

**HUL'QUMI'NUM TREATY GROUP  
FINANCIAL STATEMENTS  
MARCH 31, 2010**

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FINANCIAL STATEMENTS  
MARCH 31, 2010**

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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, 2010 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.

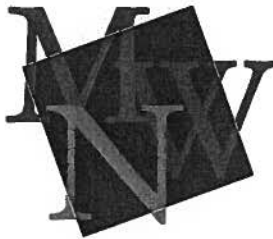
The Directors are responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

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

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
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!"*

## AUDITOR'S REPORT

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

We have audited the summary statement of financial position of the Hul'qumi'num Treaty Group as at March 31, 2010 and the summary statements of financial activities and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 summary financial statements present fairly, in all material respects, the financial position of the Hul'qumi'num Treaty Group as at March 31, 2010 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the summary financial statements. The current year's supplementary information included in the schedules is presented for purposes of additional analysis and is not a required part of the summary financial statements. Such supplemental information has been subjected to the auditing procedures applied in the audit of the summary financial statements and, in our opinion, is fairly stated in all material respects in relation to the summary financial statements.

**McINTOSH | NORTON | WILLIAMS**

certified general accountants

Port Alberni, B.C.

August 31, 2010

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**Hul'qumi'num Treaty Group**  
**Summary Statement of Financial Position**  
**As at March 31, 2010**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
Current		
Cash	643,396	598,733
Restricted treaty cash	207,783	160,122
Accounts receivable	8,848	79,096
Goods and services tax recoverable	1,542	1,343
Prepaid expense	<u>2,724</u>	<u>2,705</u>
	<b>864,293</b>	<b>841,999</b>
Capital assets (Note 3)	<u>21,469</u>	<u>46,192</u>
	<u><b>885,762</b></u>	<u><b>888,191</b></u>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities	26,908	30,003
Wages and benefits payable	<u>85,679</u>	<u>94,178</u>
	<b>112,587</b>	<b>124,181</b>
Canada - loan payable (Note 5)	22,649,988	20,641,668
Due to related entities (Note 4)	61,563	116,689
Deferred capital grant revenue	<u>3,347</u>	<u>4,462</u>
	<b>22,827,485</b>	<b>20,887,000</b>
<b>MEMBERS' DEFICIT</b>		
Deficit (Note 6)	<u>(21,941,723)</u>	<u>(19,998,809)</u>
	<u><b>885,762</b></u>	<u><b>888,191</b></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, 2010**

		Actual 2010 \$	Actual 2009 \$
<b>Revenue</b>			
Canada-loan payable	2,008,320	<b>2,008,320</b>	1,961,440
BC Treaty Commission contribution	517,580	<b>517,580</b>	515,360
Environment Canada	-	-	108,000
Grants, referrals and recoveries	10,500	<b>12,117</b>	37,709
Parks Canada	55,811	<b>57,907</b>	19,100
Interest	2,000	<b>2,418</b>	16,811
Other revenue	<u>1,400</u>	<u><b>500</b></u>	<u>13,946</u>
	<u>2,595,611</u>	<u><b>2,598,842</b></u>	<u>2,672,366</u>
<b>Expenditure</b>			
General and Other Projects Fund - page 8	127,311	<b>93,906</b>	203,386
Treaty Fund - page 14	<u>2,692,437</u>	<u><b>2,415,922</b></u>	<u>2,570,538</u>
	<u><b>2,819,748</b></u>	<u><b>2,509,828</b></u>	<u>2,773,924</u>
Excess(shortfall) of revenue over expenditure	<u><b>(224,137)</b></u>	<b>89,014</b>	(101,558)
Canada - loan payable		<u><b>(2,008,320)</b></u>	<u>(1,961,440)</u>
Excess of expenditure over revenue after loan payable		<u><b>(1,919,306)</b></u>	<u>(2,062,998)</u>
Deficit - beginning of year		<b>(19,998,809)</b>	(17,908,335)
Changes in equity in capital assets		<u><b>(23,608)</b></u>	<u>(27,476)</u>
Deficit - end of year		<u><b>(21,941,723)</b></u>	<u>(19,998,809)</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, 2010**

	2010	2009
	\$	\$
Cash provided by operations		
Excess of expenditure over revenue	<u>(1,919,306)</u>	<u>(2,062,998)</u>
Changes in non-cash working capital		
Accounts receivable	70,248	27,504
Goods and services tax recoverable	(199)	1,698
Restricted treaty cash	(47,661)	30,286
Prepaid expenses	(19)	(1,801)
Accounts payable and accrued liabilities	(3,096)	(127,278)
Wages and benefits payable	(8,498)	3,810
Increase in due to related parties	<u>(55,126)</u>	<u>84,492</u>
	<b>(1,963,657)</b>	<b>(2,045,985)</b>
Financing activities		
Proceeds from long-term debt	<u>2,008,320</u>	<u>1,961,440</u>
Change in cash	44,663	(84,545)
Cash, beginning	<u>598,733</u>	<u>683,278</u>
Cash, end of year	<u><b>643,396</b></u>	<u><b>598,733</b></u>

The accompanying notes are an integral part of these statements.

