

AUDITOR'S REPORT

To the Members,
Northern Shuswap Treaty Society,

I have audited the Statement of Financial Position of Northern Shuswap Treaty Society as at March 31, 2009 and the Statements of Changes in Net Assets and Financial Activities for the year then ended. These financial statements are the responsibility of the Society's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian 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.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Northern Shuswap Treaty Society as at March 31, 2009 and the results of its operations for the year then ended in accordance with the accounting principles outlined in note 2.

R. E. Rasmussen

Quesnel, B.C.
May 26, 2009

Chartered Accountant



NORTHERN SHUSWAP TREATY SOCIETY

2.

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2009

	<u>2009</u>	<u>2008</u>
ASSETS		
CURRENT		
Cash	\$ 289,556	\$ 129,813
Accounts receivable	<u>51,758</u>	<u>26,661</u>
	341,314	156,474
DUE FROM NORTHERN SHUSWAP TRIBAL COUNCIL	-	26,545
CAPITAL (note 3)	<u>19,670</u>	<u>25,990</u>
	\$ <u>360,984</u>	\$ <u>209,009</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 99,662	\$ 39,668
Due to Northern Shuswap Tribal Council	-	11,280
Deferred revenue	<u>-</u>	<u>26,545</u>
	99,662	77,493
LONG TERM DEBT (note 4)	<u>17,461,120</u>	<u>15,967,548</u>
	<u>17,560,782</u>	<u>16,045,041</u>
MEMBERS' EQUITY		
EQUITY IN CAPITAL ASSETS - page 3	19,670	25,990
DEFICIT - page 3	<u>(17,219,468)</u>	<u>(15,862,022)</u>
	<u>(17,199,798)</u>	<u>(15,836,032)</u>
	\$ <u>360,984</u>	\$ <u>209,009</u>

Approved on behalf of the Directors:


 Director

 Director

See accompanying notes.

NORTHERN SHUSWAP TREATY SOCIETY

STATEMENT OF CHANGES IN MEMBERS' EQUITY

FOR THE YEAR ENDED MARCH 31, 2009

	Balance Beginning \$	Revenue \$	Expenditure \$	Increase in Loan Payable \$	Change in Fund Balance \$	Balance End of Year \$
First Nation Negotiation Support Agreement	(15,862,022)	1,866,965	1,730,839	(1,493,572)	(1,357,446)	(17,219,468)
TRM - Economic Development Survey	-	49,275	49,275	-	-	-
New Relationship Trust	-	<u>7,592</u>	<u>7,592</u>	-	-	-
	<u>(15,862,022)</u>	<u>1,923,832</u>	<u>1,787,706</u>	<u>(1,493,572)</u>	<u>(1,357,446)</u>	<u>(17,219,468)</u>

See accompanying notes.

NORTHERN SHUSWAP TREATY SOCIETY

4.1

FIRST NATION NEGOTIATION SUPPORT AGREEMENT

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED MARCH 31, 2009

	2009 BUDGET	2009 ACTUAL	2008 ACTUAL
RECEIPTS			
Government of Canada - loan	\$ 1,404,480	\$ 1,493,572	\$ 1,404,480
British Columbia Treaty Society Commission	351,120	373,393	351,120
	<u>1,755,600</u>	<u>1,866,965</u>	<u>1,755,600</u>
EXPENDITURES			
Administration cost program recovery	87,495	84,840	87,494
Advertising	-	1,977	9,306
Bank charges and interest	-	-	1,879
Building occupancy	12,747	13,227	11,963
Consultants and contracts	123,511	10,276	125,357
Equipment purchases	-	944	-
Fee for service - communities	9,600	1,600	7,400
Honoraria	20,000	1,978	-
Meetings, workshops and training	22,000	49,932	9,949
Office and general	20,000	8,719	8,116
Professional fees	18,500	39,545	17,089
Rent	26,000	24,859	25,154
Technical support	-	4,447	-
Telephone	-	4,477	1,019
Transferred to NStQ communities - page 4.2	1,397,243	1,264,966	1,190,000
Travel - directors	10,945	4,665	9,069
Travel - staff	35,000	30,175	15,333
Urban regional coordinators	8,080	15,707	30,484
Vehicle rental and operating	7,300	6,928	6,318
Wages and benefits	253,888	161,577	166,888
	<u>2,052,309</u>	<u>1,730,839</u>	<u>1,722,818</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	(296,709)	136,126	32,782
INCREASE IN LOAN PAYABLE	<u>(1,404,480)</u>	<u>(1,493,572)</u>	<u>(1,404,480)</u>
CHANGES IN FUND BALANCES - to page 3	\$ <u>(1,701,189)</u>	\$ <u>(1,357,446)</u>	\$ <u>(1,371,698)</u>

See accompanying notes.

