KANAKA BAR INDIAN BAND

FINANCIAL STATEMENTS

Year Ended March 31, 2006

TERESA I. VAUGEOIS, C.G.A.*
*denotes professional corporation

KANAKA BAR INDIAN BAND
FINANCIAL STATEMENTS
Year Ended March 31, 2006

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Management's Responsibility for Financial Reporting

The accompanying financial statements of the Kanaka Bar Indian Band and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council.

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Kanaka Bar Indian Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Kanaka Bar Indian Band's assets are appropriately accounted for and adequately safeguarded.

The Kanaka Bar Indian Band Council is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Council carries out this responsibility principally through a quorum of council.

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditor's report. The Council approves the financial statements for issuance to the Members. The Council also considers and approves the engagement of the external auditors.

The financial statements have been audited by Teresa I. Vaugeois, C.G.A. in accordance with Canadian generally accepted auditing standards on behalf of the members. Teresa I. Vaugeois, C.G.A. has full and free access to the Council.

__________________________ Chief

__________________________ Councillor

TERESA I. VAUGEOIS, C.G.A.*

Certified General Accountant

To the Members
Kanaka Bar Indian Band

AUDITOR'S REPORT

I have audited the Summary Statement of Financial Position of Kanaka Bar Indian Band as at March 31, 2006, the Summary Statement of Revenues and Expenditures and Changes in Cash Flows for the year then ended. These financial statements are the responsibility of the First Nation'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.

Complete information regarding social assistance expenditures was not available. As a result, I have been unable to obtain sufficient audit evidence to form an opinion on the Social Assistance program.

In my opinion, except for the failure to provide complete social assistance information as described in the preceding paragraph, and except for adjustments, if any, which I may have determined to be necessary had I been able to obtain sufficient information regarding these matters, these financial statements present fairly, in all material respects, the financial position of the Kanaka Bar Indian Band as at March 31, 2006, and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Teresa I Vaugeois, C.G.A.

CERTIFIED GENERAL ACCOUNTANT

Chilliwack, BC
November 7, 2006

5264 Rockwood Place,
Chilliwack, BC V2R 5M9
Phone: 604-824-2012
Fax: 604-824-2015

*denotes professional corporation

KANAKA BAR INDIAN BAND
SUMMARY STATEMENT OF FINANCIAL POSITION
March 31, 2006

	2006	(Restated) 2005
ASSETS		
CURRENT ASSETS		
Cash and marketable securities (Note 2)	$ 234,424	$ 380,350
Accounts receivable	181,056	67,789
CMHC Subsidy receivable	2,325	2,500
Rents receivable	53,255	39,199
Property taxes receivable	23,408	11,137
Prepaid expenses	5,754	6,323
Inventory	2,174	2,690
Member loans (Note 3)	56,560	36,947
Due from related parties (Note 4)	-	22,351
	558,956	569,286
RESTRICTED RESERVES		
Replacement reserve (Note 5)	9	-
FUNDS HELD IN TRUST (Note 8)	596	100,000
INVESTMENTS (Note 6)	11,221	11,221
OTTAWA TRUST FUNDS	149,700	142,981
CAPITAL ASSETS (Notes 1 & 7)	1,263,589	1,406,657
	$ 1,984,071	$ 2,230,145
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 9)	$ 306,479	$ 126,782
Wages payable	2,100	-
Due to related parties (Note 4)	25,875	-
Current portion of long-term debt (Note 10)	63,474	58,982
	397,928	185,764
DEFERRED REVENUE (Note 12)	354,795	374,208
LONG-TERM DEBT (Note 10)	381,969	447,980
	1,134,692	1,007,952
FUNDED RESERVES		
REPLACEMENT RESERVE (Note 5)	141,192	127,938
EQUITY		
EQUITY - INVESTMENTS	11,220	11,220
EQUITY - OTTAWA TRUST FUNDS	149,700	142,981
EQUITY - CAPITAL ASSETS	818,146	899,695
EQUITY - ENTERPRISE FUND	(34,283)	(11,263)
EQUITY - OPERATIONS FUND	(236,596)	51,622
	708,187	1,094,255
	$ 1,984,071	$ 2,230,145
		(Note 1 & 13)

APPROVED BY:

____________________ ____________________

The accompanying notes are an integral part of these financial statements.

KANAKA BAR INDIAN BAND
SUMMARY STATEMENT OF REVENUE AND EXPENDITURE
Year Ended March 31, 2006

	2006	(Restated) 2005
REVENUE		
Indian and Northern Affairs Canada	$ 455,744	$ 477,633
Indian and Northern Affairs Canada - recoveries	(34,371)	(23,219)
Deferred revenue, net	19,413	-
Enterprise fund - fees	197,286	-
Rental	72,171	66,987
Innergex II Inc.	36,625	956,919
CMHC Subsidy	27,902	29,997
Taxation	27,336	26,113
B.C. Hydro	24,889	14,184
Tobacco sales	14,867	14,186
Fraser Thompson Indian Services Society	13,500	-
First Nations Education and Steering Committee	12,258	13,381
Nlaka'pamux Nation Tribal Council	6,000	-
Interest	9,683	6,887
Travel - reimbursed	5,816	-
Skuppah Indian Band	4,737	-
Work Opportunity	4,409	4,406
School District 74	4,369	5,417
Administration fees	3,699	16,595
Donations	2,000	2,330
Maintenance fee	600	793
Interior Salish Employment and Training Society	-	27,358
Community Futures	-	50,000
Other income	1,779	5,393
	910,712	1,695,360
EXPENDITURE		
Administration	227,718	422,140
Social Assistance	112,063	109,737
Education	158,075	144,723
Maintenance	84,309	67,664
Community Infrastructure	18,305	-
Economic Development	11,118	10,452
Indian Registry Administration	1,403	1,410
Rural Rehabilitation Assistance	9,113	5,435
Kwoiek Creek Hydro Project	199,353	835,831
Employment programs	24,778	-
Enterprise fund	220,306	1,257
Property Taxation	33,672	16,920
Non-Profit Housing	102,324	102,287
Health Disengagement	-	18,259
New On Reserve Housing Approach	19,413	5,000
Capital Projects	-	-
	1,221,950	1,741,115
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	$ (311,238)	$ (45,755)

The accompanying notes are an integral part of these financial statements.

