

**HUL'QUMI'NUM TREATY GROUP  
FINANCIAL STATEMENTS  
MARCH 31, 2007**

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## MANAGEMENT'S STATEMENT OF RESPONSIBILITY FOR FINANCIAL REPORTING

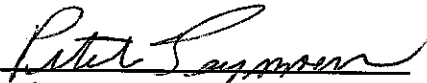
The accompanying financial statements of the Hul'qumi'num Treaty Group for the year ended March 31, 2007 are the responsibility of management and have been approved by the Directors on behalf of the Society.


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.

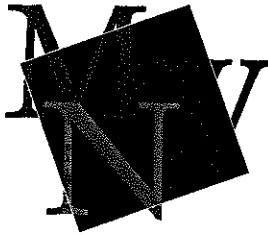
The Directors are responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

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

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

Dec. 4/07  
\_\_\_\_\_  
Date



McINTOSH | NORTON | WILLIAMS  
certified general accountants

Cory McIntosh, CGA, CAFM, CFP \*  
Jay R. Norton, FCGA, CAFM \*  
Michael K. Williams, 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, 2007 and the summary statement of financial activities 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, 2007 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*

McINTOSH | NORTON | WILLIAMS

certified general accountants

Port Alberni, B.C.

August 17, 2007

Qualicum Beach  
P.O. Box 258  
675 Memorial Avenue  
Qualicum Beach, BC V9K 1S8  
Tel: 250.752.6996  
Fax: 250.752.1071  
Toll Free: 1.877.752.6996

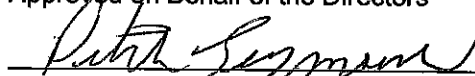
www.mnwcga.com  
info@mnwcga.com

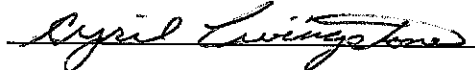
Port Alberni  
2nd Floor, 4445 Gertrude Street  
Port Alberni, BC V9Y 6J7  
Tel: 250.724.0185  
Fax: 250.724.1774  
Toll Free: 1.866.724.0185

**Hul'qumi'num Treaty Group  
Summary Statement of Financial Position  
As at March 31, 2007**

	2007 \$	2006 \$
<b>ASSETS</b>		
Current		
Cash	718,933	1,042,936
Accounts receivable	322,939	38,836
Goods and services tax recoverable	6,988	4,454
Prepaid expense	<u>6,647</u>	<u>853</u>
	1,055,507	1,087,079
Capital assets (Note 3)	108,635	150,914
Due to related entities (Note 4)	<u>67,564</u>	<u>21,892</u>
	<u>1,231,706</u>	<u>1,259,885</u>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities	341,330	304,966
Wages and benefits payable	93,306	57,521
Deferred revenue	<u>32,754</u>	<u>-</u>
	467,390	362,487
Canada - loan payable (Note 5)	<u>16,528,388</u>	<u>13,956,548</u>
	16,995,778	14,319,035
<b>MEMBERS' DEFICIT</b>		
Deficit (Note 6)	<u>(15,764,072)</u>	<u>(13,059,150)</u>
	<u>1,231,706</u>	<u>1,259,885</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, 2007**