NORTHERN SHUSWAP TREATY SOCIETY

4.2

FIRST NATION NEGOTIATION SUPPORT AGREEMENT

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED MARCH 31, 2009

	2009 BUDGET	2009 ACTUAL	2008 ACTUAL
TRANSFERRED TO NSTQ COMMUNITIES			
Canim Lake Band	\$ 302,742	\$ 308,385	\$ 297,500
Canoe Creek Band	339,386	314,567	297,500
Soda Creek Band	406,968	325,969	297,500
Williams Lake Band	<u>348,147</u>	<u>316,045</u>	<u>297,500</u>
	<u>1,397,243</u>	<u>1,264,966</u>	<u>1,190,000</u>

See accompanying notes.

NORTHERN SHUSWAP TREATY SOCIETY

5.

TRM - ECONOMIC DEVELOPMENT SURVEY

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED MARCH 31, 2009

	2009 ACTUAL	2008 ACTUAL
RECEIPTS		
INAC	\$ 22,730	\$ 26,545
Deferred from prior year	26,545	-
Deferred to following year	-	(26,545)
	<u>49,275</u>	<u>-</u>
EXPENDITURES		
Consultants and contracts	32,734	-
Meetings, workshops and training	10,700	-
Office and general	5,019	-
Travel - staff	822	-
	<u>49,275</u>	<u>-</u>
CHANGES IN FUND BALANCE - to page 3	\$ <u>-</u>	\$ <u>-</u>

NORTHERN SHUSWAP TREATY SOCIETY

6.

NEW RELATIONSHIP TRUST

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED MARCH 31, 2009

		2009 ACTUAL		2008 ACTUAL
RECEIPTS				
Province of BC	\$	<u>7,592</u>	\$	<u>-</u>
EXPENDITURES				
Office and general		514		-
Travel - elders		1,448		-
Travel - staff		1,426		-
Wages and benefits		<u>4,204</u>		<u>-</u>
		<u>7,592</u>		<u>-</u>
CHANGES IN FUND BALANCES - to page 3	\$	<u>-</u>	\$	<u>-</u>

NORTHERN SHUSWAP TREATY SOCIETY

7.1

FIRST NATION NEGOTIATION SUPPORT AGREEMENT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

1. PURPOSE OF THE ORGANIZATION

The Society was incorporated under the Society Act of British Columbia. The Society participates in treaty negotiations, following the six stage Treaty Process with Canada and British Columbia, on behalf of the First Nations that are members of the Northern Shuswap Tribal Council.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

These financial statements account for transactions arising from the First Nation Negotiation Support Agreement of July 17, 2008 as amended by the Amendment of Funding Amounts of November 18, 2008 and have been prepared in accordance with Canadian accounting principles generally accepted for similar non-profit organizations.

b. Revenue Recognition

Contributions and loan funding amounts are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

c. Capital assets

Purchased capital assets are recorded in the Capital Asset Fund at cost. Amortization is provided on the declining balance basis at the following rates:

Office equipment	20%
Computer hardware	30%
Computer software	50%

d. Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NORTHERN SHUSWAP TREATY SOCIETY

7.2

FIRST NATION NEGOTIATION SUPPORT AGREEMENT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

3. CAPITAL ASSETS			<u>2009</u>	<u>2008</u>
	Cost	Accumulated Amortization	Net Book Value	
Office equipment	\$ 51,064	\$ 38,628	\$ 12,436	\$ 15,545
Computer equipment	88,897	81,858	7,039	10,056
Computer software	<u>3,016</u>	<u>2,821</u>	<u>195</u>	<u>389</u>
	\$ <u>142,977</u>	\$ <u>123,307</u>	\$ <u>19,670</u>	\$ <u>25,990</u>

4. LONG TERM DEBT

Northern Shuswap Treaty Society has signed promissory notes totaling \$17,461,120 as at March 31, 2009 (2008 - \$15,967,548) representing advances made by the Government of Canada for negotiations. Repayment of these loans is outlined in Sections 13.0 and 14.0 of the First Nation Negotiation Support Agreement.

