

HUL'QUMI'NUM TREATY GROUP
FINANCIAL STATEMENTS
MARCH 31, 2011

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MANAGEMENT'S STATEMENT OF RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Hul'qumi'num Treaty Group for the year ended March 31, 2011 are the responsibility of management and have been approved by the Directors on behalf of the Society.

The financial statements have been prepared by management in accordance with generally accepted accounting principles. Financial statements are not precise, since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Society maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Society's assets are appropriately accounted for and adequately safeguarded.

The Directors are responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The financial statements have been audited by M^cIntosh Norton Williams CGAs, in accordance with generally accepted auditing standards on behalf of the members. M^cIntosh Norton Williams CGAs has full and free access to the Society.


Director


Director

September 20th, 2011
Date



McINTOSH | NORTON | WILLIAMS
certified general accountants

Cory McIntosh, CGA, CAFM, CFP *
Jay R. Norton, FCGA, CAFM *
Michael K. Williams, CGA *
Jason S. Moore, BA, CGA *

**practising as a professional corporation*

"It's not what you earn, it's what you keep!"

INDEPENDENT AUDITOR'S REPORT

To the Members of the Hul'qumi'num Treaty Group

We have audited the accompanying financial statements of the Hul'qumi'num Treaty Group, which comprise the summary statement of financial position as at March 31, 2011, summary statements of financial activities and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of 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 financial statements based on our audit. We conducted our audit in accordance with Canadian Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of March 31, 2011 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

McINTOSH | NORTON | WILLIAMS
certified general accountants

September 20, 2011
Port Alberni, B.C.

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Hul'qumi'num Treaty Group
Summary Statement of Financial Position
As at March 31, 2011

	2011	2010
	\$	\$
ASSETS		
Current		
Cash	617,468	643,396
Restricted treaty cash	149,338	207,783
Accounts receivable	27,428	8,848
Harmonized sales tax recoverable	2,038	1,542
Prepaid expense	<u>596</u>	<u>2,724</u>
	796,868	864,293
Capital assets (Note 3)	<u>11,153</u>	<u>21,469</u>
	<u><u>808,021</u></u>	<u><u>885,762</u></u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	29,065	26,908
Wages and benefits payable	<u>96,160</u>	<u>85,679</u>
	125,225	112,587
Canada - loan payable (Note 5)	24,515,028	22,649,988
Due to related entities (Note 4)	67,080	61,563
Deferred capital grant revenue	<u>2,232</u>	<u>3,347</u>
	24,709,565	22,827,485
MEMBERS' DEFICIT		
Deficit (Note 6)	<u>(23,901,544)</u>	<u>(21,941,723)</u>
	<u><u>808,021</u></u>	<u><u>885,762</u></u>

Approved on Behalf of the Directors

 Director
 Director

The accompanying notes are an integral part of these statements.

**Hul'qumi'num Treaty Group
Summary Statement of Financial Activities
Year Ended March 31, 2011**

		Actual 2011 \$	Actual 2010 \$
Revenue			
Canada-loan payable	1,865,040	1,865,040	2,008,320
BC Treaty Commission contribution	466,260	466,260	517,580
Grants, referrals and recoveries	3,500	3,369	12,117
Parks Canada	104,972	75,587	57,907
Interest	2,000	4,960	2,418
Other revenue	-	-	500
	<u>2,441,772</u>	<u>2,415,216</u>	<u>2,598,842</u>
Expenditure			
General and Other Projects Fund - page 8	135,472	121,993	93,906
Treaty Fund - page 14	<u>2,607,815</u>	<u>2,378,805</u>	<u>2,415,922</u>
	<u>2,743,287</u>	<u>2,500,798</u>	<u>2,509,828</u>
Excess(shortfall) of revenue over expenditure	<u>(301,515)</u>	<u>(85,582)</u>	89,014
Canada - loan payable		<u>(1,865,040)</u>	<u>(2,008,320)</u>
Excess of expenditure over revenue after loan payable		<u>(1,950,622)</u>	<u>(1,919,306)</u>
Deficit - beginning of year		(21,941,723)	(19,998,809)
Changes in equity in capital assets		<u>(9,199)</u>	<u>(23,608)</u>
Deficit - end of year - page 1		<u>(23,901,544)</u>	<u>(21,941,723)</u>

The accompanying notes are an integral part of these statements.