	Budget \$	Actual 2007 \$	Actual 2006 \$
<b>Revenue</b>			
Canada-loan payable	2,511,840	2,571,840	2,616,640
BC Treaty Commission contribution	627,960	672,960	654,160
BC Hydro	-	224,951	-
Indian and Northern Affairs Canada	109,886	109,886	289,719
Federal government grants	131,000	88,246	-
Health and Welfare Canada	80,650	80,650	186,743
Administration fees	-	53,219	41,948
Interest	-	33,204	27,516
Parks Canada	-	28,544	5,600
Referrals	-	24,940	7,500
Aboriginal Day	-	-	1,200
Provincial government grants	14,750	15,080	-
Other revenue	-	1,311	12,359
	<u>3,476,086</u>	<u>3,904,831</u>	<u>3,843,385</u>
<b>Expenditure</b>			
General and Other Projects Fund - page 7	336,286	561,384	528,878
Treaty Fund - page 15	<u>3,683,723</u>	<u>3,434,251</u>	<u>3,279,205</u>
	<u>4,020,009</u>	<u>3,995,635</u>	<u>3,808,083</u>
Excess (shortfall) of revenue over expenditure	<u>(543,923)</u>	(90,804)	35,302
Canada - loan payable		<u>(2,571,840)</u>	<u>(2,616,640)</u>
		<u>(2,662,644)</u>	<u>(2,581,338)</u>
Deficit - beginning of year - as originally stated		(13,054,845)	(10,465,729)
Correction of prior period income (Note 7)		(4,304)	-
As restated		<u>(13,059,149)</u>	<u>(10,465,729)</u>
Changes in equity in capital assets		<u>(42,279)</u>	<u>(12,082)</u>
Deficit - end of year		<u>(15,764,072)</u>	<u>(13,059,149)</u>

The accompanying notes are an integral part of these statements.

**Hul'qumi'num Treaty Group  
Notes to Financial Statements  
March 31, 2007**

**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) **Statement of Cash Flows**

A statement of cash flows has not been prepared since it is considered that such a statement would not provide information of any significance beyond that provided in these financial statements.

c) **Comparative Figures**

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

d) **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.

e) **Capital Assets**

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

Furniture and equipment	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, 2007**

**3. Capital Assets**

	2007		2006
	Cost	Accumulated Amortization	Net
Furniture and equipment	364,267	266,204	98,063
Leasehold improvements	<u>14,665</u>	<u>4,093</u>	<u>10,572</u>
	<u>378,932</u>	<u>270,297</u>	<u>108,635</u>
			<u>150,914</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	13,542	10,770
Cowichan Tribes	71,717	44,371
Halalt First Nation	(11,900)	(12,416)
Lake Cowichan First Nation	(3,020)	(1,869)
Lyackson First Nation	-	(3,357)
Penelakut Tribe	<u>(2,775)</u>	<u>(15,607)</u>
	<u>67,564</u>	<u>21,892</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, 2007, the Society received \$672,960 contribution funding with a further \$2,571,840 (total 2007 \$16,528,388; 2006 \$13,956,548) 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, 2007**

**6. Members' Deficit**

Members' equity (deficit) is comprised of:

	2007	2006
	\$	\$
	<u>                    </u>	<u>                    </u>
Operating	379,910	281,263
Capital	108,635	150,914
Treaty	<u>(16,252,617)</u>	<u>(13,491,326)</u>
Total Members' Deficit	<u><u>(15,764,072)</u></u>	<u><u>(13,059,149)</u></u>

**7. Correction of Prior Period Income**

The prior year's figures have been adjusted to reflect a recovery of funding from Health and Welfare Canada in the amount of \$4,304 which was not previously recorded. The effect of this adjustment is a \$4,304 decrease in net earnings of the Shellfish Contamination Project (Page10) for the year ended March 31, 2006 and a \$4,304 decrease in accounts receivable.

**8. 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, 2007**

	2007 \$	2006 \$
<b>ASSETS</b>		
Cash	512,413	250,431
Accounts receivable	322,939	38,836
Goods and services tax recoverable	6,988	4,454
Prepaid expenses	6,647	853
Due to related entities (Note 4)	67,564	21,892
Due from own funds	<u>-</u>	<u>365,166</u>
	<u><b>916,551</b></u>	<u><b>681,632</b></u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	341,330	304,966
Wages and benefits payable	93,306	57,521
Deferred revenue	32,754	-
Due to own funds	<u>69,251</u>	<u>37,882</u>
	<b>536,641</b>	<b>400,369</b>
<b>MEMBERS' EQUITY</b>		
Unrestricted (Note 6)	<u><b>379,910</b></u>	<u><b>281,263</b></u>
	<u><b>916,551</b></u>	<u><b>681,632</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, 2007**