KANAKA BAR INDIAN BAND
SUMMARY STATEMENT OF CASH FLOWS
March 31, 2006

	2006	(Restated) 2005
OPERATING ACTIVITIES		
Excess of revenue over expenditure	$ (311,238)	$ (45,755)
Adjustment for Capital and Investment Transactions included in operations:		
Proceeds on long-term debt	-	(75,211)
Principal repayments on long-term debt	61,519	44,595
Net purchase (disposal) of capital assets	4,338	115,048
Change in:		
Accounts receivable	(113,267)	(35,539)
Other receivables	(26,152)	(29,960)
Prepaid expenses	569	(148)
Inventory	516	(1,157)
Member loans	(19,613)	(12,018)
Funds held in trust	99,404	(92,674)
Accounts payable	179,697	60,392
Wages payable	2,100	-
Deferred revenue	(19,413)	85,819
	(141,540)	13,392
FINANCING ACTIVITIES		
Advances (to) from related parties	48,226	182,904
Changes in funded reserves	13,245	12,486
Increase (Reduction) in long-term debt	(61,519)	30,616
	(48)	226,006
INVESTING ACTIVITIES		
Purchase of capital assets	(4,338)	(115,048)
CHANGE IN CASH DURING YEAR	(145,926)	124,350
CASH, beginning of year	380,350	256,000
CASH, end of year	$ 234,424	$ 380,350
CONSISTING OF:		
Cash and marketable securities	$ 234,424	$ 380,350

The accompanying notes are an integral part of these financial statements.

KANAKA BAR INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
March 31, 2006

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Presentation
It is Kanaka Bar Indian Band's policy to follow accounting principles generally accepted for First Nations in Canada and to apply such principles consistently. These summary financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities, as defined in the CICA Public Sector Accounting and Auditing Handbook, which encompasses the following principles:

b) Fund Accounting
The Kanaka Bar Indian Band uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the Summary Financial Statements. The Kanaka Bar Indian Band maintains the following funds:

The Capital Fund which reports the assets of the First Nation, together with their related financing.

The Ottawa Trust Fund which reports on the funds owned by Kanaka Bar Indian Band and held in trust by Her Majesty, the Queen through Indian and Northern Affairs Canada.

The Enterprise Fund which reports the Band's investments in related entities.

The Operations Fund which reports the general activities of the Kanaka Bar Indian Band administration.

c) Reporting Entity and Principles of Financial Reporting
The Kanaka Bar Indian Band reporting entity include the Kanaka Bar Indian Band government and all related entities which use accounting principles which lend themselves to consolidation:

Kanaka Bar Indian Band Government Administration
Kanaka Bar Indian Band Capital Fund
Kanaka Bar Indian Band Trusts Fund
Kanaka Bar Indian Band Enterprise Fund

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessarily been eliminated on the individual schedules.

d) Capital Assets
Capital Assets are valued at acquisition cost and recorded in the Capital Fund.
The acquisition costs of capital assets and payments on capital debt, which are not funded from capital financing sources, are charged to operations and matched with the applicable revenue source in the year of expenditure. This expenditure is also recorded as an addition to assets of the Capital Fund with a corresponding increase in Equity in Capital Assets.

KANAKA BAR INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
March 31, 2006

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Amortization

Housing assets acquired under C.M.H.C. sponsored housing programs are amortized at a rate equivalent to the annual principal reduction in related long-term debt, as required for C.M.H.C. reporting purposes. Amortization for other capital assets is provided annually at rates calculated to write off the assets over their estimated useful lives as follows, except in the year of acquisition when no amortization is taken.

Domestic water system	15 years	straightline
Equipment	5 years	straightline
Computer equipment	5 years	straightline
Software	5 years	straightline
Automotive	5 years	straightline
Buildings	20 years	straightline
Ice Rink	5 years	straightline

f) Enterprise Fund

The Enterprise Fund is comprised of the activities of one incorporated entity, which is owned 100% by Kanaka Bar Indian Band. The shares are held in trust for the members, by the Chief of the Kanaka Bar Indian Band.
The Enterprise Fund balances are for the year ended March 31, 2006 and have been reviewed, but not audited. The incorporated entity is Kwoiek Creek Resources Inc.

g) Restated Balances

The comparative figures shown on the financial statements have been restated to present additional evidence found in the Local Education Agreement program relating to the prior year.

2. CASH AND MARKETABLE SECURITIES

Operating cash includes term deposits totalling $5,486 (2005 - $5,443) with maturity dates ranging from April 12, 2006 to March 30, 2007 and with varying rates of interest.

3. MEMBER LOANS

Loans to band members do not bear interest and do not have fixed terms of repayment.