**Hul'qumi'num Treaty Group
Summary Statement of Cash Flows
Year Ended March 31, 2011**

	2011	2010
	\$	\$
Cash provided by operations		
Excess of expenditure over revenue	<u>(1,950,622)</u>	<u>(1,919,306)</u>
Changes in non-cash working capital		
Accounts receivable	(18,579)	70,248
Goods and services tax recoverable	(496)	(199)
Restricted treaty cash	58,445	(47,661)
Prepaid expenses	2,128	(19)
Accounts payable and accrued liabilities	2,160	(3,097)
Wages and benefits payable	10,481	(8,498)
Increase in due to related parties	<u>5,516</u>	<u>(55,126)</u>
	(1,890,968)	(1,963,657)
Financing activities		
Proceeds from long-term debt	<u>1,865,040</u>	<u>2,008,320</u>
Change in cash	(25,928)	44,663
Cash, beginning	<u>643,396</u>	<u>598,733</u>
Cash, end of year	<u>617,468</u>	<u>643,396</u>

The accompanying notes are an integral part of these statements.

**Hul'qumi'num Treaty Group
Notes to Financial Statements
March 31, 2011**

1. Basis of Presentation and Significant Accounting Policies

The Hul'qumi'num Treaty Group is comprised of the Cowichan, Halalt, Lake Cowichan, Lyackson and Penelakut and Stz'uminus First Nations. The Society's purpose is to prepare for and carry out negotiations with Canada and British Columbia as contemplated by the British Columbia Treaty Commission (BCTC). The Society was incorporated under the B.C. Society Act on November 8, 1994 and is exempt from taxation.

a) Fund Accounting

The Hul'qumi'num Treaty Group uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal contract, contractual or voluntary actions. The various funds have been amalgamated for purposes of presentation in the summary financial statements. The General and Other Projects Fund reports on the assets, liabilities and results of operations for general and non-BC Treaty Commission treaty activities. The Treaty Fund reports on the assets, liabilities and results of operations of the BCTC treaty activities. The Capital Fund holds the capital assets at their unamortized balances.

b) Comparative Figures

Comparative figures have been reclassified, where applicable, to conform to current presentation.

c) Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reporting amount of assets, liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

d) Capital Assets

Capital assets are recorded at cost and amortized using the straight-line method at the following annual rates:

Furniture, equipment and computers	3 and 5 years
Leasehold improvements	5 years

2. Economic Dependence

The Society derives a majority of its income from federal and provincial government contributions which are subject to annual review and are not guaranteed from year-to-year.

Hul'qumi'num Treaty Group
Notes to Financial Statements
March 31, 2011

3. Capital Assets

	2011		2010	
	Cost	Accumulated Amortization	Net	Net
Furniture and equipment	197,262	194,738	2,524	9,161
Leasehold improvements	22,305	19,203	3,102	6,250
Computer Equipment	<u>154,738</u>	<u>149,211</u>	<u>5,527</u>	<u>6,058</u>
	<u>374,305</u>	<u>363,152</u>	<u>11,153</u>	<u>21,469</u>

4. Due (to)from Related Entities

Advances are comprised of the following which are unsecured, non-interest bearing and due on demand.

Cowichan Tribes	(17,855)	16,628
Halalt First Nation	51,557	(2,900)
Lake Cowichan First Nation	(3,130)	(1,833)
Lyackson First Nation	(59,831)	(19,649)
Penelakut Tribe	(36,248)	(2,849)
Stz'uminus First Nation	<u>(1,573)</u>	<u>(50,960)</u>
	<u>(67,080)</u>	<u>(61,563)</u>

5. Treaty Loan from British Columbia Treaty Commission

During the current year, the Society received funds from the federal Department of Indian Affairs and Northern Development and the provincial British Columbia Treaty Commission. Under the terms of those agreements, the Society received both loaned and contributed funds, a portion of which it subsequently reloaned and contributed to its member First Nations.

