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(A partnership of incorporated professionals)

DERIVATIVE REPORT BY THE AUDITOR

To the Members
Kitsumkalum Band Council:

We have audited the consolidated financial statements of Kitsumkalum Band Council as at March 31, 2005 and for the the year then ended and reported on under date of July 8, 2005.

Pursuant to the requirements of the Department of Indian Affairs Year-end Reporting Handbook dated November, 2003, the Schedule of Federal Government Funding has been compiled by the management of Kitsumkalum Band Council from their records. For the purposes of understanding our involvement with this schedule, please note that:

- We have audited and separately reported on the consolidated financial statements;
- The audit was conducted for the purposes of forming an opinion on the consolidated financial statements as a whole;
- The attached schedule is presented for the purposes of additional information to the Membership and the Department of Indian Affairs and does not form part of the consolidated financial statements; and
- The schedule has been subjected to the auditing procedures applied to the audit of the consolidated financial statements taken as a whole.

However, no procedures have been carried out on this schedule in addition to those necessary to form an opinion on the consolidated financial statements.

This report has been prepared in accordance with the applicable Assurance and Related Services Guideline issued by the Canadian Institute of Chartered Accountants, and is to be used solely to satisfy Department of Indian Affairs funding requirements and should not be referred to or used for any other purposes.

Terrace, B.C.
July 8, 2005

McAlpine & Co.

CHARTERED ACCOUNTANTS

KITSUMKALUM BAND COUNCIL
SCHEDULE OF FEDERAL GOVERNMENT FUNDING
FOR THE YEAR ENDED MARCH 31, 2005

Federally Funded Program and Services Directly Funded by the Government of Canada	Federal Funding Received	Unexpended Funding Beginning of Year	Adjustments	Total Funding Available	Funding Expended	Unexpended Funding End of Year
INAC						
Elementary/Secondary Education	\$ 148,506	\$ 25,985	\$ (5,308)	\$ 169,183	\$ 153,744	\$ 15,439
Post-Secondary Education	273,346	8,027	(10,000)	271,373	270,448	925
Economic Development	86,363	37,135	(15,079)	108,419	104,765	3,654
Indian Government Support	259,876			259,876	259,876	
Lands and Trust Services	4,711	867		5,578	5,371	207
Community Infrastructure	222,826	140,501	29,776	393,103	325,834	67,269
Housing	111,010	173,719		284,729	159,933	124,796
Self-Government	47,050	5,570		52,620	47,050	5,570
Income Assistance/Social Assistance	301,484	9,123	(1,736)	308,871	285,983	22,888
Social Support Services	102,984	661	4,220	107,865	107,608	257
Total INAC	1,558,156	401,588	1,873	1,961,617	1,720,612	241,005
Health Canada						
Aboriginal Diabetes Initiative	10,551	1,182	(1,181)	10,552	10,552	
Brighter Futures	32,024		960	32,984	32,984	
Mental Health	20,722	1,171	(975)	20,918	20,918	
Canada Prenatal Nutrition	7,052	92	(92)	7,052	7,052	
Community Health Promotion & Injury/Illness Prevention	89,939	1,745	689	92,373	92,373	
Community Health Primary Care	60,119		1,207	61,326	61,326	
Environmental Health Program	4,576			4,576	4,576	
National Native Alcohol & Drug Abuse	37,986	866	654	39,506	39,506	
Solvent Abuse	4,500			4,500	4,500	
Aboriginal Headstart	56,100			56,100	56,100	
HIV/AIDS	551			551	551	
Tobacco Control	6,000			6,000	6,000	
Capital		5,977		5,977		5,977
Total Health Canada	330,120	11,033	1,262	342,415	336,438	5,977

KITSUMKALUM BAND COUNCIL

SCHEDULE OF FEDERAL GOVERNMENT FUNDING

FOR THE YEAR ENDED MARCH 31, 2005

Federally Funded Program and Services Directly Funded by the Government of Canada	Federal Funding Received	Unexpended Funding Beginning of Year	Adjustments	Total Funding Available	Funding Expended	Unexpended Funding End of Year
<u>CMHC</u>						
Non-Profit On-Reserve Housing	102,993			102,993	102,993	
Residential Rehabilitation Assistance (RRAP)	20,309			20,309	20,226	83
Total CMHC	123,302			123,302	123,219	83
<u>OTHER</u>						
Fisheries and Oceans Canada (DFO)						
Fish Wheel/Catch Monitoring/Fisheries Management	159,676			159,676	159,676	
Total Other	159,676			159,676	159,676	
TOTAL	\$ 2,171,254	\$ 412,621	\$ 3,135	\$ 2,587,010	\$ 2,339,945	\$ 247,065