

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, 2007 and for the year then ended and reported on under date of October 19, 2007.

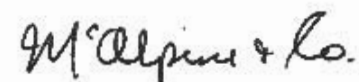
Pursuant to the requirements of the Department of Indian Affairs Year-end Reporting Handbook dated November, 2003, the Schedule of Federal Government Funding has been compiled by the management of Kitsumkalum Band Council from their records. For the purposes of understanding our involvement with this 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.
October 19, 2007



CHARTERED ACCOUNTANTS

SCHEDULE OF FEDERAL GOVERNMENT FUNDING

FOR THE YEAR ENDED MARCH 31, 2007

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	\$ 647,354	\$ 15,539	\$ 23,000	\$ 685,893	\$ 683,032	\$ 2,861
Post-Secondary Education	292,084		(153)	291,931	291,928	3
Economic Development	185,866	9,850		195,716	111,476	84,240
Indian Government Support	252,627			252,627	252,627	
Land and Trust Services	5,748	1,593		7,341	6,665	676
Community Infrastructure	294,471	29,067	(34,799)	288,739	257,408	31,331
Housing	280,001	75,868		355,869	322,332	33,537
Self-Government		5,570		5,570	3	5,567
Income Assistance/Social Assistance	314,294	16,544	(2,455)	328,383	262,863	65,520
Social Support Services	119,179		(4,116)	115,063	102,410	12,653
Total INAC	2,391,624	154,031	(18,523)	2,527,132	2,290,744	236,388
Health Canada						
Aboriginal Diabetes Initiative	10,551			10,551	10,551	
Brighter Futures	33,480			33,480	33,480	
Mental Health	21,664			21,664	21,664	
Canada Prenatal Nutrition	7,373			7,373	7,373	
Community Health Promotion & Injury/Illness Prevention	95,608			95,608	95,607	1
Community Health Primary Care	61,611			61,611	61,611	
Environmental Health Program	4,580			4,580	4,580	
National Native Alcohol & Drug Abuse	38,555			38,555	38,555	
Solvent Abuse	4,704			4,704	4,704	
Aboriginal Headstart	56,100			56,100	56,100	
HIIV/AIDS	800			800	800	
Health Services Capital		5,977		5,977	2,283	(2,283)
Total Health Canada	335,026	5,977		341,003	337,308	3,695

SCHEDULE OF FEDERAL GOVERNMENT FUNDING

FOR THE YEAR ENDED MARCH 31, 2007

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	110,830			110,830	110,830	
Total CMHC	110,830			110,830	110,830	
OTHER						
Fisheries and Oceans Canada (DFO)						
Fish Wheel/Catch Monitoring/Fisheries Management	114,338			114,338	114,338	
Total Other	114,338			114,338	114,338	
TOTAL	\$ 2,951,818	\$ 160,008	\$ (18,523)	\$ 3,093,303	\$ 2,853,220	\$ 240,083