Program	Page	Government Funding \$	Other Revenue \$	Total Revenue \$	Total Expenditures \$	Excess (Shortfall) \$	Opening Equity (Deficit) \$	Transfers \$	Ending Equity (Deficit) \$
General	8	-	112,674	112,674	10,343	102,331	281,263	(3,684)	<b>379,910</b>
Shared Decision Making Model	10	109,886	-	109,886	109,886	-	-	-	-
Shellfish Contamination Project	10	80,650	-	80,650	80,650	-	-	-	-
V. I. Transmission Reinforcement	11	-	224,951	224,951	224,951	-	-	-	-
Coast Salish Gathering	11	63,246	-	63,246	63,246	-	-	-	-
Women's Caucus	12	25,000	-	25,000	28,684	(3,684)	-	3,684	-
Integrated Pest Mgnt. Program	12	15,080	-	15,080	15,080	-	-	-	-
Parks Canada Project	13	-	28,544	28,544	28,544	-	-	-	-
		<u>293,862</u>	<u>366,169</u>	<u>660,031</u>	<u>561,384</u>	<u>98,647</u>	<u>281,263</u>	<u>-</u>	<u><b>379,910</b></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, 2007**

	Actual 2007 \$	Actual 2006 \$
<b>General</b>		
<b>Revenue</b>		
Interest income	33,204	27,516
Administration fees	53,219	41,949
Aboriginal Day	-	1,200
Parks Canada	-	5,600
Referral	24,940	7,500
Other income	1,311	12,200
	<u>112,674</u>	<u>95,965</u>
<b>Expenditure</b>		
Aboriginal Day	5,006	5,354
Capital purchases	-	3,095
Computer repairs & maintenance	-	2,353
Consultants	334	3,142
Materials	5,003	117
Meeting costs	-	1,785
Professional fees	-	2,416
Publications	-	2,375
Travel	-	8,185
Wages and benefits	-	3,750
	<u>10,343</u>	<u>32,572</u>
Excess of revenue over expenditure	102,331	63,393
Equity - beginning of year	281,263	217,870
Transfers	<u>(3,684)</u>	<u>-</u>
Equity - end of year	<u>379,910</u>	<u>281,263</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, 2007**

	Actual 2007 \$	Actual 2006 \$
<b>Shellfish Aquaculture Project</b>		
Revenue		
Indian & Northern Affairs Canada	-	91,107
Contribution from Treaty Fund	-	<u>19,686</u>
	<u>-</u>	<u>110,793</u>
Expenditure		
Shellfish aquaculture project	-	<u>110,793</u>
	<u>-</u>	<u>110,793</u>
Excess of revenue over expenditure and ending equity	<u>-</u>	<u>-</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, 2007**

	Budget \$	Actual 2007 \$	Actual 2006 \$
<b>Shared Decision Making Model</b>			
<b>Revenue</b>			
Indian and Northern Affairs Canada	109,886	<b>109,886</b>	198,612
Other income	-	-	158
	<u>109,886</u>	<u><b>109,886</b></u>	<u>198,770</u>
<b>Expenditure</b>			
Administration	3,200	<b>6,309</b>	5,814
Capital purchases	400	-	9,168
Consultants	34,510	<b>56,541</b>	75,028
Honoraria	15,250	<b>6,100</b>	15,300
Supplies and meeting costs	3,225	<b>4,123</b>	9,487
Report distribution	-	-	19,000
Travel	1,176	<b>1,309</b>	8,675
Wages and benefits	41,325	<b>26,664</b>	56,298
Training	10,800	<b>8,840</b>	-
	<u>109,886</u>	<u><b>109,886</b></u>	<u>198,770</u>
Excess of revenue over expenditure and ending equity	<u>-</u>	<u>-</u>	<u>-</u>
<b>Shellfish Contamination Project</b>			
<b>Revenue</b>			
Health & Welfare Canada	<u>80,650</u>	<u><b>80,650</b></u>	<u>186,743</u>
<b>Expenditure</b>			
Administration and other	5,500	<b>3,230</b>	16,555
Consultants	9,280	<b>9,240</b>	86,692
Community workshops	3,600	<b>2,745</b>	-
Education and communication	10,043	<b>13,341</b>	16,830
Sample collection, processing and transport	29,522	<b>8,154</b>	51,625
Travel	1,680	<b>2,105</b>	15,041
Wages and benefits	21,025	<b>41,835</b>	-
	<u>80,650</u>	<u><b>80,650</b></u>	<u>186,743</u>
Excess of revenue over expenditure and ending equity	<u>-</u>	<u>-</u>	<u>-</u>
Equity - beginning of year - as originally stated		<b>4,304</b>	-
Correction of prior period income (Note 7)		<u><b>(4,304)</b></u>	<u>-</u>
Equity - end of year		<u>-</u>	<u>-</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, 2007**