KANAKA BAR INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
March 31, 2006

4. DUE FROM RELATED PARTIES

The Kanaka Bar Indian Band shares office space and employees with the Skuppah Indian Band. During the year, Skuppah Indian Band administered payroll and charged rent and administrative costs to Kanaka Bar Indian Band.

Balances from (to) are as follows:

	2006	2005
Fraser Canyon Tribal Health Services	$ 6,173	$ 40,816
Skuppah Indian Band	(32,048)	(18,465)
	$ (25,875)	$ 22,351

Advances are comprised of short term advances which are unsecured, non-interest bearing and are due on demand.

5. REPLACEMENT RESERVE

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of $14,164 annually.
These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by C.M.H.C. Withdrawals are credited to interest first and then principal. At year end, the funds in the reserve consisted of the following:

2006	2005
$ 9	$ -

The replacement reserve account is underfunded by $ 141,183 as at March 31, 2006.

6. INVESTMENTS

	2006	2005
All Nations Trust Company	$ 11,220	$ 11,220
Kwoiek Creek Resources Inc.	1	1
	$ 11,221	$ 11,221

KANAKA BAR INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
March 31, 2006

7. CAPITAL ASSETS

	2006 Cost	2006 Accumulated Amortization	2006 Net Book Value	2005 Net Book Value
Land	$ 21,353	$ -	$ 21,353	$ 21,353
Domestic water system	818,440	661,344	157,096	207,388
Equipment	48,361	41,183	7,178	7,800
Computer equipment	23,360	12,600	10,760	12,600
Software	5,000	3,000	2,000	3,000
Automotive	237,041	96,125	140,916	180,484
Buildings	6,722	2,017	4,705	5,042
Ice Rink	7,518	6,014	1,504	3,007
	1,167,795	822,283	345,512	440,674
Non-Profit Housing				
Land and buildings	1,298,583	380,506	918,077	965,983
	$ 2,466,378	$ 1,202,789	$ 1,263,589	$ 1,406,657

8. FUNDS HELD IN TRUST

Funds held in trust consist of amounts held by McDonald and Company on behalf of Kanaka Bar Indian Band for the Kwoiek Creek Hydro-electric Project.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2006	2005
Operating Fund	$ 162,967	$ 113,307
Enterprise Fund	143,512	700
	$ 306,479	$ 114,007

KANAKA BAR INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
March 31, 2006

10. LONG-TERM DEBT

	2006	2005
Phase I - All Nations Trust Company, mortgage payments of $1,925 per month, including interest at 4.7% per annum; due March 1, 2008.	$ 77,729	$ 96,723
Phase II - All Nations Trust Company, mortgage payments of $2,400 per month, including interest at 4.25% per annum; due April 1, 2010.	148,720	171,525
Phase III - All Nations Trust Company, mortgage payments of $1,141 per month, including interest at 4.70% per annum; due March 1, 2008.	159,597	165,704
GMAC finance agreement, payments of $1,430 per month, including interest at 5.3% per annum; due February 12, 2010.	59,397	73,010
	445,443	506,962
Deduct: Principal due within one year	63,474	58,982
	$ 381,969	$ 447,980

All mortgages are secured by ministerial guarantee of
the Minister of Indian and Northern Affairs Canada
The GMAC loan is secured by the 2005 GMC Sand Truck.

The aggregate amount of principal payments required in each of the next five years on the above indebtedness is as follows:

2007	$ 63,474
2008	64,730
2009	67,880
2010	60,666
2011	32,950
thereafter	155,743
	$ 445,443

KANAKA BAR INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
March 31, 2006

11. ECONOMIC DEPENDENCE

The Kanaka Bar Indian Band receives a substantial portion of its revenues pursuant to a funding arrangement with Indian and Northern Affairs Canada.

12. DEFERRED REVENUE

Deferred revenue consists of funds committed to the completion of various capital projects in the amount of $374,208 (2005 - $374,208).
These funds are appropriated (committed) to these projects and are unavailable for transfer to other programs.

	2006	2005
IR#1 Water Treatment Plant Construction (CPMS 2131)	$ 263,817	$ 263,817
Watermain Replacement (CPMS 3551)	14,658	14,658
Capital - Community Centre (CPMS 4825)	9,399	9,399
Highway Access Feasibility Study (CPMS 4502)	515	515
New on Reserve Housing Approach (CPMS 7451)	66,406	85,819
	$ 354,795	$ 374,208

13. RESTATED SURPLUS

Opening surplus (deficit) accounts have been restated to reflect the following:

	Balance March 31/05	Increase (Decrease)	Restated Balance March 31/05
Accounts payable	$ 114,007	$ 12,775	$ 126,782
Education - Local Education Agreement	14,284	(12,775)	1,509

KANAKA BAR INDIAN BAND
CAPITAL FUND
March 31, 2006

STATEMENT OF FINANCIAL POSITION

	2006	2005
ASSETS		
CAPITAL ASSETS (Notes 1 & 7)	$ 1,263,589	$ 1,406,657
LIABILITIES		
CURRENT LIABILITIES		
Current portion of long-term debt (Note 10)	$ 63,474	$ 58,982
LONG-TERM DEBT (Note 10)	381,969	447,980
	445,443	506,962
EQUITY		
EQUITY IN CAPITAL ASSETS	818,146	899,695
	$ 1,263,589	$ 1,406,657

STATEMENT OF CHANGES IN EQUITY

	2006	2005
BALANCE, beginning of year	$ 899,695	$ 942,689
ADDITIONS		
Principal repayments on long-term debt	61,519	44,595
Assets purchased by the Operating Fund	4,338	115,048
	65,857	159,643
DEDUCTIONS		
Proceeds on long-term debt	-	75,211
Amortization	147,406	127,426
	147,406	202,637
BALANCE, end of year	$ 818,146	$ 899,695

The accompanying notes are an integral part of these financial statements.