For the year ended March 31, 2011, the Society received \$466,260 contribution funding with a further \$1,865,040 (total 2011 \$24,515,028; 2010 \$22,649,988) loaned to it. The funds are to be used solely for the purpose of treaty negotiations. The loan proceeds are non-interest bearing and become due and payable upon the earlier of:

- a) February 8, 2012 pursuant to an Extension Agreement signed July 25, 2006;
- b) the seventh (7th) anniversary of the date of signing of an agreement-in-principle;
- c) the date on which a treaty is signed by the parties;
- d) the date on which the agreement is terminated or;
- e) the date on which the Society commits an act of bankruptcy.

**Hul'qumi'num Treaty Group
Notes to Financial Statements
March 31, 2011**

6. Members' Deficit

Members' equity (deficit) is comprised of:

	2011	2010
	\$	\$
Operating Fund	373,674	411,751
Invested in capital assets	14,501	23,700
Treaty Fund	<u>(24,289,719)</u>	<u>(22,377,174)</u>
Total Members' Deficit	<u>(23,901,544)</u>	<u>(21,941,723)</u>

7. Financial Instruments

The financial instruments of the Society consist of cash, accounts receivable, accounts payable and accruals, wages payable, and debt. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency, or credit risks arising from these financial instruments.

**Hul'qumi'num Treaty Group
General and Other Projects Fund
Schedule of Financial Position
As at March 31, 2011**

	2011 \$	2010 \$
ASSETS		
Cash	617,468	643,396
Accounts receivable	27,428	8,848
Harmonized sales tax recoverable	2,038	1,542
Prepaid expenses	<u>596</u>	<u>2,724</u>
	<u>647,530</u>	<u>656,510</u>
LIABILITIES		
Accounts payable and accrued liabilities	29,069	26,909
Wages and benefits payable	96,160	85,679
Due to related entities (Note 4)	67,080	61,563
Due to own funds	<u>81,547</u>	<u>70,608</u>
	273,856	244,759
MEMBERS' EQUITY		
Unrestricted (Note 6)	<u>373,674</u>	<u>411,751</u>
	<u>647,530</u>	<u>656,510</u>

The accompanying notes are an integral part of these statements.

**Hul'qumi'num Treaty Group
General and Other Projects Fund
Summary Schedule of Revenue, Expenditure and Equity by Program
Year Ended March 31, 2011**

Program	Page	Government Funding \$	Other Revenue \$	Total Revenue \$	Total Expenditures \$	Excess (Shortfall) \$	Opening Equity (Deficit) \$	Transfers \$	Ending Equity (Deficit) \$
General	9	-	8,329	8,329	33,455	(25,126)	398,800	-	373,674
Parks Canada Project	10	-	75,587	75,587	88,538	(12,951)	12,951	-	-
		<u>-</u>	<u>83,916</u>	<u>83,916</u>	<u>121,993</u>	<u>(38,077)</u>	<u>411,751</u>	<u>-</u>	<u>373,674</u>

The accompanying notes are an integral part of these statements.

**Hul'qumi'num Treaty Group
General and Other Projects Fund
Schedule of Individual Program Revenue, Expenditure and Equity
Year Ended March 31, 2011**

		Actual 2011 \$	Actual 2010 \$
General			
Revenue			
Grants, referrals and recoveries	3,500	3,369	12,117
Interest income	2,000	4,960	2,418
Other income	-	-	500
	<u>5,500</u>	<u>8,329</u>	<u>15,035</u>
Expenditure			
Communications	-	-	14,299
Consultants	5,000	7,925	-
Fisheries	20,000	19,630	-
Meeting costs	-	947	1,547
Office	500	287	278
Research support	-	-	29,112
Travel(recovery)	5,000	4,666	(1,605)
Wages and benefits	-	-	15,715
	<u>30,500</u>	<u>33,455</u>	<u>59,346</u>
Shortfall of revenue over expenditure	<u>(25,000)</u>	<u>(25,126)</u>	<u>(44,311)</u>
Equity - beginning of year		<u>398,800</u>	<u>443,112</u>
Equity - end of year		<u>373,674</u>	<u>398,801</u>

The accompanying notes are an integral part of these statements.

