

SOUTHERN CHIEFS' ORGANIZATION INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2006

SOUTHERN CHIEFS' ORGANIZATION INC.
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MARCH 31, 2006

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SOUTHERN CHIEFS' ORGANIZATION INC.
FINANCIAL STATEMENTS
MARCH 31, 2006

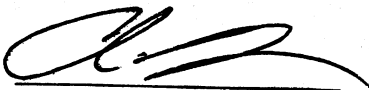
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements of Southern Chiefs' Organization Inc. and all the information in this annual report are the responsibility of management and have been approved by the Chiefs' Finance Committee of Southern Chiefs' Organization Inc.

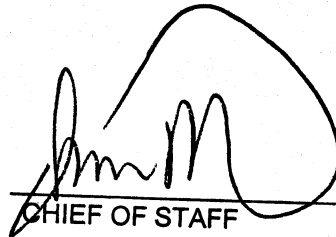
Management is responsible for the integrity and objectivity of the financial statements. Estimates are necessary in the preparation of these financial statements and, based on careful judgments, have been properly reflected. Management has established systems of internal control, which are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and to produce reliable accounting records for the preparation of financial information.

The Chiefs' Finance Committee is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The financial statements have been audited by Holukoff Chiarella in accordance with Canadian generally accepted auditing standards on behalf of the members. Holukoff Chiarella have full and free access to the Finance Committee.



GRAND CHIEF



CHIEF OF STAFF

Holukoff Chiarella

CHARTERED ACCOUNTANTS

EXHIBIT "A"

Wayne H. Chiarella, B.A., C.A.
Kevin Masse, B.Comm. (Hons), C.A.
(Practising as Kevin Masse Chartered Accountant Ltd.)
Sam Holukoff, C.A. (Retired 2005)

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AUDITORS' REPORT

To the Board of Directors
Southern Chiefs' Organization Inc.

We have audited the balance sheet of Southern Chiefs' Organization Inc. as at March 31, 2006 and the statements of changes in fund balance, revenue, expenditure and operating fund balance and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 our opinion these financial statements present fairly, in all material respects, the financial position of the Southern Chiefs' Organization Inc. as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



CHARTERED ACCOUNTANTS

WINNIPEG, MANITOBA
April 18, 2006

SOUTHERN CHIEFS' ORGANIZATION INC.
BALANCE SHEET
AS AT MARCH 31, 2006

ASSETS

	<u>2006</u>			<u>2005</u>
	<u>Capital</u>	<u>Operating</u>	<u>Total</u>	<u>Total</u>
CURRENT ASSETS				
Accounts receivable, Schedule 21	\$	160,538	160,538	260,020
CAPITAL ASSETS, Note 2	<u>149,877</u>	_____	<u>149,877</u>	<u>154,216</u>
	\$ <u>149,877</u>	<u>160,538</u>	<u>310,415</u>	<u>414,236</u>

LIABILITIES

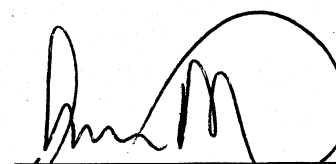
CURRENT LIABILITIES				
Bank indebtedness, Schedule 22 Note 3	\$	92,607	92,607	51,902
Accounts payable, Schedule 23		143,756	143,756	221,281
Deferred revenue, Schedule 24, Note 4		_____	_____	<u>134,103</u>
		<u>516</u>	<u>516</u>	
		<u>236,879</u>	<u>236,879</u>	<u>407,286</u>

FUND BALANCES

CAPITAL FUND, Exhibit "C"	\$	149,877	149,877	154,216
OPERATING FUND, Exhibit "C"		<u>149,877</u>	<u>(76,341)</u> <u>(76,341)</u>	<u>(147,266)</u> <u>6,950</u>
	\$	<u>149,877</u>	<u>160,538</u>	<u>310,415</u>
			<u>310,415</u>	<u>414,236</u>

APPROVED BY:


 GRAND CHIEF


 CHIEF OF STAFF

SOUTHERN CHIEFS' ORGANIZATION INC.
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2006

	<u>2006</u>			<u>2005</u>
	<u>Capital</u>	<u>Operating</u>	<u>Total</u>	<u>Total</u>
BALANCE AT BEGINNING OF YEAR	\$ 154,216	(147,266)	6,950	(9,924)
AMORTIZATION EXPENDITURE	(41,067)		(41,067)	(38,393)
PURCHASE OF CAPITAL ASSETS, Schedule 25	36,728		36,728	38,802
EXCESS REVENUE, Exhibit "D"	_____	<u>70,925</u>	<u>70,925</u>	<u>16,465</u>
BALANCE AT END OF YEAR	<u>\$ 149,877</u>	<u>(76,341)</u>	<u>73,536</u>	<u>6,950</u>