KANAKA BAR INDIAN BAND
OTTAWA TRUST FUND
March 31, 2006

	2006	2005

STATEMENT OF FINANCIAL POSITION

ASSETS

	2006	2005
OTTAWA TRUST FUNDS		
Revenue	$ 139,626	$ 132,907
Capital	10,074	10,074
	$ 149,700	$ 142,981

LIABILITIES AND BAND EQUITY

	2006	2005
EQUITY IN OTTAWA TRUST FUNDS	$ 149,700	$ 142,981

STATEMENT OF CHANGES IN EQUITY

	2006			2005
	Revenue Fund	Capital Fund	Total	Total
BALANCE, beginning of year	$ 132,907	$ 10,074	$ 142,981	$ 132,583
		-		
ADDITIONS:				
Interest	6,200	-	6,200	6,756
Canadian Pacific	-	-	-	3,109
B.C. Special distribution	519	-	519	533
	6,719	-	6,719	10,398
BALANCE, end of year	$ 139,626	$ 10,074	$ 149,700	$ 142,981

The accompanying notes are an integral part of these financial statements.

KANAKA BAR INDIAN BAND
ENTERPRISE FUND
March 31, 2006

STATEMENT OF FINANCIAL POSITION

	2006	2005
ASSETS		
CURRENT ASSETS		
Cash	$ 665	$ 307
Accounts receivable	135,000	-
	$ 135,665	$ 307
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 143,512	$ 700
Due to related party	26,436	10,870
	169,948	11,570
EQUITY		
SHARE CAPITAL	1	1
RETAINED EARNINGS	(34,284)	(11,264)
	(34,283)	(11,263)
	$ 135,665	$ 307

STATEMENT OF INCOME AND RETAINED EARNINGS

	2006	2005
REVENUE	$ 197,286	$ -
EXPENSES	220,306	1,257
NET INCOME (LOSS) FOR PERIOD	(23,020)	(1,257)
(DEFICIT) RETAINED EARNINGS, beginning of year	(11,264)	(10,007)
(DEFICIT) RETAINED EARNINGS, end of year	$ (34,284)	$ (11,264)

The accompanying notes are an integral part of these financial statements.

KANAKA BAR INDIAN BAND
OPERATIONS FUND
March 31, 2006

STATEMENT OF FINANCIAL POSITION

ASSETS

	2006	2005
CURRENT ASSETS		
Cash and marketable securities (Note 2)	$ 233,759	$ 380,043
Accounts receivable	46,056	67,789
CMHC Subsidy receivable	2,325	2,500
Rent receivable	53,255	39,199
Property taxes receivable	23,408	11,137
Prepaid expenses	5,754	6,323
Inventory	2,174	2,690
Member loans	56,560	36,947
Due from related parties	561	33,221
	423,852	579,849
RESTRICTED RESERVES		
Replacement reserve (Note 5)	9	-
FUNDS HELD IN TRUST	596	100,000
INVESTMENTS (Note 6)	11,221	11,221
	$ 435,678	$ 691,070

LIABILITIES

	2006	2005
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 9)	$ 162,967	$ 126,082
Wages payable	2,100	-
	165,067	126,082
DEFERRED REVENUE (Note 12)	354,795	374,208
FUNDED RESERVES		
REPLACEMENT RESERVE (Note 5)	141,192	127,938
MEMBERS' EQUITY		
EQUITY - INVESTMENTS	11,220	11,220
EQUITY - OPERATIONS	(236,596)	51,622
	$ 435,678	$ 691,070

The accompanying notes are an integral part of these financial statements.

KANAKA BAR INDIAN BAND
OPERATIONS FUND
STATEMENT OF REVENUE, EXPENDITURE, AND UNEXPENDED SURPLUS BY PROGRAM
Year Ended March 31, 2006