Hul'qumi'num Treaty Group
Schedule of Individual Program Revenue, Expenditure and Equity
Year Ended March 31, 2011

		Actual 2011 \$	Actual 2010 \$
Parks Canada Project			
Revenue			
Parks Canada	<u>104,972</u>	<u>75,587</u>	<u>57,907</u>
Expenditure			
Coordinator costs	45,375	21,600	-
Advertisng	-	-	454
Honoraria	41,800	51,964	24,977
Printing costs	10,000	8,925	-
Support costs	4,197	3,709	9,128
Training	<u>3,600</u>	<u>2,340</u>	<u>-</u>
	<u>104,972</u>	<u>88,538</u>	<u>34,559</u>
Excess (shortfall) of revenue over expenditure	<u>-</u>	<u>(12,951)</u>	23,348
Equity (deficit) - beginning of year		<u>12,951</u>	<u>(10,397)</u>
Equity - end of year		<u>-</u>	<u>12,951</u>

The accompanying notes are an integral part of these statements.

**Hul'qumi'num Treaty Group
Treaty Fund
Schedule of Financial Position
Year Ended March 31, 2011**

	2011 \$	2010 \$
ASSETS		
Restricted treaty cash	149,338	207,783
Due from own funds	<u>75,971</u>	<u>65,031</u>
	<u>225,309</u>	<u>272,814</u>
LIABILITIES		
Long-term debt (Note 5)	24,515,028	22,649,988
MEMBERS' DEFICIT		
Deficit (Note 6)	<u>(24,289,719)</u>	<u>(22,377,174)</u>
	<u>225,309</u>	<u>272,814</u>

The accompanying notes are an integral part of these statements.

Hul'qumi'num Treaty Group
Treaty Fund
Schedule of Revenue, Expenditure and Deficit
Year Ended March 31, 2011

	Budget \$	Actual 2011 \$	Actual 2010 \$
Revenue			
BC Treaty Commission	466,260	466,260	517,580
Canada-loan advances	<u>1,865,040</u>	<u>1,865,040</u>	<u>2,008,320</u>
	<u>2,331,300</u>	<u>2,331,300</u>	<u>2,525,900</u>
Expenditure			
Administration support	1,124,053	1,077,767	1,217,218
Allocation to Stz'uminus First Nation	150,000	114,073	71,508
Allocation to Cowichan Tribe	500,000	392,855	358,372
Allocation to Halalt First Nation	196,903	140,423	116,000
Allocation to Lake Cowichan First Nation	125,175	125,175	73,320
Allocation to Lyackson First Nation	120,000	120,000	116,175
Allocation to Penelakut Tribe	159,513	153,033	113,898
Board support and governance	32,028	51,203	46,692
Community engagement	165,643	184,286	282,243
Negotiations & Support	<u>34,500</u>	<u>19,990</u>	<u>20,496</u>
	<u>2,607,815</u>	<u>2,378,805</u>	<u>2,415,922</u>
Excess(shortfall) of revenue over expenditure	<u>(276,515)</u>	<u>(47,505)</u>	109,978
Canada - loan payable		<u>(1,865,040)</u>	<u>(2,008,320)</u>
Excess of expenditure over revenue financed by long-term debt		<u>(1,912,545)</u>	(1,898,342)
Deficit - beginning of year		<u>(22,377,174)</u>	<u>(20,478,832)</u>
Deficit financed by long-term debt - end of year		<u>(24,289,719)</u>	<u>(22,377,174)</u>

The accompanying notes are an integral part of these statements.