SOUTHERN CHIEFS' ORGANIZATION INC.
STATEMENT OF REVENUE, EXPENDITURE
AND OPERATING FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2006

	<u>2006</u>		<u>2005</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUE			
INAC	\$ 1,062,330	1,062,330	1,047,388
Assembly of Manitoba Chiefs	415,000	415,000	399,875
Health Canada	170,340	170,340	160,000
Manitoba Keewatinook Okimowin	364,036	364,036	332,426
Fisher River Cree Nation	15,000	15,000	
Province of Manitoba	203,700	203,700	251,302
CMHC Housing Project	25,000	25,000	12,500
Other, Schedule 24	<u>129,252</u>	<u>141,798</u>	<u>45,505</u>
	<u>2,384,658</u>	<u>2,397,204</u>	<u>2,248,996</u>
EXPENDITURE			
Administration	187,016	150,694	183,571
Consultation	647,746	647,746	697,747
CMHC Housing Project	25,000	25,000	12,500
Education/Special Projects	415,000	410,044	399,875
Province of Manitoba – Justice Program	122,946	122,946	151,056
Economic Development			89,090
Medical Services Branch	160,000	160,000	157,499
Aboriginal Autism Conference	10,340	10,340	
Fisher River Cree Nation – Justice Strategy	15,000	15,000	
Joint Gang Research Project	31,734	31,734	8,266
Province of Manitoba – Advocacy	70,000	70,000	70,000
Resource Assess Negotiators Program	35,902	35,902	38,298
Child and Family Services	332,302	323,073	323,359
Additions to Reserves			75,000
Communication			(3,976)
Native Women in Gangs	9,754	9,754	30,246
Water for Life Conference	82,618	82,618	
Water for Life – INAC	10,000	10,000	
Agricultural Initiative	71,428	71,428	
Land management	50,000	50,000	
Manitoba Commercial Inland Fishers Federation	<u>100,000</u>	<u>100,000</u>	
	<u>2,376,786</u>	<u>2,326,279</u>	<u>2,232,531</u>
EXCESS REVENUE	\$ <u>7,872</u>	70,925	16,465
FUND BALANCE AT BEGINNING OF YEAR		(147,266)	(163,731)
FUND BALANCE AT END OF YEAR	\$	(76,341)	(147,266)

EXHIBIT "E"

SOUTHERN CHIEFS' ORGANIZATION INC.
CASH FLOWS STATEMENT
FOR THE YEAR ENDED MARCH 31, 2006

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess revenue	\$ 70,925	16,465
Items not involving cash		
Amortization	41,067	38,393
Change in non-cash working capital balances		
Accounts receivable	99,482	(80,641)
Accounts payable	(77,525)	46,523
Deferred revenue	<u>(133,587)</u>	<u>11,229</u>
	<u>362</u>	<u>31,969</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to capital assets	(36,728)	(38,802)
Changes in capital fund balance	<u>(4,339)</u>	<u>409</u>
	<u>(41,067)</u>	<u>(38,393)</u>
NET CHANGE IN CASH POSITION	(40,705)	(6,424)
CASH POSITION AT BEGINNING OF YEAR	<u>(51,902)</u>	<u>(45,478)</u>
CASH POSITION AT END OF YEAR	\$ <u>(92,607)</u>	<u>(51,902)</u>

SOUTHERN CHIEFS' ORGANIZATION INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities, as defined in the CICA Public Section Accounting and Auditing Handbook, which encompass the following principles:

a) Nature of Business

The organization is a non-profit, non-taxable, non-share corporation incorporated under the Manitoba Corporations Act and is engaged in the social cultural, educational and economic development of First nations citizens of member First Nations.