Program	Page	Revenue I.N.A.C.	Revenue Other	Revenue Total	Expenditure	Current Year Excess (Shortfall)	(Restated) Surplus (Deficit) Mar 31/05	Program Transfers	Surplus (Deficit) Mar 31/06
Band Revenue	17	130,962	45,516	176,478	227,718	(51,240)	(433,403)	(21,626)	(506,269)
Social Assistance	18	120,004	(15,087)	104,917	112,063	(7,146)	(13,951)	-	(21,097)
Education									
- Local Education Agreement	19	47,466	(14,284)	33,182	47,466	(14,284)	1,509	-	(12,775)
- Elementary/Secondary	20	16,800	-	16,800	19,990	(3,190)	34,921	-	31,731
- Post Secondary	21	80,124	-	80,124	80,493	(369)	240,811	-	240,442
Maintenance Building Site Design	22	-	-	-	12,305	(12,305)	-	-	(12,305)
Climate Change	22	6,000	-	6,000	6,000	-	-	-	-
Maintenance	23	42,641	-	42,641	84,309	(41,668)	29,825	-	(11,843)
Economic Development	24	10,344	-	10,344	11,118	(774)	9,721	-	8,947
Indian Registry	25	1,403	-	1,403	1,403	-	-	-	-
Recreation	25	-	-	-	-	-	(2,482)	-	(2,482)
Kwoiek Creek Hydro Project	26	-	36,625	36,625	199,353	(162,728)	61,136	-	(101,592)
Property Taxation	27	-	57,164	57,164	33,672	23,492	146,585	-	170,077
Capital - CMHC Housing	28	-	-	-	-	-	(22,745)	22,745	-
IR#1 Water Treatment Plant Construction(CPMS #2131)	28	-	-	-	-	-	-	-	-
IR#1 Subdivision Extension Feasibility (CPMS #2785)	29	-	-	-	-	-	(12,844)	-	(12,844)
Watermain Replacement (CPMS #3551)	29	-	-	-	-	-	-	-	-
Capital - Community Centre (CPMS #4825)	30	-	-	-	-	-	-	-	-
Highway Access Feasibility Study (CPMS #4502)	30	-	-	-	-	-	-	-	-
Capital Projects	31	-	-	-	-	-	1,119	(1,119)	-
Health Disengagement	31	-	-	-	-	-	57,821	-	57,821
Community Garden	32	-	24,778	24,778	24,778	-	-	-	-
New Paths	32	-	10,126	10,126	10,126	-	-	-	-
Rural Rehabilitation Assistance	33	-	-	-	9,113	(9,113)	-	-	(9,113)
New On Reserve Housing	33	-	19,413	19,413	19,413	-	-	-	-
Non-Profit Housing	34	-	93,431	93,431	102,324	(8,893)	(46,401)	-	(55,294)
		$ 455,744	$ 257,682	$ 713,426	$ 1,001,644	$ (288,218)	$ 51,622	$ -	$ (236,596)
							(Note 1 & 13)		

The accompanying notes are an integral part of these financial statements.

TERESA I. VAUGEOIS, C.G.A.*
*denotes professional corporation

KANAKA BAR INDIAN BAND
OPERATIONS FUND
SCHEDULE OF PROGRAM OPERATIONS
Year Ended March 31, 2006

BAND REVENUE

	2006	BUDGET	2005
REVENUE			
Indian and Northern Affairs Canada			
Band Support Funding (1115)	$ 130,962	$ 93,622	$ 121,752
Capacity Development	-	-	5,000
Prior year recovery	(5,000)	-	-
Tobacco sales	14,867	15,000	14,186
Rental Income	6,900	2,400	8,060
Nlaka'pamux Nation Tribal Council	6,000	6,000	-
Travel Re-imbursed	5,816	-	-
Interest Income	4,486	2,400	3,747
School District #74	4,369	5,000	-
Administration fees	3,699	-	16,595
Donations	2,000	2,000	2,330
Maintenance fee	600	-	793
Interior Salish Employment and Training Society	-	-	27,358
First Nations Education Steering Committee	-	-	17,733
Work Opportunity	-	-	4,406
Other	1,779	700	5,393
	176,478	127,122	227,353
EXPENDITURE			
Administration fees	21,600	-	67,000
Audit	10,000	5,000	9,641
Bank charges and interest	1,151	500	1,290
Capital acquisitions	4,178	-	-
Donations	-	1,000	446
Honoraria	13,025	7,600	6,950
Indian Management Development	-	-	18,219
Insurance	10,524	6,480	15,278
Janitorial	-	6,000	6,756
Legal fees	-	500	2,638
License, Dues and Fees	385	-	-
Maintenance and supplies	2,606	1,000	19,032
Meetings and retreat	-	300	357
New Paths	-	-	10,059
Office	659	1,200	9,748
Subcontract	22,959	3,600	4,730
Telecommunications	6,031	3,000	7,797
Tobacco purchases	15,211	15,000	13,017
Travel	15,762	7,000	25,207
Utilities	-	-	2,641
Vehicle operating	899	4,500	10,126
Wages and benefits	102,728	99,200	191,133
Workshops	-	-	75
	227,718	161,880	422,140
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	(51,240)	(34,758)	(194,787)
SURPLUS (DEFICIT), beginning of year	(433,403)	(433,403)	(260,173)
Transfer from Capital Projects	1,119	-	-
Transfer to Capital - CMHC Housing	(22,745)	-	-
Transfer from Property Taxation	-	-	21,557
SURPLUS (DEFICIT), end of year	$ (506,269)	$ (468,161)	$ (433,403)

The accompanying notes are an integral part of these financial statements.

KANAKA BAR INDIAN BAND
OPERATIONS FUND
SCHEDULE OF PROGRAM OPERATIONS
Year Ended March 31, 2006

SOCIAL ASSISTANCE

	2006	BUDGET	2005
REVENUE			
Indian and Northern Affairs Canada			
Contribution:			
Basic Needs (2305)	$ 57,759	$ 66,268	$ 66,267
Special Needs (2320)	5,004	5,004	1,523
Child Out of Parental Home Allowance (2307)	1,223	815	815
Adult In home Care (2395)	8,546	8,546	6,921
Social Assistance Employment and Training (2308)	3,220	1,369	5,474
National Child Benefit Reinvestment (2440)	18,227	4,922	19,686
Flexible:			
Service Delivery (2330)	21,740	20,915	21,375
Prevention Projects (2420)	2,777	694	2,777
In Home Care Service Delivery (2399)	1,508	1,508	1,532
Recoveries:	(15,087)	(15,087)	(23,219)
	104,917	94,954	103,151
EXPENDITURE			
Contribution:			
Basic Needs	54,090	66,268	53,094
Special Needs	1,098	5,004	5,572
Child Out of Parental Home Allowance	3,061	815	543
Adult In Home Care	6,342	8,546	9,687
Social Assistance Employment and Training	3,220	1,369	2,070
National Child Benefit Reinvestment	18,227	4,922	19,704
Flexible:			
Service Delivery	21,740	22,423	17,492
Prevention projects	2,777	694	1,575
In Home Care Service Delivery	1,508	1,508	-
	112,063	111,549	109,737
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	(7,146)	(16,595)	(6,586)
SURPLUS (DEFICIT), beginning of year	(13,951)	(13,951)	(7,365)
SURPLUS (DEFICIT), end of year	$ (21,097)	$ (30,546)	$ (13,951)

The accompanying notes are an integral part of these financial statements.

