

TERRY D. MITCHELL, C.G.A. INC.

CERTIFIED GENERAL ACCOUNTANT

To the Members
Cheam Indian Band

AUDITOR'S REPORT

I have examined the statement of financial position of Cheam Indian Band as at March 31, 2002, and the summary statements of revenue and expenditure and changes in cash flows, schedule of salaries, honoraria, travel and other remuneration, schedule of receipt and disposal of Ottawa Trust Funds, and schedule of federal government funding for the year then ended. These financial statements are the responsibility of Cheam Indian Band's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as explained in the following paragraph, I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I 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.

The accounting records and supporting documents were either inadequate or unavailable for certain portions of the accounting system. Also, my examination indicated serious deficiencies in overall internal controls. Due to the lack of sufficient appropriate audit evidence, I was unable to satisfy myself that all revenues and expenditures of the Cheam Indian Band had been recorded nor was I able to satisfy myself that the recorded transactions were proper. As a result, I was unable to determine whether adjustments were required in respect of recorded and unrecorded assets, recorded or unrecorded liabilities and the components making up the statements of revenue, expenditure and changes in cash flows.

In view of the possible material effects on the financial statements of the matters described in the preceding paragraph, I am unable to express an opinion whether these financial statements are presented in accordance with generally accepted accounting principles.

Terry D. Mitchell, CGA, Inc

CERTIFIED GENERAL ACCOUNTANT

Chilliwack, B.C.
March 5, 2003

CHEAM INDIAN BAND
SCHEDULE OF FEDERAL GOVERNMENT FUNDING
Year Ended March 31, 2002

Funding Source	Program Name	Federal Funding Received	Unexpended Funding beginning of Year	Adjustments	Total Funding Available	Total Expenditures from All Sources	Unexpended Funding End Of Year
Indian and Northern Affairs Canada							
	Band Revenue	\$ 82,278	\$ 2,148,357	\$ 2,917,209	\$ 5,147,844	\$ 1,481,335	\$ 3,666,509
	Community Maintenance	58,448	-	-	58,448	99,056	-
	Band Administration	177,539	11,080	13,936	202,555	241,562	-
	Education	634,718	8,549	-	643,267	610,663	32,604
	Social Development	535,367	-	(40,928)	494,439	587,512	-
	Aboriginal Rights & Title	58,000	-	(1,014,207)	(956,207)	414,436	-
	Water System	108,110	1,602	-	109,712	53,137	56,575
		<u>1,654,460</u>	<u>2,169,588</u>	<u>1,876,010</u>	<u>5,700,058</u>	<u>3,487,701</u>	<u>3,755,688</u>
Canada Mortgage and Housing Corporation							
	Non-Profit Housing	102,121	-	243,115	345,236	343,272	1,964
	TOTALS	<u>\$ 1,756,581</u>	<u>\$ 2,169,588</u>	<u>\$ 2,119,125</u>	<u>\$ 6,045,294</u>	<u>\$ 3,830,973</u>	<u>\$ 3,757,652</u>