Member First Nations:

Berens River First Nation	Birdtail Sioux First Nation
Bloodvein First Nation	Brokenhead Ojibway First Nation
Buffalo Point First Nation	Black River First Nation
Dakota Plains First Nation	Canupawakpa Dakota First Nation
Dauphin River First Nation	Dakota Tipi First Nation
Fisher River Cree Nation	Ebb & Flow First Nation
Hollow Water First Nation	Gamblers First Nation
Keeseekoowenin First Nation	Kinonjeoshtegon First Nation
Lake St. Martin First Nation	Lake Manitoba First Nation
Little Grand Rapids First Nation	Little Saskatchewan First Nation
Long Plain First Nation	O-Chi-Chak-Ko-Sipi First Nation
Pauingassi First Nation	Peguis First Nation
Pinaymootang First Nation	Pine Creek First Nation
Poplar River First Nation	Rolling River First Nation
Sagkeeng First Nation	Roseau River First Nation
Sandy Bay First Nation	Sioux Valley Dakota First Nation
Swan Lake First Nation	Skownan First Nation
Tootinawaziibeeng Treaty Reserve #292	Waywayseecappo First Nation

b) Revenue Recognition

The organization follows the deferral method of accounting for restricted revenue. Restricted revenue is recognized as revenue in the period in which the related resources are used for the purposes specified. Unrestricted revenue is recognized as revenue when received or receivable in the amount to be received can be reasonably estimated and collection is reasonably assured.

SOUTHERN CHIEFS' ORGANIZATION INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

c) Capital Assets

Capital assets are stated at cost less accumulated amortization. Cost is net of related government grants. The acquisition costs of capital assets and payments on capital which are not funded from capital financing sources are charged to operations and matched with the applicable revenue source in the year of the expenditure. Amortization based on the estimated useful life of the asset is calculated as follows:

Computers	15% straight-line basis
Furniture	10% straight-line basis
Fine art	10% straight-line basis
Leasehold improvements	10% straight-line basis

d) Financial Instruments

The organization's financial instruments consist of bank indebtedness, accounts receivable and accounts payable. Unless otherwise noted, it is management's opinion that the organization 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.

e) Reporting on Funds

Part of the organization's funds have been restricted as approved by the organization's management. Overhead recoveries and allocations between programs are recorded when approved by the Grand Chief and Chiefs' Finance Committee. The purpose of each fund is as follows:

Operating Fund – Reports the results of operations from normal operation activities.

Capital Fund – Reports the assets, liabilities, restricted revenues and expenses related to the organization's capital assets.

SOUTHERN CHIEFS' ORGANIZATION INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

2. CAPITAL ASSETS

	2006		2005	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computers	\$ 186,586	108,151	153,067	82,677
Furniture	53,962	33,258	50,753	28,022
Fine art	8,782	5,441	8,782	4,563
Leasehold improvements	<u>94,794</u>	<u>47,397</u>	<u>94,794</u>	<u>37,918</u>
	\$ 344,124	194,247	307,396	153,180
Net Book Value	\$ <u>149,877</u>		\$ <u>154,216</u>	

3. BANK INDEBTEDNESS

At March 31, 2006 the organization has an approved line of credit of \$ 150,000.

The line of credit bears interest at the rate of prime plus 2% for the initial \$ 50,000 borrowed, prime plus 3% for any additional amounts and is secured by the following:

General Security Agreement ("GSA") representing a first charge on all the borrower's assets and undertakings.

Re-direction of INAC funding for the organization to First Nations Bank of Canada

Borrowing Resolution authorizing borrowing executed by the corporation.

At March 31, 2006 the organization had unutilized credit capacity under the credit facility of approximately \$ 65,000.

4. DEFERRED REVENUE

Deferred revenue represents funding received or receivable under the terms of their respective funding arrangements for specified purposes and for which the related expenditures have not been incurred. Unspent funding or expenditures made which are not in accordance with the terms of the funding arrangements may constitute a debt to the funding authority upon review of the funding arrangement expenditures. Schedule 24 contains an analysis of deferred revenue.

SOUTHERN CHIEFS' ORGANIZATION INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

5. ECONOMIC DEPENDENCE

The organization is economically dependant on the Government of Canada and the Province of Manitoba. The organization is attempting to develop alternative sources of revenue in order to become self-sufficient.

6. COMMITMENTS

- a) The organization is currently leasing premises for its Winnipeg office that expires May 30, 2006. The current monthly rent is \$ 7,692.00 plus GST. As of June 1, 2006 the organization is relocating its Winnipeg office and has entered into a 10 year lease. The annual rent for the new premises is as follows:

June 1, 2006 – May 31, 2007	\$ 41,692
June 1, 2007 – May 31, 2008	43,082
June 1, 2008 – May 31, 2009	44,472
June 1, 2009 – May 31, 2010	45,862
June 1, 2010 – May 31, 2011	47,252
June 1, 2011 – May 31, 2012	48,641
June 1, 2012 – May 31, 2013	50,031
June 1, 2013 – May 31, 2014	51,421
June 1, 2014 – May 31, 2015	52,811
June 1, 2015 – May 31, 2016	54,200

The organization is also responsible for its proportionate share of common costs. The organization has an option to renew the lease for one additional term of five years at a rate yet to be renegotiated.