	Budget \$	Actual 2007 \$	Actual 2006 \$
<b>V. I. Transmission Reinforcement</b>			
Revenue			
BC Hydro	-	<u>224,951</u>	-
Expenditure			
Administration fee	-	19,215	-
Allocation to First Nations	-	16,094	-
Consultants	-	159,989	-
Meeting costs	-	2,060	-
Referral fee	-	24,740	-
Travel	-	<u>2,853</u>	-
	-	<u>224,951</u>	-
Excess of revenue over expenditure and ending equity	-	-	-
<b>Coast Salish Gathering</b>			
Revenue			
Federal funding	<u>106,000</u>	<u>63,246</u>	-
Expenditure			
Administration	3,540	3,540	-
Consultants	42,613	42,613	-
Supplies and materials	32,447	14,269	-
Travel	<u>27,400</u>	<u>2,824</u>	-
	<u>106,000</u>	<u>63,246</u>	-
Excess of revenue over expenditure and ending equity	-	-	-

The accompanying notes are an integral part of these statements.

**Hul'qumi'num Treaty Group  
Treaty Related Measures and General Fund  
Schedule of Individual Program Revenue, Expenditure and Equity  
Year Ended March 31, 2007**

	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>2007</b>	<b>2006</b>
		<b>\$</b>	<b>\$</b>
<b>Women's Caucus</b>			
<b>Revenue</b>			
Federal government grant	<u>25,000</u>	<u>25,000</u>	<u>-</u>
<b>Expenditure</b>			
Honoraria/professional fee	1,000	-	-
Meetings and facilities costs	12,000	12,382	-
Publicity and promotions	10,000	14,801	-
Travel	<u>2,000</u>	<u>1,501</u>	<u>-</u>
	<u>25,000</u>	<u>28,684</u>	<u>-</u>
Excess (shortfall) of revenue over expenditure	<u>-</u>	<u>(3,684)</u>	<u>-</u>
Transfers		<u>3,684</u>	<u>-</u>
Equity - end of year		<u>-</u>	<u>-</u>
<b>Integrated Pest Mgnt. Program</b>			
<b>Revenue</b>			
Provincial government grant	<u>14,750</u>	<u>15,080</u>	<u>-</u>
<b>Expenditure</b>			
Administration fee	2,100	4,107	-
Consultants	4,000	4,669	-
Legal fees	7,400	5,068	-
Travel	<u>1,250</u>	<u>1,236</u>	<u>-</u>
	<u>14,750</u>	<u>15,080</u>	<u>-</u>
Excess of revenue over expenditure and ending equity	<u>-</u>	<u>-</u>	<u>-</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, 2007**

	Budget \$	Actual 2007 \$	Actual 2006 \$
<b>Parks Canada Project</b>			
Revenue			
Parks Canada	-	<u>28,544</u>	-
Expenditure			
Coordinator costs	-	10,188	-
Honoraria	-	11,837	-
Reports and newsletter	-	1,825	-
Travel and meetings	-	<u>4,694</u>	-
	-	<u>28,544</u>	-
Excess of revenue over expenditure and ending equity	-	<u>-</u>	<u>-</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, 2007**

