000	-	-	-	-	-	-	-	-	1,185,000
Amortization	-	-	-	-	-	1,069,901	-	-	-	1,069,901
Interest on Final Agreement and Treaty debt payable	339,507	-	-	-	-	-	-	-	-	339,507
Share of business enterprise loss	-	-	-	-	318,705	-	-	-	-	318,705
	27,691,334	1,609,848	130,242	-	3,869,078	1,069,901	988	-	(346,638)	34,024,753
Transfers and operating grants										
Nisga'a Village Governments	23,733,458	-	-	-	-	-	169,665	-	-	23,903,123
Nisga'a Valley Health Authority	15,866,945	-	-	-	-	-	-	-	-	15,866,945
Nisga'a School Board #92	7,942,020	-	-	-	-	-	-	-	-	7,942,020
Nisga'a Urban Locals	1,795,174	-	-	-	-	-	-	-	-	1,795,174
Wilp Wilxo'oskwhl Nisga'a	1,021,485	-	-	-	-	-	-	-	-	1,021,485
	50,359,082	-	-	-	-	-	169,665	-	-	50,528,747
	78,050,416	1,609,848	130,242	-	3,869,078	1,069,901	170,653	-	(346,638)	84,553,500
Excess of revenues over expenses	12,757,278	(1,263,210)	129,132	-	204,306	(1,020,259)	15,737	-	-	10,822,984
Transfer between funds	(50,000)	-	-	-	-	-	-	50,000	-	-
Accumulated surplus, beginning of year	209,910,928	13,848,205	1,726,543	-	(8,873,910)	8,457,912	-	-	-	225,069,678
Accumulated surplus, end of year	222,618,206	12,584,995	1,855,675	-	(8,669,604)	7,437,653	15,737	50,000	-	235,892,662

Nisga'a Lisims Government

Consolidated schedule of segment disclosure - Schedule 2 year ended March 31, 2013

	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	2013 Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue									
Fiscal Financing Agreement and related funding	57,690,858	-	214,555	-	-	109,594	-	-	58,015,007
Investment income	25,963,195	403,346	52,231	-	-	-	-	(403,346)	26,015,426
Other revenues	4,438,044	-	-	-	-	-	-	-	4,438,044
Tax revenue	4,417,714	-	-	-	-	-	-	-	4,417,714
Interest income on Final Agreement	2,316,494	-	-	-	-	-	-	-	2,316,494
Targeted funding - INAC	1,051,817	-	-	-	-	-	762,940	-	1,814,757
Share of government business income	-	-	-	-	1,599,138	-	-	-	1,599,138
Share of business enterprise income	-	-	-	-	621,399	-	-	-	621,399
Contribution from Lisims Fisheries Conservation Trust	550,000	-	-	-	-	-	-	-	550,000
	96,428,122	403,346	266,786	-	2,220,537	109,594	762,940	(403,346)	99,787,979
Expenses									
Administration	5,921,903	-	-	-	-	-	-	-	5,921,903
Governance	4,644,889	-	-	-	-	-	-	-	4,644,889
Lands and resources	3,182,039	-	-	-	-	-	-	-	3,182,039
Programs and services	2,927,905	-	-	-	-	-	-	-	2,927,905
Fish, wildlife and migratory birds	1,974,265	-	-	-	-	-	-	-	1,974,265
Share of government business expenses	-	-	-	-	1,821,096	-	-	-	1,821,096
Amortization	-	-	-	-	-	1,101,391	-	-	1,101,391
Elders payment	1,080,000	-	-	-	-	-	-	-	1,080,000
Settlement Fund	1,029,191	-	-	-	-	-	-	-	1,029,191
Interest expense	633,235	-	-	-	-	-	-	-	633,235
Business Development Fund	-	-	305,322	-	-	-	-	-	305,322
Intergovernmental interest	403,346	-	-	-	-	-	-	(403,346)	-
	21,796,773	-	305,322	-	1,821,096	1,101,391	-	(403,346)	24,621,236
Transfers and operating grants									
Nisga'a Village Governments	23,457,560	-	-	-	-	-	762,940	-	24,220,500
Nisga'a Valley Health Authority	16,034,796	-	-	-	-	-	-	-	16,034,796
Nisga'a School Board #92	7,235,707	-	-	-	-	-	-	-	7,235,707
Nisga'a Urban Locals	2,930,283	-	-	-	-	-	-	-	2,930,283
Wilp Wilxo'oskwhl Nisga'a	845,673	-	-	-	-	-	-	-	845,673
	50,504,019	-	-	-	-	-	762,940	-	51,266,959
	72,300,792	-	305,322	-	1,821,096	1,101,391	762,940	(403,346)	75,888,195
Excess of revenues over expenses	24,127,330	403,346	(38,536)	-	399,441	(991,797)	-	-	23,899,784
Accumulated surplus, beginning of year	185,783,598	13,444,859	1,765,079	-	(9,273,351)	9,449,709	-	-	201,169,894
Accumulated surplus, end of year	209,910,928	13,848,205	1,726,543	-	(8,873,910)	8,457,912	-	-	225,069,678