**Hul'qumi'num Treaty Group  
Notes to Financial Statements  
March 31, 2010**

**1. Basis of Presentation and Significant Accounting Policies**

The Hul'qumi'num Treaty Group is comprised of the Cowichan, Chemainus, Halalt, Lake Cowichan, Lyackson and Penelakut 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, 2010**

**3. Capital Assets**

	2010		2009	
	Cost	Accumulated Amortization	Net	Net
Furniture and equipment	197,262	188,101	9,161	22,319
Leasehold improvements	22,305	16,055	6,250	10,054
Capital assets - First nations	17,560	17,560	-	-
Computer Equipment	<u>150,134</u>	<u>144,076</u>	<u>6,058</u>	<u>13,819</u>
	<u>387,261</u>	<u>365,792</u>	<u>21,469</u>	<u>46,192</u>

**4. Due to(from) Related Entities**

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

Chemainus First Nation	<b>50,960</b>	45,883
Cowichan Tribes	<b>(16,628)</b>	26,246
Halalt First Nation	<b>2,900</b>	15,080
Lake Cowichan First Nation	<b>1,833</b>	3,272
Lyackson First Nation	<b>19,649</b>	11,400
Penelakut Tribe	<u>2,849</u>	<u>14,808</u>
	<u><b>61,563</b></u>	<u>116,689</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, 2010, the Society received \$517,580 contribution funding with a further \$2,008,320 (total 2010 \$22,649,988; 2009 \$20,641,668) 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  
General and Other Projects Fund  
Schedule of Financial Position  
As at March 31, 2010**

	2010 \$	2009 \$
<b>ASSETS</b>		
Cash	643,396	598,733
Accounts receivable	8,848	79,096
Goods and services tax recoverable	1,542	1,343
Prepaid expenses	<u>2,724</u>	<u>2,705</u>
	<u><b>656,510</b></u>	<u><b>681,877</b></u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	26,909	30,005
Wages and benefits payable	85,679	94,178
Due to related entities (Note 4)	61,563	116,689
Due to own funds	<u>70,608</u>	<u>8,290</u>
	<b>244,759</b>	249,162
<b>MEMBERS' EQUITY</b>		
Unrestricted (Note 6)	<u>411,751</u>	<u>432,715</u>
	<u><b>656,510</b></u>	<u><b>681,877</b></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, 2010**

Program	Page	Government Funding \$	Other Revenue \$	Total Revenue \$	Total Expenditures \$	Excess (Shortfall) \$	Opening Equity (Deficit) \$	Transfers \$	Ending Equity (Deficit) \$
General	9	-	15,035	15,035	59,347	(44,312)	443,112	-	398,800
Parks Canada Project	9	-	57,907	57,907	34,559	23,348	(10,397)	-	12,951
		<u>-</u>	<u>72,942</u>	<u>72,942</u>	<u>93,906</u>	<u>(20,964)</u>	<u>432,715</u>	<u>-</u>	<u>411,751</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, 2010**

		Actual 2010 \$	Actual 2009 \$
<b>General</b>			
<b>Revenue</b>			
Grants, referrals and recoveries	10,500	12,117	37,709
Interest income	2,000	2,418	16,810
Other income	1,400	500	13,946
	<u>13,900</u>	<u>15,035</u>	<u>68,465</u>
<b>Expenditure</b>			
Bad debts	-	-	2,228
Communications	21,500	14,299	-
Consultants	-	-	3,653
Legal	-	-	33,596
Meeting costs	-	1,547	19,112
Office	-	278	-
Research support	30,000	29,112	-
Travel(recovery)	-	(1,604)	-
Wages and benefits	20,000	15,715	-
	<u>71,500</u>	<u>59,347</u>	<u>58,589</u>
Excess (shortfall) of revenue over expenditure	<u>(57,600)</u>	<u>(44,312)</u>	9,876
Equity - beginning of year		<u>443,112</u>	<u>433,236</u>
Equity - end of year		<u>398,800</u>	<u>443,112</u>
<b>Parks Canada Project</b>			
<b>Revenue</b>			
Parks Canada	<u>55,811</u>	<u>57,907</u>	<u>19,100</u>
<b>Expenditure</b>			
Advertisng	450	454	-
Communications	15,600	9,128	-
Honoraria	38,011	24,977	28,509
Working group support costs	1,750	-	988
	<u>55,811</u>	<u>34,559</u>	<u>29,497</u>
Excess (shortfall) of revenue over expenditure	<u>-</u>	<u>23,348</u>	(10,397)
Equity (deficit) - beginning of year		<u>(10,397)</u>	<u>-</u>
Equity (deficit) - end of year		<u>12,951</u>	<u>(10,397)</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, 2010**

