

## DERIVATIVE REPORT BY THE AUDITOR

To the Members  
Kitsumkalum Indian Band:

We have audited the consolidated financial statements of Kitsumkalum Indian Band as at March 31, 2010 and for the year then ended and reported on under date of October 15, 2010.

Pursuant to the requirements of the Department of Indian Affairs Year-end Reporting Handbook dated February, 2010, the Schedule of Federal Government Funding has been compiled by the management of Kitsumkalum Indian Band 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 15, 2010

*McAlpine & Co.*

CHARTERED ACCOUNTANTS

KITSUMKALUM INDIAN BAND

SCHEDULE OF FEDERAL GOVERNMENT FUNDING

FOR THE YEAR ENDED MARCH 31, 2010

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
<b>INAC</b>						
Education	913,933	2	27,339	941,274	937,098	4,176
Economic Development	32,450			32,450	32,450	
Indian Government Support	324,760			324,760	324,760	
Indian Registration	4,810	3,010		7,820	5,628	2,192
Community Development	1,991,633	49,380		2,041,013	2,016,842	24,171
Claims and Indian Government Social Development	467,049	18,410	(3,000)	482,591	463,377	19,214
<b>Total INAC</b>	<b>3,734,635</b>	<b>70,802</b>	<b>24,339</b>	<b>3,829,908</b>	<b>3,780,155</b>	<b>49,753</b>
<b>Health Canada</b>						
Aboriginal Diabetes Initiative	16,353			16,353	16,353	
Brighter Futures	36,586			36,586	36,586	
Mental Health	23,672			23,672	23,672	
Canada Prenatal Nutrition	8,057			8,057	8,057	
Community Health Promotion & Injury/Illness Prevention	142,655			142,655	142,654	1
Community Health Primary Care	67,323			67,323	67,322	1
Environmental Health Program	11,040			11,040	11,040	
National Native Alcohol & Drug Abuse Solvent Abuse	39,712			39,712	39,712	
Aboriginal Headstart	5,140			5,140	5,140	
HIV/AIDS	56,100			56,100	56,100	
Communicable Disease Control Capital	821			821	821	
	(7,007)			(7,007)	(7,007)	
	150,000	5,977		155,977	155,977	
<b>Total Health Canada</b>	<b>550,452</b>	<b>5,977</b>		<b>556,429</b>	<b>556,427</b>	<b>2</b>

KITSUMKALUM INDIAN BAND

SCHEDULE OF FEDERAL GOVERNMENT FUNDING

FOR THE YEAR ENDED MARCH 31, 2010

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
<b>CMHC</b>						
Non-Profit On-Reserve Housing	70,081			70,081	70,081	
<b>Total CMHC</b>	<b>70,081</b>			<b>70,081</b>	<b>70,081</b>	
<b>OTHER</b>						
Natural Resources Canada Rescan	93,420			93,420	90,224	3,196
Fisheries and Oceans Canada (DFO) Fish Wheel/Catch Monitoring/Fisheries Management	129,748			129,748	129,748	
<b>Total Other</b>	<b>223,168</b>			<b>223,168</b>	<b>219,972</b>	<b>3,196</b>
<b>TOTAL</b>	<b>\$ 4,578,336</b>	<b>\$ 76,779</b>	<b>\$ 24,339</b>	<b>\$ 4,679,586</b>	<b>\$ 4,626,635</b>	<b>\$ 52,951</b>