	2007 \$	2006 \$
<b>ASSETS</b>		
Cash	206,520	792,505
Due from own funds	<u>69,251</u>	<u>-</u>
	<u><u>275,771</u></u>	<u><u>792,505</u></u>
<b>LIABILITIES</b>		
Long-term debt <i>(Note 5)</i>	16,528,388	13,956,548
Due to own funds	<u>-</u>	<u>327,283</u>
	16,528,388	14,283,831
<b>MEMBERS' DEFICIT</b>		
Deficit <i>(Note 6)</i>	<u>(16,252,617)</u>	<u>(13,491,326)</u>
	<u><u>275,771</u></u>	<u><u>792,505</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, 2007**

	Budget \$	Actual 2007 \$	Actual 2006 \$
<b>Revenue</b>			
BC Treaty Commission	627,960	<b>672,960</b>	654,160
Canada-loan advances	<u>2,511,840</u>	<u><b>2,571,840</b></u>	<u>2,616,640</u>
	<u>3,139,800</u>	<u><b>3,244,800</b></u>	<u>3,270,800</u>
<b>Expenditure</b>			
Allocation to Chemainus First Nation	20,000	<b>15,778</b>	115,030
Allocation to Cowichan Tribe	500,000	<b>376,769</b>	437,129
Allocation to Halalt First Nation	116,000	<b>116,000</b>	116,561
Allocation to Hwiltsum First Nation	125,313	<b>61,605</b>	149,687
Allocation to Lake Cowichan First Nation	73,320	<b>73,320</b>	72,320
Allocation to Lyackson First Nation	-	-	54,175
Allocation to Penelakut Tribe	113,898	<b>113,898</b>	126,729
Communications	98,760	<b>83,908</b>	53,184
Community consultation	20,000	<b>18,058</b>	9,499
Elders	170,450	<b>149,684</b>	122,933
External communications	209,550	<b>189,406</b>	90,274
Meetings	46,500	<b>41,607</b>	73,890
Negotiation projects	81,750	<b>82,557</b>	197,453
Negotiations	319,150	<b>291,969</b>	247,516
Office administration	259,606	<b>265,058</b>	212,008
Personnel and benefits	<u>1,529,426</u>	<u><b>1,554,634</b></u>	<u>1,200,817</u>
	<u>3,683,723</u>	<u><b>3,434,251</b></u>	<u>3,279,205</u>
Shortfall of revenue over expenditure	<u>(543,923)</u>	<b>(189,451)</b>	(8,405)
Canada - loan payable		<u>(2,571,840)</u>	<u>(2,616,640)</u>
		<b>(2,761,291)</b>	(2,625,045)
Deficit - beginning of year		<b>(13,491,326)</b>	<b>(10,866,281)</b>
Deficit - end of year		<u><b>(16,252,617)</b></u>	<u><b>(13,491,326)</b></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, 2007**

	Budget \$	Actual 2007 \$	Actual 2006 \$
<b>ALLOCATION TO CHEMAINUS FIRST NATION</b>			
Administration	2,319	1,419	5,566
Office supplies	2,400	3,580	3,733
Telephone and utilities	-	-	4,259
Travel	1,200	734	2,656
Wages and benefits	9,693	10,045	98,816
	<u>15,612</u>	<u>15,778</u>	<u>115,030</u>
<b>ALLOCATION TO COWICHAN TRIBES</b>			
Advertising	1,000	934	-
Computer and office equipment	2,700	2,532	1,387
Community consultation	55,000	21,614	5,684
Treaty research and communications support	95,000	75,756	157,703
Honoraria	13,000	4,850	10,907
Legal fees	70,000	63,944	54,758
Meetings and travel	6,800	2,950	5,437
Office and administration	23,699	21,078	18,379
Rent	36,600	27,300	36,600
Wages and benefits	196,201	155,811	146,274
	<u>500,000</u>	<u>376,769</u>	<u>437,129</u>
<b>ALLOCATION TO HALALT FIRST NATION</b>			
Legal and consultants	4,873	1,543	6,896
Meeting and honoraria	4,000	3,849	8,905
Office space and administration	7,500	2,045	7,500
Treaty Coordinator	43,200	55,081	53,998
Treaty support personnel	56,427	50,695	36,283
Computer equipment purchase	-	2,787	2,979
	<u>116,000</u>	<u>116,000</u>	<u>116,561</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, 2007**