	2010 \$	2009 \$
<b>ASSETS</b>		
Restricted treaty cash	207,783	160,122
Due from own funds	<u>65,032</u>	<u>2,713</u>
	<u><u>272,815</u></u>	<u><u>162,835</u></u>
<b>LIABILITIES</b>		
Long-term debt (Note 5)	22,649,989	20,641,667
<b>MEMBERS' DEFICIT</b>		
Deficit (Note 6)	<u>(22,377,174)</u>	<u>(20,478,832)</u>
	<u><u>272,815</u></u>	<u><u>162,835</u></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, 2010**

	Budget \$	Actual 2010 \$	Actual 2009 \$
<b>Revenue</b>			
BC Treaty Commission	517,580	<b>517,580</b>	515,360
Canada-loan advances	<u>2,008,320</u>	<u>2,008,320</u>	<u>1,961,440</u>
	<u>2,525,900</u>	<u>2,525,900</u>	<u>2,476,800</u>
<b>Expenditure</b>			
Administration support	1,258,461	<b>1,217,218</b>	1,485,733
Allocation to Chemainus First Nation	71,508	<b>71,508</b>	65,072
Allocation to Cowichan Tribe	500,000	<b>358,372</b>	440,410
Allocation to Halalt First Nation	116,000	<b>116,000</b>	105,560
Allocation to Lake Cowichan First Nation	73,320	<b>73,320</b>	66,721
Allocation to Lyackson First Nation	128,700	<b>116,175</b>	57,000
Allocation to Penelakut Tribe	113,898	<b>113,898</b>	103,647
Board support	75,000	<b>46,692</b>	62,712
Community engagement	312,550	<b>282,243</b>	156,331
Negotiations & Support	<u>43,000</u>	<u>20,496</u>	<u>27,352</u>
	<u>2,692,437</u>	<u>2,415,922</u>	<u>2,570,538</u>
Excess(shortfall) of revenue over expenditure	<u>(166,537)</u>	<b>109,978</b>	(93,738)
Canada - loan payable		<u>(2,008,320)</u>	<u>(1,961,440)</u>
Excess of expenditure over revenue financed by long-term debt		<b>(1,898,342)</b>	(2,055,178)
Deficit - beginning of year		<b>(20,478,832)</b>	(18,423,654)
Deficit financed by long-term debt - end of year		<b>(22,377,174)</b>	<b>(20,478,832)</b>

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, 2010**

	Budget \$	Actual 2010 \$	Actual 2009 \$
<b>ADMINISTRATION SUPPORT</b>			
Computer equipment & maintenance	9,000	11,900	26,413
Contracts	5,000	-	-
Insurance/WCB/security	6,000	5,917	5,950
Office expense	82,759	63,311	79,579
Professional fees	16,900	14,630	33,841
Rent	47,840	57,430	62,455
Telephone and utilities	16,200	13,318	18,891
Travel	31,300	40,348	91,657
Wages and benefits	<u>1,043,462</u>	<u>1,010,364</u>	<u>1,166,947</u>
	<u>1,258,461</u>	<u>1,217,218</u>	<u>1,485,733</u>
<b>ALLOCATION TO CHEMAINUS FIRST NATION</b>			
Administration	5,875	5,713	5,724
Meetings and workshops	6,733	11,329	3,390
Office and sundries	6,800	8,722	3,486
Professional fees	2,500	2,500	2,000
Travel	6,000	1,813	6,571
Wages and benefits	<u>43,600</u>	<u>41,431</u>	<u>43,901</u>
	<u>71,508</u>	<u>71,508</u>	<u>65,072</u>
<b>ALLOCATION TO COWICHAN TRIBES</b>			
Administration fee	7,600	8,900	-
Audit	2,500	2,625	-
Computer and office equipment	10,993	3,642	1,110
Consultants	50,000	-	55,567
Treaty research and communications support	-	51,275	134,504
Honoraria	16,800	7,821	7,934
Legal fees	50,000	46,292	15,283
Meetings and travel	106,500	15,100	5,216
Supplies and telephone	12,000	11,796	20,361
Rent	18,000	18,000	18,000
TFN specific	-	-	25,000
Training	12,000	4,218	-
Wages and benefits	<u>213,607</u>	<u>188,703</u>	<u>157,435</u>
	<u>500,000</u>	<u>358,372</u>	<u>440,410</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, 2010**

