

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, 2006 and for the year then ended and reported on under date of July 21, 2006.

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 21, 2006

McAlpine & Co.

CHARTERED ACCOUNTANTS

KITSUMKALUM BAND COUNCIL
SCHEDULE OF FEDERAL GOVERNMENT FUNDING
FOR THE YEAR ENDED MARCH 31, 2006

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	\$ 546,052	\$ 15,439	\$ 19,483	\$ 580,974	\$ 565,435	\$ 15,539
Post-Secondary Education	267,783	925		268,708	268,708	
Economic Development	156,736	3,654		160,390	150,540	9,850
Indian Government Support	250,436			250,436	250,436	
Lands and Trust Services	5,707	207		5,914	4,321	1,593
Community Infrastructure	169,974	67,269		237,243	208,176	29,067
Housing	100,520	124,796	(11,416)	213,900	138,032	75,868
Self-Government	40,000	5,570		45,570	40,000	5,570
Income Assistance/Social Assistance	315,053	22,888	(234)	337,707	321,163	16,544
Social Support Services	117,419	257	(3,937)	113,739	113,739	
Total INAC	1,969,680	241,005	3,896	2,214,581	2,060,550	154,031
Health Canada						
Aboriginal Diabetes Initiative	10,551			10,551	10,551	
Brighter Futures	32,985			32,985	32,985	
Mental Health	21,344			21,344	21,344	
Canada Prenatal Nutrition	7,264		(26)	7,238	7,238	
Community Health Promotion & Injury/Illness Prevention	94,194			94,194	94,194	
Community Health Primary Care	61,543			61,543	61,543	
Environmental Health Program	4,580			4,580	4,580	
National Native Alcohol & Drug Abuse	37,988			37,988	37,988	
Solvent Abuse	4,633			4,633	4,633	
Aboriginal Headstart	64,515			64,515	64,515	
HIV/AIDS	743			743	743	
Fetal Alcohol Syndrome	3,500			3,500	3,500	
Health Services	2,283			2,283	2,283	
Capital		5,977		5,977		5,977
Total Health Canada	346,123	5,977	(26)	352,074	346,097	5,977

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 SCHEDULE OF FEDERAL GOVERNMENT FUNDING
 FOR THE YEAR ENDED MARCH 31, 2006

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
CMHC						
Non-Profit On-Reserve Housing	80,550			80,550	80,550	
Residential Rehabilitation Assistance (RRAP)	19,000	83		19,083	19,083	
Total CMHC	99,550	83		99,633	99,633	
OTHER						
Fisheries and Oceans Canada (DFO)						
Fish Wheel/Catch Monitoring/Fisheries Management	122,377			122,377	122,377	
Total Other	122,377			122,377	122,377	
TOTAL	\$ 2,537,730	\$ 247,065	\$ 3,870	\$ 2,788,665	\$ 2,628,657	\$ 160,008