KANAKA BAR INDIAN BAND
OPERATIONS FUND
SCHEDULE OF PROGRAM OPERATIONS
Year Ended March 31, 2006

EDUCATION - LOCAL EDUCATION AGREEMENT

	2006	BUDGET	(Restated) 2005
REVENUE			
Indian and Northern Affairs Canada (2127)	$ 47,466	$ 42,584	$ 55,395
Prior year recovery	(14,284)	-	-
	33,182	42,584	55,395
EXPENDITURE			
Tuition agreements	47,466	42,584	53,886
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	(14,284)	-	1,509
SURPLUS, beginning of year	1,509	1,509	-
SURPLUS (DEFICIT), end of year	$ (12,775)	$ 1,509	$ 1,509
			(Note 1 & 13)

The accompanying notes are an integral part of these financial statements.

KANAKA BAR INDIAN BAND
OPERATIONS FUND
SCHEDULE OF PROGRAM OPERATIONS
Year Ended March 31, 2006

EDUCATION - ELEMENTARY / SECONDARY

	2006	BUDGET	2005
REVENUE			
Indian and Northern Affairs Canada			
Ancillary Services (2126)	$ 5,280	$ 5,280	$ 6,160
Comprehensive Education Support Services (2141)	1,848	1,848	12,818
Guidance and Counselling (2139)	8,682	8,682	-
Financial Assistance Allowance (2138)	990	990	-
School District #74	-	-	1,065
	16,800	16,800	20,043
EXPENDITURE			
Graduation allowance	-	300	550
Insurance - school bus	2,006	-	-
Instructional supplies	2,425	750	2,375
School allowances	1,370	5,280	1,520
Travel	-	2,600	885
Wages and benefits	14,189	16,000	17,198
	19,990	24,930	22,528
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	(3,190)	(8,130)	(2,485)
SURPLUS, beginning of year	34,921	34,921	37,406
SURPLUS, end of year	$ 31,731	$ 26,791	$ 34,921

The accompanying notes are an integral part of these financial statements.

KANAKA BAR INDIAN BAND
OPERATIONS FUND
SCHEDULE OF PROGRAM OPERATIONS
Year Ended March 31, 2006

EDUCATION - POST SECONDARY

	2006	BUDGET	2005
REVENUE			
Indian and Northern Affairs Canada (2270)	$ 80,124	$ 80,124	$ 82,780
EXPENDITURE			
Incentive allowance	-	-	300
School allowances	57,060	40,000	46,660
Supplies	2,320	4,000	4,234
Travel	363	-	1,451
Tuition	20,750	20,000	15,664
	80,493	64,000	68,309
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	(369)	16,124	14,471
SURPLUS, beginning of year	240,811	240,811	226,340
SURPLUS, end of year	$ 240,442	$ 256,935	$ 240,811

The accompanying notes are an integral part of these financial statements.

KANAKA BAR INDIAN BAND
OPERATIONS FUND
SCHEDULE OF PROGRAM OPERATIONS
Year Ended March 31, 2006

MAINTENANCE BUILDING SITE DESIGN

	2006	BUDGET
REVENUE	$ -	$ -
EXPENDITURE		
Engineering fees	12,305	-
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	$ (12,305)	$ -

CLIMATE CHANGE

	2006	BUDGET
REVENUE		
Indian and Northern Affairs Canada (3130)	$ 6,000	$ -
EXPENDITURE		
Professional services	6,000	-
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	$ -	$ -

The accompanying notes are an integral part of these financial statements.

KANAKA BAR INDIAN BAND
OPERATIONS FUND
SCHEDULE OF PROGRAM OPERATIONS
Year Ended March 31, 2006

MAINTENANCE

	2006	BUDGET	2005
REVENUE			
Indian and Northern Affairs Canada (4211, 4267, 4269, 4273)	$ 42,641	$ 42,641	$ 41,315
EXPENDITURE			
Capital acquistions	-	-	17,859
Disposal	1,200	3,600	13,946
Fire protection	-	-	360
Insurance	-	5,500	-
License, Dues & Fees	5,499	-	-
Loan Payments - Vehicle	17,156	-	-
Maintenance	4,882	2,000	120
Roads and bridges	17,764	5,000	11,049
Sanitation system maintenance	-	200	11,452
Subcontract	1,193	-	-
Supplies	1,013	-	-
Tipping fees	-	3,700	-
Utilities	3,663	2,400	2,975
Vehicle operations	9,392	-	5,287
Wages and benefits	17,025	16,000	-
Water systems maintenance	5,522	4,000	4,616
	84,309	42,400	67,664
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	(41,668)	241	(26,349)
SURPLUS, beginning of year	29,825	29,825	56,174
SURPLUS (DEFICIT), end of year	$ (11,843)	$ 30,066	$ 29,825

The accompanying notes are an integral part of these financial statements.

