

**WET'SUWET'EN TREATY OFFICE SOCIETY
FIRST NATION NEGOTIATION SUPPORT AGREEMENT**

FINANCIAL STATEMENTS

MARCH 31, 2004



**WET'SUWET'EN TREATY OFFICE SOCIETY
FIRST NATION NEGOTIATION SUPPORT AGREEMENT**

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MARCH 31, 2004

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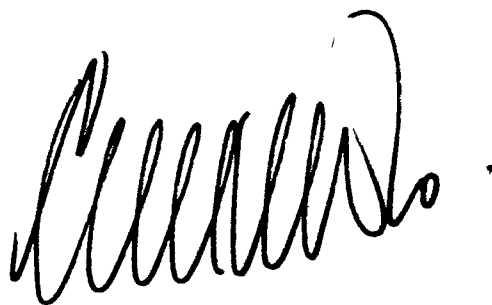
**AUDIT REPORT
TO THE BOARD OF DIRECTORS**

We have audited the balance sheet of the First Nation Support Agreement of the Wet'suwet'en Treaty Office Society as at March 31, 2004 and the statement of revenue and expenditure 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 the audit.

We conducted the audit in accordance with Canadian generally accepted auditing standards. These 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 financial statements present fairly, in all material respects, the financial position of the First Nation Negotiation Support Agreement of the Wet'suwet'en Treaty Office Society as at March 31, 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles as reported in note 1.

The comparatives are from financial statements prepared by another firm of chartered accountants.

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

Terrace BC
May 5, 2004

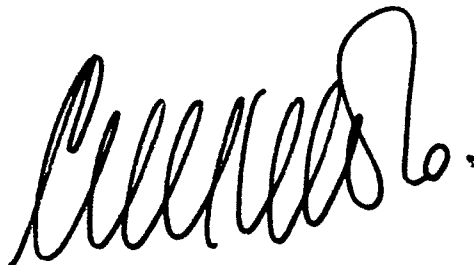
**AUDIT REPORT ON COMPLIANCE WITH AN AGREEMENT
TO THE BRITISH COLUMBIA TREATY COMMISSIONERS**

We have audited the Wet'suwet'en Treaty Office Society's compliance as at March 31, 2004 with the criteria established by provisions relating to financial obligations incurred by the Wet'suwet'en Treaty Office Society during the year ended March 31, 2003 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 3, 2003 with the British Columbia Treaty Commission and with Canada. Compliance with the criteria established by the provisions of the Agreement is the responsibility of the management of the Wet'suwet'en Treaty Office Society. Our responsibility is to express an opinion on this compliance based on the audit.

We conducted the audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the Wet'suwet'en Treaty Office Society 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 principles used and significant estimates made by management.

We confirm that expenditures were compared to the final budget approved by the Treaty Commission and no material variances were found.

In our opinion, the Wet'suwet'en Treaty Office Society is in compliance in all material respects, with the criteria established by Sections 7.1 and 7.2 and 8.1 of the Agreement as set forth in the attached schedule.



Terrace BC
May 5, 2004

**SCHEDULE TO THE AUDITOR'S REPORT ON COMPLIANCE WITH AN AGREEMENT
FOR THE YEAR ENDED MARCH 31, 2002**

SCHEDULE 1 - INTERPRETATION OF AGREEMENT FOR CRITERIA FOR COMPLIANCE

SECTION

7.0 FINANCIAL CONTROL

- 7.1 For the purpose of receiving funds under this Agreement, the First Nation will maintain an account at a Bank, Trust Company or Credit Union established and regulated under federal or provincial legislation and inform the Commission of the account particulars.
- 7.2 To support financial control of the funds received under this Agreement and the Expenditures, the First Nation will maintain separate records and procedures which conform to generally accepted accounting principles as set out in the Canadian Institute of Chartered Accountants' Handbook.

8.0 EXPENDITURES BY FIRST NATION

- 8.1 Subject to Section 11.1, the First Nation will use the contribution payments and loan advances received under this Agreement only for Expenditures.

DEFINITIONS AS SET OUT IN THE FIRST NATION NEGOTIATION SUPPORT AGREEMENT

"Expenditures" means the expenditures generally described in the Budget that are reasonably and properly incurred by the First Nation in carrying out the activities described in the Workplan.

"Budget" means the budget for the Fiscal Year submitted by the First Nation and approved by the Commission that

- (i) lists the activities and the proposed expenditures to carry out the Workplan for the Fiscal Year
- (ii) shows the estimated cash flow projection of the First Nation for the Fiscal Year and
- (iii) is consistent with the amount of loan and contribution funding allocated to the First Nation for the Fiscal Year.

"Workplan" means the workplan for the Fiscal Year describing activities by Stage submitted by the First Nation to, and reviewed by, the Commission, and includes any revisions to the workplan reviewed by the Commission.

"Stage" means one of the six stages of the Treaty Process.

"Treaty Process" means the six-stage process for the negotiation of treaties between Canada, British Columbia and First Nations facilitated by the Commission.