**Hul'qumi'num Treaty Group
First Nation Negotiation Support Agreement
Schedule of Expenditure
Year Ended March 31, 2011**

	Budget \$	Actual 2011 \$	Actual 2010 \$
ADMINISTRATION SUPPORT			
Computer equipment & maintenance	4,500	6,677	11,900
Contracts	22,250	22,732	-
Insurance/security	6,000	5,313	5,917
Office expense	42,670	67,509	63,311
Professional fees	12,000	10,388	14,630
Rent	45,510	45,510	57,430
Telephone and utilities	8,100	11,002	13,318
Travel	22,500	31,257	40,348
Wages and benefits	<u>960,523</u>	<u>877,379</u>	<u>1,010,364</u>
	<u>1,124,053</u>	<u>1,077,767</u>	<u>1,217,218</u>
ALLOCATION TO STZ'UMINUS FIRST NATION			
Administration	-	3,575	5,713
Honoraria	6,000	6,000	-
Meetings	6,000	11,433	11,329
Office, communication material and telephone	13,800	13,131	8,722
Office rental	3,600	3,600	-
Professional fees	2,500	2,000	2,500
Rent	-	9,153	-
Repairs and maintenance	-	24,212	-
Research, writing and editing	112,100	22,008	-
Travel	6,000	4,637	1,813
Wages and benefits	<u>-</u>	<u>14,324</u>	<u>41,431</u>
	<u>150,000</u>	<u>114,073</u>	<u>71,508</u>
ALLOCATION TO COWICHAN TRIBES			
Administration fee	8,900	8,900	8,900
Audit	2,800	2,993	2,625
Computer and office equipment	3,500	4,090	3,642
Consultants	69,007	56,856	-
Treaty research and communications support	-	-	51,275
Honoraria	17,850	18,219	7,821
Legal fees and students	38,000	55,073	46,292
Meetings and travel	96,425	27,542	15,100
Supplies and telephone	17,500	11,269	11,796
Rent	18,000	12,000	18,000
Training	8,000	2,141	4,218
Wages and benefits	<u>220,018</u>	<u>193,772</u>	<u>188,703</u>
	<u>500,000</u>	<u>392,855</u>	<u>358,372</u>

The accompanying notes are an integral part of these statements.

**Hul'qumi'num Treaty Group
First Nation Negotiation Support Agreement
Schedule of Expenditure
Year Ended March 31, 2011**

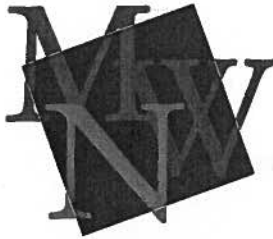
	Budget \$	Actual 2011 \$	Actual 2010 \$
ALLOCATION TO HALALT FIRST NATION			
Meeting and honoraria	4,000	7,028	4,778
Office space and administration	27,183	27,183	4,583
Treaty Coordinator, consultant, legal fees & expenses	100,200	72,737	55,296
Treaty support personnel wages & expenses	<u>65,520</u>	<u>33,475</u>	<u>51,343</u>
	<u>196,903</u>	<u>140,423</u>	<u>116,000</u>
ALLOCATION TO LAKE COWICHAN FIRST NATION			
Professional fees	1,500	321	3,982
Meeting and honoraria	2,400	875	1,248
Administration and office	2,400	-	-
Coordinator, consultant and legal	61,800	93,179	27,075
Salaries and benefits	<u>57,075</u>	<u>30,800</u>	<u>41,015</u>
	<u>125,175</u>	<u>125,175</u>	<u>73,320</u>
ALLOCATION TO LYACKSON FIRST NATION			
Administration	11,000	-	11,700
Communications	2,500	-	761
Computer equipment and software	-	5,183	31,143
Consultant projects/fees	50,000	39,716	31,641
Honoraria	-	2,850	3,800
Legal	20,000	17,237	-
Materials and supplies	-	-	3,510
Meeting costs	10,000	8,638	773
Office and supplies	1,500	11,986	2,857
Travel	5,000	1,938	4,649
Wages and benefits	<u>20,000</u>	<u>32,452</u>	<u>25,341</u>
	<u>120,000</u>	<u>120,000</u>	<u>116,175</u>
ALLOCATION TO PENELAKUT TRIBES			
Administration and audit	10,000	4,000	3,600
Consultants and professional	22,800	22,300	21,956
Honoraria-elders	16,800	16,800	14,750
Rent and utilities	8,400	8,400	-
Supplies and other	3,800	3,850	3,647
Telephone and office	3,180	3,180	5,410
Training	1,500	112	-
Travel and meetings	12,800	8,464	6,763
Wages and benefits	<u>80,233</u>	<u>85,927</u>	<u>57,772</u>
	<u>159,513</u>	<u>153,033</u>	<u>113,898</u>

The accompanying notes are an integral part of these statements.