- b) The organization has entered into a lease for its Portage La Prairie office commencing April 1, 2006 and expiring March 31, 2011. The annual rent is \$ 8,523.

7. FUND BALANCE

A portion of this balance includes surpluses and/or deficits from funds contributed by government agencies. Such surpluses/deficits may be subject to repayment or recovery by the contributing agencies, depending on the terms and conditions of the relevant contribution arrangements.

SOUTHERN CHIEFS' ORGANIZATION INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

8. COMPARATIVE FIGURES

Some of the prior year's figures have been reclassified to conform with the presentation of the current period. Thus, the comparative figures for the year ended March 31, 2005 for expenditure were increased by a total of \$ 38,802 and a corresponding amount totaling \$ 38,802 reduced the transfers to the capital fund for the purchase of capital assets. The comparative information was reported on by another auditor. The budget figures are unaudited.

Holukoff Chiarella

CHARTERED ACCOUNTANTS

SCHEDULE 1

Wayne H. Chiarella, B.A., C.A.
Kevin Masse, B.Comm. (Hons), C.A.
(Practising as Kevin Masse Chartered Accountant Ltd.)
Sam Holukoff, C.A. (Retired 2005)

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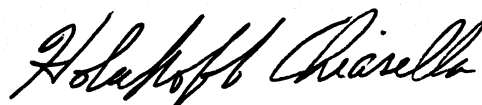
AUDITORS' COMMENTS ON SUPPLEMENTARY FINANCIAL INFORMATION

To the Board of Directors of
Southern Chiefs' Organization Inc.

We have audited, in accordance with Canadian generally accepted auditing standards, the financial statements of Southern Chiefs' Organization Inc. The audited financial statements of the organization as at March 31, 2006 are presented in the preceding section of this annual report.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the organization taken as a whole. The financial information presented hereinafter was derived from the accounting records and is presented for purposes of additional analysis in accordance with the Indian and Northern Affairs Canada Year End Reporting Handbook and is not a required part of the basic financial statements. Such information tested by us as part of the auditing procedures followed in our examination of the financial statements, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

This information is intended solely for the information of the Board of Directors and others who have previously received the financial statements of the organization as at and for the year ended March 31, 2006 and our opinion thereon, for use in evaluating those financial statements and should not be used for any other purpose.



CHARTERED ACCOUNTANTS

WINNIPEG, MANITOBA
April 18, 2006

SOUTHERN CHIEFS' ORGANIZATION INC.
SUMMARY STATEMENT OF REVENUE, EXPENDITURE AND FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2006

	Schedule	Revenue			Expenditure	Excess Revenue	Fund Balance At Beginning of Year	Fund Balance At End of Year
		INAC	Other	Total				
Administration	3	\$ 147,254	52,545	199,799	150,694	49,105	(140,772)	(91,667)
Consultation	4	647,746		647,746	647,746			
CMHC Housing	5		25,000	25,000	25,000			
Education								
/Special Projects	6		415,000	415,000	410,044	4,956		4,956
Province of Manitoba Justice Program								
/Devolution Fund	7		122,946	122,946	122,946			
First Nations Pavilion							(7,903)	(7,903)
SCO Fundraising							797	797
Medical Services Branch	8		160,000	160,000	160,000		(257)	(257)
Aboriginal Autism								
Conference	9		10,340	10,340	10,340			
Fisher River Cree Nation								
Justice Strategy	10		15,000	15,000	15,000			
Joint Gang Research								
Project	11		31,734	31,734	31,734			
Province of Manitoba								
Advocacy	12		70,000	70,000	70,000		869	869
Resource Access								
Negotiations	13	35,902		35,902	35,902			
Child & Family Services	14		332,302	332,302	323,073	9,229		9,229
Native Women in Gangs	15		9,754	9,754	9,754			
Water for Life								
Conference	16		90,253	90,253	82,618	7,635		7,635
Water for Life								
INAC	17	10,000		10,000	10,000			
Agricultural Initiative	18	71,428		71,428	71,428			
Land Management	19	50,000		50,000	50,000			
Manitoba Commercial Inland								
Fishers Federation	20	100,000		100,000	100,000			
		\$ 1,062,330	1,334,874	2,397,204	2,326,279	70,925	(147,266)	(76,341)