KANAKA BAR INDIAN BAND
OPERATIONS FUND
SCHEDULE OF PROGRAM OPERATIONS
Year Ended March 31, 2006

ECONOMIC DEVELOPMENT

	2006	BUDGET	2005
REVENUE			
Indian and Northern Affairs Canada (4005)	$ 10,344	$ -	$ 10,452
EXPENDITURE			
Administration fees	-	-	10,123
Occupational skills training	893	-	329
Travel	359	-	-
Wages and benefits	9,866	-	-
	11,118	-	10,452
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	(774)	-	-
SURPLUS, beginning of year	9,721	9,721	9,721
SURPLUS, end of year	$ 8,947	$ 9,721	$ 9,721

KANAKA BAR INDIAN BAND
OPERATIONS FUND
SCHEDULE OF PROGRAM OPERATIONS
Year Ended March 31, 2006

INDIAN REGISTRY

	2006	BUDGET	2005
REVENUE			
Indian and Northern Affairs Canada (2022)	$ 1,403	$ 1,403	$ 1,410
EXPENDITURE			
Supplies	-	500	803
Wages and benefits	1,403	903	607
	1,403	1,403	1,410
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	$ -	$ -	$ -

RECREATION

	2006	BUDGET	2005
REVENUE	$ -	$ -	$ -
EXPENDITURE	-	-	-
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	-	-	-
SURPLUS (DEFICIT), beginning of year	(2,482)	(2,482)	(2,482)
SURPLUS (DEFICIT), end of year	$ (2,482)	$ (2,482)	$ (2,482)

The accompanying notes are an integral part of these financial statements.

KANAKA BAR INDIAN BAND
OPERATIONS FUND
SCHEDULE OF PROGRAM OPERATIONS
Year Ended March 31, 2006

KWOIEK CREEK HYDRO PROJECT

	2006	BUDGET	2005
REVENUE			
Innergex II Inc.	$ 36,625	$ -	$ 956,919
Community Futures	-	-	50,000
	36,625	-	1,006,919
EXPENDITURE			
Environmental Study	62,286	-	-
Honoraria	-	-	16,150
Hydrology Study	32,930	-	19,075
Settlement - Powerhouse	-	-	450,000
Professional fees	104,137	-	332,497
Travel	-	-	11,671
Workshops	-	-	6,438
	199,353	-	835,831
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	(162,728)	-	171,088
SURPLUS (DEFICIT), beginning of year	61,136	61,136	(109,952)
SURPLUS (DEFICIT), end of year	$ (101,592)	$ 61,136	$ 61,136

The accompanying notes are an integral part of these financial statements.

KANAKA BAR INDIAN BAND
OPERATIONS FUND
SCHEDULE OF PROGRAM OPERATIONS
Year Ended March 31, 2006

PROPERTY TAXATION

	2006	BUDGET	2005
REVENUE			
Taxation	$ 27,336	$ -	$ 26,113
B.C. Hydro	24,889	-	14,184
Interest	4,939	-	3,140
Other	-	-	-
	57,164	-	43,437
EXPENDITURE			
Bank charges and interest	125	-	32
Events	2,647	-	696
Honoraria	2,600	-	-
Land assessments	703	-	692
Legal fees	-	-	1,810
Materials and supplies	-	-	259
Dues and fees	400	-	-
Office	-	-	1,450
Travel	8,146	-	-
Wages and benefits	8,216	-	9,848
Workshops	10,835	-	2,133
	33,672	-	16,920
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	23,492	-	26,517
SURPLUS, beginning of year	146,585	146,585	141,625
Transfer to Band Revenue	-	-	(21,557)
SURPLUS, end of year	$ 170,077	$ 146,585	$ 146,585

The accompanying notes are an integral part of these financial statements.

KANAKA BAR INDIAN BAND
OPERATIONS FUND
SCHEDULE OF PROGRAM OPERATIONS
Year Ended March 31, 2006

CAPITAL - CMHC HOUSING

	2006	BUDGET	2005
REVENUE	$ -	$ -	$ -
EXPENDITURE	-	-	-
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	-	-	-
SURPLUS (DEFICIT), beginning of year	(22,745)	(22,745)	(22,745)
Transfer from Band Revenue	22,745	-	-
SURPLUS (DEFICIT), end of year	$ -	$ (22,745)	$ (22,745)

IR#1 WATER TREATMENT PLANT CONSTRUCTION (CPMS #2131)

	2006	BUDGET	2005
REVENUE			
Deferred revenue, beginning of year	$ 263,817	$ -	$ 263,817
Deferred revenue, end of year	(263,817)	-	(263,817)
	-	-	-
EXPENDITURE	-	-	-
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	$ -	$ -	$ -

The accompanying notes are an integral part of these financial statements.

KANAKA BAR INDIAN BAND
OPERATIONS FUND
SCHEDULE OF PROGRAM OPERATIONS
Year Ended March 31, 2006

IR#1 SUBDIVISION EXTENSION FEASIBILITY (CPMS #2785)

	2006	BUDGET	2005
REVENUE	$ -	$ -	$ -
EXPENDITURE	-	-	-
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	-	-	-
SURPLUS (DEFICIT), beginning of year	(12,844)	(12,844)	(12,844)
SURPLUS (DEFICIT), end of year	$ (12,844)	$ (12,844)	$ (12,844)

WATERMAIN REPLACEMENT (CPMS #3551)

	2006	BUDGET	2005
REVENUE			
Deferred revenue, beginning of year	$ 14,658	$ -	$ 14,658
Deferred revenue, end of year	(14,658)	-	(14,658)
	-	-	-
EXPENDITURE	-	-	-
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	$ -	$ -	$ -

The accompanying notes are an integral part of these financial statements.