5. STATEMENT OF CHANGES IN FINANCIAL POSITION

A statement of changes in financial position has not been included in these financial statements as in the opinion of management this statement would not disclose any additional information.

6. RELATED PARTY TRANSACTIONS

During the year the Northern Shuswap Treaty Society paid occupancy costs of \$24,859 (2008 - \$25,154) to Interior Native Development Corporation. As well the Society paid administration costs of \$84,840 (2008 - \$87,494), occupancy costs of \$13,227 (2008 - \$11,963) and vehicle operating costs of \$2,500 (2008 - \$2,500) to Northern Shuswap Tribal Council.

NORTHERN SHUSWAP TREATY SOCIETY

7.3

FIRST NATION NEGOTIATION SUPPORT AGREEMENT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Society's financial instruments consist of cash, accounts receivable, due from and to Northern Shuswap Tribal Council, accounts payable and accrued liabilities, and long term debt. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

AUDITOR'S REPORT ON COMPLIANCE WITH AN AGREEMENT

To the British Columbia Treaty Society Commissioners,

I have audited Northern Shuswap Treaty Society's compliance as at March 31, 2009 with the criteria established by provisions relating to financial obligations incurred by Northern Shuswap Treaty Society during the year ending March 31, 2009, preparing for and carrying out negotiations with Canada and British Columbia. These provisions are described in Sections 7.1, 7.2 and 8.1 of the First Nation Negotiation Support Agreement dated July 17, 2008 as amended by the Amendment of Funding Amounts dated November 18, 2008 with the British Columbia Treaty Society Commission and with Canada. Compliance with the criteria established by the provisions of the Agreement is the responsibility of the management of Northern Shuswap Treaty Society. My responsibility is to express an opinion on this compliance based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the Northern Shuswap Treaty Society complied with the criteria established by the provisions of the agreement referred to above. Such an audit includes examining on a test basis, evidence supporting compliance, evaluating the overall compliance with Sections 7.1, 7.2 and 8.1 of the agreement, and where applicable, assessing the accounting principles used and significant estimates made by management.

I confirm that expenditures were compared to the final budget approved by the Treaty Commission and no material variances were found.

In my opinion the Northern Shuswap Treaty Society is in compliance, in all material respects, with the criteria established by Sections 7.1, 7.2 and 8.1 of the Agreement as described in the attached Schedule.

R. E. Rasmussen

Quesnel, B.C.
May 26, 2009

Chartered Accountant

SCHEDULE TO THE AUDITOR'S REPORT ON COMPLIANCE WITH AN AGREEMENT
FOR THE YEAR ENDED MARCH 31, 2009

INTERPRETATION OF AGREEMENT FOR CRITERIA FOR COMPLIANCE

SECTION

7.0 FINANCIAL CONTROL

7.1 For the purpose of receiving funds under this Agreement, the First Nation Association will maintain an account at a Bank, Trust Company or Credit Union established and regulated under federal or provincial legislation and inform the Commission of the account particulars.

7.2 To support financial control of the funds received under this Agreement and the Expenditures, the First Nation Association will maintain separate records and procedures which conform to Canadian generally accepted accounting principles as set out in the Canadian Institute of Chartered Accountants Handbook.

8.0 EXPENDITURES BY FIRST NATION ASSOCIATION

8.1 Subject to Section 11.1, the First Nation Association will use the contribution payments and loan advances received under this Agreement only for Expenditures.

DEFINITIONS AS SET OUT IN THE FIRST NATION ASSOCIATION NEGOTIATION SUPPORT AGREEMENT

BUDGET

Means the budget for the fiscal year submitted by the First Nation Association and approved by the Commission that:

- (i) list the activities and the proposed expenditures to carry out the Workplan for the Fiscal Year,
- (ii) shows the estimated cash flow projection of the First Nation Association for the Fiscal Year and,
- (iii) is consistent with the amount of loan and contribution funding that a First Nation Association chooses to receive for the Fiscal Year.

EXPENDITURES

Means the expenditures generally described in the Budget that are reasonably and properly incurred by the First Nation Association in order for the First Nation to carry out the activities described in the Workplan.

STAGE

Means one of the stages of the Treaty process.

TREATY PROCESS

Means the process for the negotiation of treaties between Canada, British Columbia and First Nations facilitated by the Commission.

WORKPLAN

Means the work-plan for the Fiscal Year describing activities by stage submitted by the First Nation to, and reviewed by, the Commission, and includes any revisions to the work-plan reviewed by the Commission.