SOUTHERN CHIEFS' ORGANIZATION INC.
STATEMENT OF REVENUE AND EXPENDITURE
ADMINISTRATION
FOR THE YEAR ENDED MARCH 31, 2006

	<u>2006</u>		<u>2005</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUE			
INAC	\$ 147,254	147,254	147,253
Other	<u>39,999</u>	<u>52,545</u>	<u>45,505</u>
	<u>187,253</u>	<u>199,799</u>	<u>192,758</u>
EXPENDITURE			
Wages and benefits	85,600	84,806	105,357
Bad debts			5,101
Travel	15,000	16,412	9,753
Consulting			2,592
Office rent	109,416	109,606	58,104
Professional development	5,000	1,787	
Telephone	10,000	7,476	1,869
Fax	2,000	2,459	431
Cell phone	6,000	10,549	883
Photocopier		6,454	8,316
Equipment lease	23,000	16,145	
Postage		1,434	389
Furniture/art	5,000	2,719	300
Office supplies	25,000	16,837	8,053
Computers and software	30,000	38,547	19,404
Advertising and promotion	2,000	7,819	2,359
Fundraising		3,365	350
Insurance	2,000	3,165	675
Parking		1,560	
Bank charges	7,000	6,459	4,516
Meetings, functions and events	15,000	9,539	17,604
Miscellaneous	10,000	13,109	16,557
Audit and legal	10,000	16,648	17,198
Casual help	10,000	14,651	3,639
Training			3,465
Legal	5,000		13,000
Overhead recovery	<u>(190,000)</u>	<u>(240,852)</u>	<u>(121,303)</u>
	<u>187,016</u>	<u>150,694</u>	<u>178,612</u>
EXCESS REVENUE BEFORE TRANSFERS	237	49,105	14,146
TRANSFERS			
Transfers to various programs	—	—	<u>(4,959)</u>
EXCESS REVENUE	\$ <u>237</u>	<u>49,105</u>	<u>9,187</u>

SOUTHERN CHIEFS' ORGANIZATION INC.
STATEMENT OF REVENUE AND EXPENDITURE
CONSULTATION
FOR THE YEAR ENDED MARCH 31, 2006

	<u>2006</u>		<u>2005</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUE			
INAC	\$ <u>647,746</u>	<u>647,746</u>	<u>697,747</u>
EXPENDITURE			
Wages and benefits	351,568	373,621	335,586
Honorariums	30,000	15,026	39,774
Travel	72,487	73,805	124,634
Professional development	7,000	6,876	2,385
Cell phone	11,000	12,446	10,483
Advertising and communication	55,000	54,364	36,240
Parking	4,500	3,520	3,644
Meetings and functions	30,000	28,558	37,048
Elders/Community gifts	6,000	6,151	7,650
Legal	5,191	12,546	5,184
Consulting	10,000	12,456	28,603
Casual help	15,000	10,622	10,228
Overhead allocated	<u>50,000</u>	<u>37,755</u>	<u>56,288</u>
	<u>647,746</u>	<u>647,746</u>	<u>697,747</u>
EXCESS REVENUE	\$ _____	_____	_____

SOUTHERN CHIEFS' ORGANIZATION INC.
STATEMENT OF REVENUE AND EXPENDITURE
CMHC HOUSING PROJECT
FOR THE YEAR ENDED MARCH 31, 2006

	<u>2006</u>		2005
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUE			
CMHC	\$ <u>25,000</u>	<u>25,000</u>	<u>12,500</u>
EXPENDITURE			
Administration fee			625
Consulting	<u>25,000</u>	<u>25,000</u>	<u>11,875</u>
	<u>25,000</u>	<u>25,000</u>	<u>12,500</u>
EXCESS REVENUE	\$ _____	_____	_____

SOUTHERN CHIEFS' ORGANIZATION INC.
STATEMENT OF REVENUE AND EXPENDITURE
EDUCATION/SPECIAL PROJECTS
FOR THE YEAR ENDED MARCH 31, 2006