**Hul'qumi'num Treaty Group
First Nation Negotiation Support Agreement
Schedule of Expenditure
Year Ended March 31, 2011**

	Budget \$	Actual 2011 \$	Actual 2010 \$
Board governance			
Board of Directors	5,000	13,481	15,856
Committees	17,367	19,979	18,290
Honoraria	8,800	15,250	9,876
Travel	861	2,493	2,670
	<u>32,028</u>	<u>51,203</u>	<u>46,692</u>
Community engagement			
Elders Advisory Board	38,438	42,595	45,449
Annual General Assembly	5,000	5,264	12,970
Leadership meetings	-	-	7,041
Cowichan Elders Committee	29,800	30,610	26,715
Penelakut Elders Committee	28,000	41,289	31,051
Stz'uminus Elders Committee	39,200	39,519	29,551
Halalt Elders Committee	2,900	4,312	2,229
Lake Cowichan Elders Committee	3,854	2,596	2,150
Lyackson Elders committee	7,200	9,164	8,185
Comunity awareness	-	-	15,298
Newsletter costs	651	650	1,826
Information sharing	10,600	8,287	99,778
	<u>165,643</u>	<u>184,286</u>	<u>282,243</u>
Negotiations & support			
Internal governance relations & coalition	6,000	4,500	13,339
Land selection	3,000	4,333	1,152
Pre-tripartite negotiation support costs	-	-	376
Research & legal	2,500	4,525	5,629
Tripartite negotiation support costs	3,000	3,828	-
Shared territories	20,000	2,804	-
	<u>34,500</u>	<u>19,990</u>	<u>20,496</u>

The accompanying notes are an integral part of these statements.



McINTOSH | NORTON | WILLIAMS
certified general accountants

Cory McIntosh, CGA, CAFM, CFP *

Jay R. Norton, FCGA, CAFM *

Michael K. Williams, CGA *

Jason S. Moore, BA, CGA *

**practising as a professional corporation*

"It's not what you earn, it's what you keep!"

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH AN AGREEMENT

To the British Columbia Treaty Commissioners

We have audited Hul'qumi'num Treaty Group's compliance as at March 31, 2011 with the criteria established by provisions relating to financial obligations incurred by Hul'qumi'num Treaty Group during the year ended March 31, 2011 preparing for and carrying out treaty negotiations with Canada and British Columbia. These provisions are described in Sections 7.1, 7.2 and 8.1 of the First Nation Negotiation Support Agreement dated July 20, 2010 (with an amendment on February 3, 2011) with the British Columbia Treaty Commission and Canada. Compliance with the criteria established by the provisions of the Agreement is the responsibility of the Society's management. Our responsibility is to express an opinion on this compliance 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 Hul'qumi'num Treaty Group complied with the criteria established by the provisions of the agreement referred to above. Such an audit includes examining, on a test basis, evidence supporting compliance, evaluating the overall compliance with Sections 7.1, 7.2 and 8.1 of the Agreement, and where applicable, assessing the accounting principals used and the significant estimates made by management.

We confirm that expenditures were compared to the final budget approved by the Treaty Commission. All the travel budgets have been consolidated under Administration for presentation purposes, \$5,000 from Community Engagement and \$15,000 from Treaty Negotiations and Support. Board support and governance exceeds budget due to special board meetings to address treaty negotiations and support costs in the area of shared territory and other initiatives. Community engagement exceeds budget as a result of additional EAB and EAC meetings to address Treaty initiatives and increased participation. All other budget items came within approved budgets.

In our opinion Hul'qumi'num Treaty Group is in compliance in all material respects with the criteria established by Sections 7.1, 7.2 and 8.1 of the Agreement.

McINTOSH | NORTON | WILLIAMS
certified general accountants

Port Alberni, B.C.

September 20, 2011

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