

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

FINANCIAL STATEMENTS

MARCH 31, 2006



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

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MARCH 31, 2006

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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, 2006 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, 2006 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles as reported in note 1.

Terrace BC
May 16, 2006

A handwritten signature in black ink, appearing to be 'C. Shepherd', written in a cursive style.

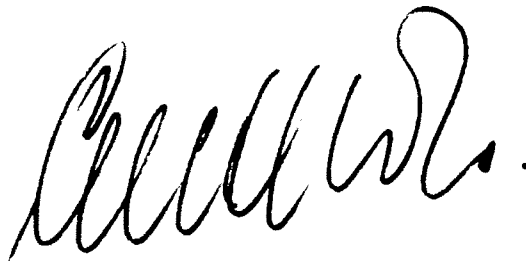
AUDIT REPORT ON COMPLIANCE WITH AN AGREEMENT TO THE BRITISH COLUMBIA TREATY COMMISSIONERS

We have audited the Wet'suwet'en Treaty Office Society's compliance as at March 31, 2006 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, 2006 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 23, 2005 and November 25, 2005 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, 7.2 and 8.1 of the Agreement, as described in the attached schedule.



Terrace BC
May 16, 2006

**SCHEDULE TO THE AUDITOR'S REPORT ON COMPLIANCE WITH AN AGREEMENT
FOR THE YEAR ENDED MARCH 31, 2006**

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

	2006	2005
	\$	\$
CURRENT		
Cash	<u>168 453</u>	<u>130 807</u>

LIABILITIES AND EQUITY

CURRENT

Accounts payable and accruals	<u>16 688</u>	<u>16 845</u>
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NON-CURRENT

Loan payable (note 2)	<u>10 955 448</u>	<u>10 125 768</u>
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EQUITY

Surplus (Deficit)	<u>-10 803 683</u>	<u>-10 011 806</u>
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	<u>168 453</u>	<u>130 807</u>
APPROVED BY THE DIRECTORS		

Aue Cupud Director

Ron Munn Director

Frank Patrick Director

[Signature] Director

Marie Kyeat Director

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

	Actual 2006 \$	Budget 2006 \$	Actual 2005 \$
REVENUE			
BCTC loan advance	829 680	829 680	971 360
BC Treaty Commission contribution	207 420	207 420	242 840
	<u>1 037 100</u>	<u>1 037 100</u>	<u>1 214 200</u>
EXPENDITURE			
Negotiation Team			
Negotiators	204 846	207 030	209 852
Wet'suwet'en advisors	-	-	21 330
Negotiations travel	15 039	18 000	37 525
Benefits	18 548	26 337	17 229
Honorarium/Committees			
Honoraria – other	22 405	30 600	13 482
Honoraria – chiefs	118 964	125 400	127 101
Committee expenses	26 632	27 830	25 989
Assembly and meeting expenses	-	29 217	-
Committee travel	22 550	49 303	52 616
Technical			
GIS operators	51 547	53 816	56 050
Mapping	7 000	7 000	7 000
Community consultation	-	-	36 293
Consultants/Contracts			
Legal	116 385	138 259	64 842
Researcher	-	-	12 101
Consultants/contracts	-	-	35 000
Administration			
Treaty manager	37 292	37 847	38 012
Secretarial/support/finance	133 954	145 701	160 932
Translator	-	4 950	-
Communications co-ordinator	31 868	33 608	33 540
Human and social services manager	42 288	48 363	42 633
Office rent	48 000	48 000	48 000
Office materials and supplies	20 587	23 401	24 310
Equipment rent	26 663	35 100	35 418
Computer equipment (recovery)	-434	-	13 579
Computer software and support	9 194	6 087	8 691
Audit	7 707	7 950	8 900
Utilities	6 559	7 778	7 752
Maintenance	12 164	14 208	12 464
Postage and telephone	14 724	15 000	17 850
Internet	1 351	622	2 537
Photocopying (recovery)	-821	4 821	5 830
Bank charges	4 285	4 836	4 486
	<u>999 297</u>	<u>1 151 064</u>	<u>1 181 344</u>
REVENUE OVER EXPENDITURE	37 803	-113 964	32 856
LOAN REPAYABLE	-829 680	-829 680	-971 360
OPENING SURPLUS (DEFICIT)	<u>-10 011 806</u>	<u>-10 011 806</u>	<u>-9 073 302</u>
CLOSING SURPLUS (DEFICIT)	<u>-10 803 683</u>	<u>-10 955 450</u>	<u>-10 011 806</u>

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

NOTES

MARCH 31, 2006

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 \$10 955 448 as at March 31, 2006 (2005 \$10 125 768), 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		812 862
1999		882 330
2000		974 800
2001		1 331 164
2002		1 214 168
2003		1 132 160
2004		971 360
2005		971 360
2006		829 680
		<u> </u>
		<u>\$ 10 955 448</u>

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

NOTES

MARCH 31, 2006

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 \$151 767.