	<u>2006</u>		2005
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUE			
Assembly of Manitoba Chiefs	\$ 400,000	400,000	414,875
Deferred revenue, beginning of year	15,000	15,000	
Deferred revenue, end of year			<u>(15,000)</u>
	<u>415,000</u>	<u>415,000</u>	<u>399,875</u>
EXPENDITURE			
Wages and benefits	125,000	124,006	137,046
Honorariums	13,000	12,840	2,450
Travel	23,000	22,553	36,943
Professional development	10,000	9,718	
Cell phone	2,000	1,680	2,032
Office supplies	1,625	68	5,974
Advertising and promotion	300	258	1,170
Meetings, functions and events	11,000	10,850	7,160
Miscellaneous	150	150	3,726
Legal	6,500	6,250	
Consulting	500	450	222
Casual help	2,225	2,225	
Flow through MKO	158,700	158,700	156,000
Fax			355
Computer supplies			3,675
Office rent			18,750
Photocopier			3,856
Postage			900
Telephone			2,131
Training			2,488
Overhead allocated	<u>61,000</u>	<u>60,296</u>	<u>14,997</u>
	<u>415,000</u>	<u>410,044</u>	<u>399,875</u>
EXCESS REVENUE	\$ _____	<u>4,956</u>	_____

SOUTHERN CHIEFS' ORGANIZATION INC.
STATEMENT OF REVENUE AND EXPENDITURE
PROVINCE OF MANITOBA – JUSTICE PROGRAM/DEVOLUTION FUND
FOR THE YEAR ENDED MARCH 31, 2006

	<u>2006</u>		2005
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUE			
Province of Manitoba	\$ 112,100	112,100	107,100
Deferred at beginning of year	10,846	10,846	54,802
Deferred at end of year			<u>(10,846)</u>
	<u>122,946</u>	<u>122,946</u>	<u>151,056</u>
EXPENDITURE			
Wages and benefits	86,119	86,119	98,073
Honorariums	225	225	150
Travel	12,297	12,297	13,874
Professional development	1,416	1,416	
Meetings, functions and events	1,072	1,072	2,009
Audit	5,000	5,000	
Advertising and promotion			1,679
Cell phone			2,313
Computers and software			1,248
Consulting			3,376
Fax			406
Miscellaneous			1,662
Office rent			12,000
Office supplies			3,276
Photocopier			2,004
Postage			1,403
Telephone			1,915
Training			313
Overhead allocated	<u>16,817</u>	<u>16,817</u>	<u>5,355</u>
	<u>122,946</u>	<u>122,946</u>	<u>151,056</u>
EXCESS REVENUE	\$ _____	_____	_____

SOUTHERN CHIEFS' ORGANIZATION INC.
 STATEMENT OF REVENUE AND EXPENDITURE
 MEDICAL SERVICES BRANCH
 FOR THE YEAR ENDED MARCH 31, 2006

	<u>2006</u>		<u>2005</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUE			
Health Canada	\$ <u>160,000</u>	<u>160,000</u>	<u>160,000</u>
EXPENDITURE			
Wages and benefits	73,000	71,513	88,063
Honorariums	2,000	2,512	1,318
Travel	27,000	27,169	28,426
Office rent	9,300	9,276	9,276
Professional development	2,000	1,500	1,116
Telephone	2,500	2,063	1,664
Fax	100		
Cell phone	2,000	1,827	1,415
Photocopier	500	295	17
Postage	100		313
Furniture/art	3,200	4,619	
Office supplies	3,000	3,957	2,596
Computers and software	3,000	3,305	2,528
Advertising and promotion	1,500	1,630	40
Meetings, functions and events	5,000	6,457	3,958
Miscellaneous	300	345	1,303
Consulting	500	240	2,080
Casual help	13,000	12,387	3,026
Overhead allocated	<u>12,000</u>	<u>10,905</u>	<u>10,360</u>
	<u>160,000</u>	<u>160,000</u>	<u>157,499</u>
EXCESS REVENUE	\$ _____	_____	<u>2,501</u>

SOUTHERN CHIEFS' ORGANIZATION INC.
STATEMENT OF REVENUE AND EXPENDITURE
ABORIGINAL AUTISM CONFERENCE
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Budget</u>	<u>Actual</u>
REVENUE		
Health Canada	\$ 10,340	10,340
EXPENDITURE		
Meetings, functions and events	<u>10,340</u>	<u>10,340</u>
EXCESS REVENUE	\$ _____	_____

SOUTHERN CHIEFS' ORGANIZATION INC.
STATEMENT OF REVENUE AND EXPENDITURE
FISHER RIVER CREE NATION – JUSTICE STRATEGY
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Budget</u>	<u>Actual</u>
REVENUE		
Fisher River Cree Nation	\$ 15,000	15,000
EXPENDITURE		
Consulting	<u>15,000</u>	<u>15,000</u>
EXCESS REVENUE	\$ _____	_____

SOUTHERN CHIEFS' ORGANIZATION INC.
STATEMENT OF REVENUE AND EXPENDITURE
JOINT GANG RESEARCH PROJECT
FOR THE YEAR ENDED MARCH 31, 2006