	Budget \$	Actual 2007 \$	Actual 2006 \$
<b>ALLOCATION TO HWILTSUM FIRST NATION</b>			
Communication	2,000	162	3,055
Coordinator	-	-	6,962
Fisheries study	-	-	19,275
Honoraria	2,500	-	-
Office and telephone	5,500	3,649	1,809
Projects	-	-	46,000
Professional fees	2,000	3,218	18,300
Rent	3,500	7,700	-
Salaries and benefits	12,000	40,402	40,700
Start up costs	45,000	-	10,588
Travel and meetings	2,500	6,474	2,998
	<u>75,000</u>	<u>61,605</u>	<u>149,687</u>
<b>ALLOCATION TO LAKE COWICHAN FIRST NATION</b>			
Honoraria	5,000	-	-
Meetings	-	2,200	-
Office space and administration	3,000	2,776	-
Treaty coordinator	21,000	23,975	24,856
Treaty support personnel	41,320	44,369	47,464
Travel	3,000	-	-
	<u>73,320</u>	<u>73,320</u>	<u>72,320</u>
<b>ALLOCATION TO LYACKSON FIRST NATION</b>			
Consulting	-	-	2,345
Equipment purchase	-	-	1,005
Honoraria	-	-	600
Office and administration	-	-	4,900
Travel	-	-	7,730
Wages and benefits	-	-	30,342
Workshops and meetings	-	-	7,253
	<u>-</u>	<u>-</u>	<u>54,175</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, 2007**

	Budget \$	Actual 2007 \$	Actual 2006 \$
<b>ALLOCATION TO PENELAKUT TRIBES</b>			
Administration	3,600	3,600	4,378
Elders honoraria	8,400	8,495	1,869
Rent and utilities	6,446	6,444	12,029
Supplies	3,600	1,032	-
Travel	2,450	2,702	4,939
Wages and benefits	87,802	90,850	103,514
Workshops	1,600	775	-
	<u>113,898</u>	<u>113,898</u>	<u>126,729</u>
<b>COMMUNICATIONS</b>			
Quarterly newsletter	30,000	23,075	11,862
Website	5,000	1,120	10,322
Workshops and information sessions	-	-	10,000
Collective traditional feasts	10,000	10,276	6,000
Family events	10,000	9,907	5,000
Government relations & coalition	33,760	19,902	-
Communication awareness	10,000	19,628	10,000
	<u>98,760</u>	<u>83,908</u>	<u>53,184</u>
<b>COMMUNITY CONSULTATION</b>			
Youth community	-	-	7,499
Urban community	5,000	4,988	2,000
First Nation member communities	15,000	13,070	-
	<u>20,000</u>	<u>18,058</u>	<u>9,499</u>
<b>ELDERS</b>			
Elders Advisory Board	41,000	35,755	24,277
Honoraria	-	-	2,800
Other EAB	-	-	8,361
Cowichan Elders Committee	32,200	28,691	23,546
Penelakut Elders Committee	32,500	26,241	20,936
Chemainus Elders Committee	48,000	44,273	30,812
Halalt Elders Committee	4,700	3,027	1,933
Lake Cowichan Elders Committee	4,100	4,070	3,484
Lyackson Elders committee	7,950	7,627	6,834
	<u>170,450</u>	<u>149,684</u>	<u>122,983</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, 2007**