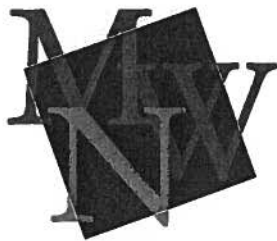
	Budget \$	Actual 2010 \$	Actual 2009 \$
<b>ALLOCATION TO HALALT FIRST NATION</b>			
Meeting and honoraria	4,000	4,778	3,144
Office space and administration	7,200	4,583	6,600
Treaty Coordinator, consultant, legal fees & expenses	49,260	55,296	48,976
Treaty support personnel wages & expenses	<u>55,540</u>	<u>51,343</u>	<u>46,840</u>
	<u>116,000</u>	<u>116,000</u>	<u>105,560</u>
<b>ALLOCATION TO LAKE COWICHAN FIRST NATION</b>			
Professional fees	-	3,982	-
Meeting and honoraria	1,200	1,248	64
Administration and office	2,400	-	2,189
Coordinator, consultant and legal	24,875	27,075	24,850
Salaries and benefits	<u>44,845</u>	<u>41,015</u>	<u>39,618</u>
	<u>73,320</u>	<u>73,320</u>	<u>66,721</u>
<b>ALLOCATION TO LYACKSON FIRST NATION</b>			
Administration	11,700	11,700	5,700
Communications	2,000	761	-
Computer equipment and software	-	31,143	-
Consulting/contract labour	95,000	31,641	51,088
Honoraria	-	3,800	-
Legal	4,000	-	-
Materials and supplies	-	3,510	-
Meeting costs	10,500	773	-
Office supplies	1,500	2,857	212
Travel	4,000	4,649	-
Wages and benefits	<u>-</u>	<u>25,341</u>	<u>-</u>
	<u>128,700</u>	<u>116,175</u>	<u>57,000</u>
<b>ALLOCATION TO PENELAKUT TRIBES</b>			
Administration	3,600	3,600	4,600
Consultants and professional	27,020	21,956	10,194
Honoraria-elders	14,000	14,750	13,925
Rent and utilities	5,155	-	3,400
Supplies and other	3,603	3,647	2,500
Telephone, rent and utilities	-	5,410	2,155
Training	1,500	-	270
Travel and meetings	9,117	6,763	5,285
Wages and benefits	<u>49,903</u>	<u>57,772</u>	<u>61,318</u>
	<u>113,898</u>	<u>113,898</u>	<u>103,647</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, 2010**

	Budget \$	Actual 2010 \$	Actual 2009 \$
<b>Board support</b>			
Board of Directors	20,000	15,856	-
Committees	39,100	18,290	1,927
Honoraria	9,900	9,876	18,783
Travel	6,000	2,670	42,002
	<u>75,000</u>	<u>46,692</u>	<u>62,712</u>
<b>Community engagement</b>			
Elders Advisory Board	48,000	45,449	36,730
Annual General Assembly	8,000	12,970	8,432
Leadership meetings	10,000	7,041	913
Cowichan Elders Committee	32,000	26,715	23,822
Penelakut Elders Committee	30,000	31,051	23,896
Chemainus Elders Committee	42,000	29,551	31,625
Halalt Elders Committee	3,200	2,229	3,621
Lake Cowichan Elders Committee	4,100	2,150	3,449
Lyackson Elders committee	7,750	8,185	7,532
Comunity awareness	10,000	15,298	108
Newsletter costs	7,000	1,826	5,045
Information sharing	110,500	99,778	-
E & E Community consultations	-	-	11,158
	<u>312,550</u>	<u>282,243</u>	<u>156,331</u>
<b>Negotiations &amp; support</b>			
Internal governance relations & coalition	10,000	13,339	670
Land selection	10,000	1,152	-
Pre-tripartite negotiation support costs	1,500	376	7,946
Research & legal	20,000	5,629	17,344
Tripartite negotiation support costs	1,500	-	-
Other consultants and costs	-	-	1,392
	<u>43,000</u>	<u>20,496</u>	<u>27,352</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!"*

## 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, 2010 with the criteria established by provisions relating to financial obligations incurred by Hul'qumi'num Treaty Group during the year ended March 31, 2010 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 June 2, 2008 (with an amendment on November 20, 2008) 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. The Administration budget incurred over expenditure in travel. The Community Engagement had an over expenditure in the annual general assembly and community awareness. Negotiations support budget incurred over expenditure in internal governance. All these over expenditures were associated with increased participation from general membership. 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.

August 31, 2010

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