	<u>2006</u>		<u>2005</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUE			
Manitoba Keewatinook Okimowin	\$		40,000
Deferred at beginning of year	31,734	31,734	
Deferred at end of year			<u>(31,734)</u>
	<u>31,734</u>	<u>31,734</u>	<u>8,266</u>
EXPENDITURE			
Honorariums	989	989	2,018
Travel	2,746	2,746	500
Miscellaneous	2,515	2,515	62
Consulting	2,500	2,500	3,686
Research contractors	22,984	22,984	
Overhead allocated			<u>2,000</u>
	<u>31,734</u>	<u>31,734</u>	<u>8,266</u>
EXCESS REVENUE	\$	_____	_____

SOUTHERN CHIEFS' ORGANIZATION INC.
STATEMENT OF REVENUE AND EXPENDITURE
PROVINCE OF MANITOBA - ADVOCACY
FOR THE YEAR ENDED MARCH 31, 2006

	<u>2006</u>		<u>2005</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUE			
Province of Manitoba	\$ <u>70,000</u>	<u>70,000</u>	<u>70,000</u>
EXPENDITURE			
Honorariums	13,965	13,965	27,068
Travel	22,731	22,731	22,527
Meetings, functions and events	25,270	25,270	16,564
Miscellaneous	4,534	4,534	327
Overhead allocated	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>
	<u>70,000</u>	<u>70,000</u>	<u>69,986</u>
EXCESS REVENUE BEFORE TRANSFERS			14
TRANSFERS			
Transfer to administration	_____	_____	<u>(14)</u>
EXCESS REVENUE	\$ _____	_____	_____

SOUTHERN CHIEFS' ORGANIZATION INC.
STATEMENT OF REVENUE AND EXPENDITURE
RESOURCE ACCESS NEGOTIATIONS
FOR THE YEAR ENDED MARCH 31, 2006

	<u>2006</u>		<u>2005</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUE			
INAC	\$		74,200
Deferred at beginning of year	35,902	35,902	
Deferred at end of year			<u>(35,902)</u>
	<u>35,902</u>	<u>35,902</u>	<u>38,298</u>
EXPENDITURE			
Travel	18,651	18,651	8,202
Meetings, functions and events	5,460	5,460	3,058
Consulting	6,000	6,000	27,038
Research contractors	<u>5,791</u>	<u>5,791</u>	
	<u>35,902</u>	<u>35,902</u>	<u>38,298</u>
EXCESS REVENUE	\$	_____	_____

SOUTHERN CHIEFS' ORGANIZATION INC.
STATEMENT OF REVENUE AND EXPENDITURE
CHILD AND FAMILY SERVICES
FOR THE YEAR ENDED MARCH 31, 2006

	<u>2006</u>		2005
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUE			
Manitoba Keewatinook Okimowin	\$ 320,000	320,000	330,050
Deferred at beginning of year	12,302	12,302	6,412
Deferred at end of year			<u>(12,302)</u>
	<u>332,302</u>	<u>332,302</u>	<u>324,160</u>
EXPENDITURE			
Wages and benefits	125,000	124,188	133,186
Honorariums	3,000	2,750	6,734
Travel	68,000	64,407	51,741
Professional development	5,000	4,804	4,475
Cell phone	2,000	1,909	1,442
Office supplies	2,000	1,872	3,748
Computers and software	2,000	1,938	1,052
Advertising and promotion	5,000	4,806	2,901
Meetings, functions and events	15,000	11,944	11,882
Miscellaneous	1,302	712	2,767
Legal	20,000	20,656	33,781
Consulting	5,000	4,431	5,759
Equipment purchases			21,748
Fax			575
Office rent			18,750
Photocopier			4,950
Postage			525
Telephone			2,144
Overhead allocated	<u>79,000</u>	<u>78,656</u>	<u>16,000</u>
	<u>332,302</u>	<u>323,073</u>	<u>324,160</u>
EXCESS REVENUE BEFORE TRANSFERS		9,229	
TRANSFERS			
Transfer from administration			<u>801</u>
EXCESS REVENUE	\$	<u>9,229</u>	<u>801</u>

SOUTHERN CHIEFS' ORGANIZATION INC.
STATEMENT OF REVENUE AND EXPENDITURE
NATIVE WOMEN IN GANGS
FOR THE YEAR ENDED MARCH 31, 2006