KANAKA BAR INDIAN BAND
OPERATIONS FUND
SCHEDULE OF PROGRAM OPERATIONS
Year Ended March 31, 2006

CAPITAL - COMMUNITY CENTRE (CPMS #4825)

	2006	BUDGET	2005
REVENUE			
Deferred revenue, beginning of year	$ 9,399	$ -	$ 9,399
Deferred revenue, end of year	(9,399)	-	(9,399)
	-	-	-
EXPENDITURE	-	-	-
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	$ -	$ -	$ -

HIGHWAY ACCESS FEASIBILITY STUDY (CPMS #4502)

	2006	BUDGET	2005
REVENUE			
Deferred revenue, beginning of year	$ 515	$ -	$ 515
Deferred revenue, end of year	(515)	-	(515)
	-	-	-
EXPENDITURE			
Engineering fees	-	-	-
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	$ -	$ -	$ -

KANAKA BAR INDIAN BAND
OPERATIONS FUND
SCHEDULE OF PROGRAM OPERATIONS
Year Ended March 31, 2006

CAPITAL PROJECTS

	2006	BUDGET	2005
REVENUE	$ -	$ -	$ -
EXPENDITURE	-	-	-
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	-	-	-
SURPLUS, beginning of year	1,119	1,119	1,119
Transfer to Band Revenue	(1,119)	-	-
SURPLUS, end of year	$ -	$ 1,119	$ 1,119

HEALTH DISENGAGEMENT

	2006	BUDGET	2005
REVENUE	$ -	$ -	$ -
EXPENDITURE			
Contribution to Health Program	-	-	18,259
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	-	-	(18,259)
SURPLUS, beginning of year	57,821	57,821	76,080
SURPLUS, end of year	$ 57,821	$ 57,821	$ 57,821

The accompanying notes are an integral part of these financial statements.

KANAKA BAR INDIAN BAND
OPERATIONS FUND
SCHEDULE OF PROGRAM OPERATIONS
Year Ended March 31, 2006

COMMUNITY GARDENS

	2006	BUDGET
REVENUE		
Fraser Thompson Indian Services Society	$ 13,500	$ 30,000
Skuppah Indian Band	4,737	10,000
Work Opportunity	4,409	10,000
First Nations Education Steering Committee	2,132	2,000
	24,778	52,000
EXPENDITURE		
Contract Wages	21,734	50,000
Materials and supplies	3,044	2,000
	24,778	52,000
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	$ -	$ -

NEW PATHS

	2006	BUDGET
REVENUE		
First Nations Education Steering Committee	$ 10,126	$ 10,000
EXPENDITURE		
Materials and supplies	9,128	10,000
Travel	114	-
Wages and benefits	884	-
	10,126	10,000
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	$ -	$ -

The accompanying notes are an integral part of these financial statements.

KANAKA BAR INDIAN BAND
OPERATIONS FUND
SCHEDULE OF PROGRAM OPERATIONS
Year Ended March 31, 2006

RURAL REHABILITATION ASSISTANCE PROGRAM

	2006	BUDGET	2005
REVENUE	$ -	$ -	$ -
EXPENDITURE			
Renovations and repairs	9,113	-	5,435
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	(9,113)	-	(5,435)
SURPLUS (DEFICIT), beginning of year	-	-	(3,746)
Transfer from New on Reserve Housing Approach	-	-	9,181
SURPLUS (DEFICIT), end of year	$ (9,113)	$ -	$ -

NEW ON RESERVE HOUSING APPROACH

	2006	BUDGET	2005
REVENUE			
Indian and Northern Affairs Canada	$ -	$ -	$ 100,000
Deferred revenue, end of year	85,819	85,819	-
Deferred revenue, end of year	(66,406)	(50,000)	(85,819)
	19,413	35,819	14,181
EXPENDITURE			
Insurance	3,284	-	-
Renovations and repairs	16,129	35,819	-
Professional fees	-	-	5,000
	19,413	35,819	5,000
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	-	35,819	9,181
Transfer to Rehabilitation Program	-	-	9,181
SURPLUS, end of year	$ -	$ -	$ -

The accompanying notes are an integral part of these financial statements.

KANAKA BAR INDIAN BAND
OPERATIONS FUND
STATEMENT OF REVENUE, EXPENDITURE AND EQUITY
Year Ended March 31, 2006

NON-PROFIT HOUSING

	2006	BUDGET	2005
REVENUE			
Rental income	$ 65,271	$ 60,000	$ 58,927
C.M.H.C. subsidy	27,902	30,000	29,997
Interest	258	-	-
	93,431	90,000	88,924
EXPENDITURE			
Administration	6,473	6,473	6,473
Audit	2,000	2,000	2,000
Waste disposal	2,600	2,600	2,600
Insurance	9,251	9,000	8,456
Mortgage payments - principal	47,906	47,000	42,394
- interest	17,372	17,500	25,084
Repairs and maintenance	2,558	2,000	1,116
Contribution to replacement reserve	14,164	14,164	14,164
	102,324	100,737	102,287
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	(8,893)	(10,737)	(13,363)
OPERATING EQUITY (DEFICIT), beginning of year	(46,401)	(46,401)	(33,038)
OPERATING EQUITY (DEFICIT), end of year	$ (55,294)	$ (57,138)	$ (46,401)

The accompanying notes are an integral part of these financial statements.