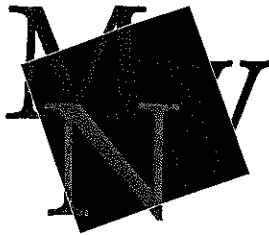
	Budget \$	Actual 2007 \$	Actual 2006 \$
<b>EXTERNAL COMMUNICATIONS</b>			
Billboard	22,800	22,800	12,250
Leadership Council	113,250	91,896	-
Media relations	36,000	36,000	36,000
Publications	37,500	38,710	42,024
	<u>209,550</u>	<u>189,406</u>	<u>90,274</u>
<b>MEETINGS</b>			
Main table	-	-	957
Non-voting Directors honoraria	5,000	3,500	2,450
Board of Directors travel	-	-	1,281
Board of Directors	4,000	3,700	3,136
Annual General Assembly	6,000	5,509	4,200
Internal working groups	4,000	-	-
Working conferences	-	-	9,874
Working group	25,000	27,498	24,930
Chief and staff retreat	2,500	1,400	15,314
Finance committee	-	-	899
Shared territories	-	-	10,849
	<u>46,500</u>	<u>41,607</u>	<u>73,890</u>
<b>NEGOTIATION PROJECTS</b>			
Research	26,250	26,741	30,370
Management consultants	5,000	7,345	28,974
Aquaculture project	-	-	19,686
Roundtable on internal governance	35,500	31,356	4,296
Archaeological overview	-	-	89,127
Land registry cost/benefit	15,000	17,115	5,000
E & E community consultations	-	-	20,000
	<u>81,750</u>	<u>82,557</u>	<u>197,453</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, 2007**

	Budget \$	Actual 2007 \$	Actual 2006 \$
<b>NEGOTIATIONS</b>			
Fisheries consultant	85,200	71,462	35,175
Forestry/wildlife consultant	20,000	14,374	12,589
Environment/water consultant	25,000	36,685	65,912
Natural resource management	25,000	25,000	-
Governance consultants	18,950	18,950	-
Legal opinion	100,000	100,168	25,498
Fiscal relations	35,000	21,216	52,092
Constitution development	-	-	31,000
Land selection	10,000	4,114	25,250
	<u>319,150</u>	<u>291,969</u>	<u>247,516</u>
<b>OFFICE ADMINISTRATION</b>			
Rent	71,160	64,745	46,800
Computer equipment and maintenance	48,375	52,880	54,005
Supplies and services	49,282	56,348	31,504
Repairs and maintenance	10,000	8,451	7,704
Research books and photographs	3,000	3,364	1,819
Annual General Assembly report	525	525	-
Subscriptions	8,300	10,125	1,500
Referral library system	-	-	14,941
Equipment and furniture	15,200	9,697	9,036
Equipment and boat rental	6,564	6,158	7,340
Telephone and utilities	19,000	18,272	13,079
Advertising	13,000	13,856	7,995
Audit	8,000	11,500	9,810
Insurance and security	6,000	7,852	4,905
Internet	1,200	1,285	1,570
	<u>259,606</u>	<u>265,058</u>	<u>212,008</u>
<b>PERSONNEL AND BENEFITS</b>			
Wages	1,165,059	1,189,552	916,125
Benefits	101,507	110,376	64,864
Overtime	-	-	6,846
Travel	87,715	96,908	71,398
Training and workshops	27,000	21,481	9,665
Elder and community coordinators	21,630	21,796	19,051
Contracted services	126,515	114,521	112,868
	<u>1,529,426</u>	<u>1,554,634</u>	<u>1,200,817</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 \*  
*\*practising as a professional corporation*

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

## AUDITORS' 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, 2007 with the criteria established by provisions relating to financial obligations incurred by Hul'qumi'num Treaty Group during the year ended March 31, 2007 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 16, 2004 (with an amendment on January 18, 2005) 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 and no material over expenditures as compared to budget within the main categories were found.

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*  
McINTOSH | NORTON | WILLIAMS  
certified general accountants

Port Alberni, B.C.  
August 17, 2007

Qualicum Beach  
P.O. Box 258  
675 Memorial Avenue  
Qualicum Beach, BC V9K 1S8  
Tel: 250.752.6996  
Fax: 250.752.1071  
Toll Free: 1.877.752.6996

www.mnwcga.com  
info@mnwcga.com

Port Alberni  
2nd Floor, 4445 Gertrude Street  
Port Alberni, BC V9Y 6J7  
Tel: 250.724.0185  
Fax: 250.724.1774  
Toll Free: 1.866.724.0185