WET'SUWET'EN TREATY OFFICE SOCIETY
FIRST NATION NEGOTIATION SUPPORT AGREEMENT

BALANCE SHEET

MARCH 31

ASSETS

	2004	2003
	\$	\$
CURRENT		
Cash	<u>111 126</u>	<u>216 629</u>

LIABILITIES AND EQUITY

CURRENT		
Accounts payable and accruals	<u>30 019</u>	<u>21 176</u>
NON-CURRENT		
Loan payable (note 2)	<u>9 154 409</u>	<u>8 183 049</u>
EQUITY		
Surplus (Deficit)	<u>-9 073 302</u>	<u>-7 987 596</u>
	<u>111 126</u>	<u>216 629</u>

APPROVED BY THE DIRECTORS

Leonard George Director

Henry Alfred Director

Alfred Joseph Director

Suey Wamot Director

Dan Mitchell Director

**WET'SUWET'EN TREATY OFFICE SOCIETY
FIRST NEGOTIATION SUPPORT AGREEMENT
STATEMENT OF REVENUE AND EXPENDITURE
YEAR ENDED MARCH 31**

	Actual 2004 \$	Budget 2004 \$	Actual 2003 \$
REVENUE			
INAC loan	971 360	971 360	1 132 160
BC Treaty Commission contribution	242 840	242 840	283 040
	<u>1 214 200</u>	<u>1 214 200</u>	<u>1 415 200</u>
EXPENDITURE			
Negotiation Team			
Negotiators	209 105	211 940	209 991
Wet'suwet'en advisors	135 989	133 500	126 406
Negotiations travel	95 857	95 000	118 163
Training	-	-	6 313
Resource materials	-	-	351
Benefits	11 866	17 588	-
Honorarium/Committees			
Honoraria - other	6 000	6 000	4 510
Honoraria - chiefs	125 215	128 750	125 797
Committee expenses	27 077	27 000	23 981
Assembly and meeting expenses	-	-	19 978
Workshops	9 561	10 000	25 964
Committee travel	50 229	55 000	42 505
Research			
Research coordinator	-	-	33 435
Researchers	-	-	544
Projects	-	-	5 009
Materials	500	-	106
Travel	2 605	5 389	5 373
Technical			
GIS operators	55 962	54 000	46 915
Mapping	6 100	6 100	8 795
Community consultation	73 307	73 307	94 666
Consultants/Contracts			
Legal	48 558	80 000	94 902
Researcher	15 087	15 000	8 956
Consultants/contracts	26 233	24 900	40 500
Administration			
Treaty manager	37 394	37 491	37 228
Secretarial/support/finance	146 889	148 558	174 608
Translator	2 280	3 000	6 375
Communications co-ordinator	32 530	31 984	27 849
Human and social services manager	51 544	55 383	95
Office rent	48 000	48 000	48 000
Office materials and supplies	27 971	30 000	32 460
Community communications	-	-	2 500
Equipment rent	23 077	42 000	43 760
Equipment purchase	178	-	1 564
Computer equipment	990	1 288	9 295
Computer software and support	10 440	10 000	13 364
Training	-	-	1 200
Audit	5 775	5 500	5 100
Utilities	7 251	7 500	6 241
Maintenance	12 980	15 500	11 447
Postage and telephone	12 598	12 000	13 690
Internet	1 130	3 000	2 087
Photocopying	3 706	9 476	7 953
Bank charges	4 562	5 500	5 430
Travel	-	-	5 586
	<u>1 328 546</u>	<u>1 409 654</u>	<u>1 498 992</u>
REVENUE OVER EXPENDITURE	-114 346	-195 454	-83 792
LOAN REPAYABLE	-971 360	-971 360	-1 132 160
OPENING SURPLUS (DEFICIT)	-7 987 596	-7 987 596	-6 771 644
CLOSING SURPLUS (DEFICIT)	<u>-9 073 302</u>	<u>-9 154 410</u>	<u>-7 987 596</u>

**WET'SUWET'EN TREATY OFFICE SOCIETY
FIRST NATION NEGOTIATION SUPPORT AGREEMENT**

NOTES

MARCH 31, 2004

1. SIGNIFICANT ACCOUNTING POLICIES

Contributions and loan amounts are included in receipts.

A statement of cash flows is not provided as management does not deem it useful for its purposes.

2. LOAN PAYABLE

The Wet'suwet'en Treaty Office Society has signed promissory notes and First Nation Support Agreements totaling \$9 154 409 as at March 31, 2004, representing advances made by Indian and Northern Affairs Canada for negotiations. Repayment provisions for these loans are outlined in Sections 13.0 and 14.0 of the First Nation Negotiation Support Agreement.

The repayable portion of the funding received by the Wet'suwet'en Treaty Office Society is as follows:

1995	\$ 468 106
1996	797 354
1997	570 104
1998	812 863
1999	882 330
2000	974 800
2001	1 331 164
2002	1 214 168
2003	1 132 160
2004	<u>971 360</u>
	<u>\$ 9 154 409</u>

**WET'SUWET'EN TREATY OFFICE SOCIETY
FIRST NATION NEGOTIATION SUPPORT AGREEMENT**

NOTES

MARCH 31, 2004

3. PURPOSE OF THE ORGANIZATION

The Society is an association of people committed to coordinating and administering treaty negotiations on behalf of the Wet'suwet'en House Groups with British Columbia and Canada as well as developing programs and services for the Wet'suwet'en and promoting, preserving and enhancing the Wet'suwet'en culture and territories.

4. COMMITMENTS

Xerox Canada Ltd., photocopier leases, \$5 635/quarterly, expires December, 2007 and \$1 660/ quarterly, expires August, 2006.

5. UNEXPENDED FUNDS

The Society has unexpended treaty funding of \$81 106 which is below the allowed BCTC carry forward amount.