	<u>2006</u>		<u>2005</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUE			
Deferred at beginning of year	\$ 9,754	9,754	40,000
Deferred at end of year			<u>(9,754)</u>
	<u>9,754</u>	<u>9,754</u>	<u>30,246</u>
EXPENDITURE			
Wages and benefits	5,000	5,000	11,500
Travel	3,100	3,090	6,377
Meetings, functions and events	1,000	1,022	
Miscellaneous	654	642	3,474
Casual help			3,795
Honorariums			3,100
Overhead allocated			<u>2,000</u>
	<u>9,754</u>	<u>9,754</u>	<u>30,246</u>
EXCESS REVENUE	\$ _____	_____	_____

SOUTHERN CHIEFS' ORGANIZATION INC.
STATEMENT OF REVENUE AND EXPENDITURE
WATER FOR LIFE CONFERENCE
FOR THE YEAR ENDED MARCH 31, 2006

REVENUE	
Province of Manitoba	\$ 1,000
Contributions	39,540
Conference fees	<u>49,713</u>
	<u>90,253</u>
EXPENDITURE	
Honorariums	600
Travel	6,559
Communications	2,120
Audio visual	12,869
Advertising and promotion	9,082
Bank charges	1,080
Meetings, functions and events	45,546
Miscellaneous	2,307
Casual help	<u>2,455</u>
	<u>82,618</u>
EXCESS REVENUE	\$ <u>7,635</u>

SOUTHERN CHIEFS' ORGANIZATION INC.
STATEMENT OF REVENUE AND EXPENDITURE
WATER FOR LIFE - INAC
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Budget</u>	<u>Actual</u>
REVENUE		
INAC – contribution funding	\$ 10,000	10,000
EXPENDITURE		
Meetings, functions and events	<u>10,000</u>	<u>10,000</u>
EXCESS REVENUE	\$ _____	_____

SOUTHERN CHIEFS' ORGANIZATION INC.
 STATEMENT OF REVENUE AND EXPENDITURE
 AGRICULTURAL INITIATIVE
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Budget</u>	<u>Actual</u>
REVENUE		
INAC – contribution funding	\$ <u>71,428</u>	<u>71,428</u>
EXPENDITURE		
Honorariums	1,450	1,450
Travel	20,773	20,773
Communications	1,605	1,605
Meetings, functions and events	12,600	12,600
Consulting	25,000	25,000
Overhead allocated	<u>10,000</u>	<u>10,000</u>
	<u>71,428</u>	<u>71,428</u>
EXCESS REVENUE	\$ _____	_____

SOUTHERN CHIEFS' ORGANIZATION INC.
STATEMENT OF REVENUE AND EXPENDITURE
LAND MANAGEMENT
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Budget</u>	<u>Actual</u>
REVENUE		
INAC – contribution funding	\$ <u>50,000</u>	<u>50,000</u>
EXPENDITURE		
Travel	3,251	3,251
Meetings, functions and events	10,196	10,196
Miscellaneous	1,553	1,553
Legal	2,500	2,500
Consulting	25,000	25,000
Overhead allocated	<u>7,500</u>	<u>7,500</u>
	<u>50,000</u>	<u>50,000</u>
EXCESS REVENUE	\$ _____	_____

SOUTHERN CHIEFS' ORGANIZATION INC.
 STATEMENT OF REVENUE AND EXPENDITURE
 MANITOBA COMMERCIAL INLAND FISHERS FEDERATION
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Budget</u>	<u>Actual</u>
REVENUE		
INAC – contribution funding	\$ <u>100,000</u>	<u>100,000</u>
EXPENDITURE		
Honorariums	300	300
Travel	34,798	34,798
Advertising and promotion	143	143
Meetings, functions and events	22,579	22,579
Consulting	26,757	26,757
Overhead allocated	<u>15,423</u>	<u>15,423</u>
	<u>100,000</u>	<u>100,000</u>
EXCESS REVENUE	\$ _____	_____

SOUTHERN CHIEFS' ORGANIZATION INC.
SCHEDULES TO FINANCIAL STATEMENTS
AS AT MARCH 31, 2006

SCHEDULE 21 – ACCOUNTS RECEIVABLE

Province of Manitoba, Justice	\$ 28,025.00
CMHC	25,000.00
INAC	50,000.00
Assembly of Manitoba Chiefs	9,780.11
GST	30,650.79
Other	1,896.23
Basil Courchene	8,435.86
Dakota Summit	3,000.00
Fisher River Cree Nation	<u>3,750.00</u>
	\$ 160,537.99

SCHEDULE 22 – BANK INDEBTEDNESS

Cash	\$ 300.00
General account	(15,566.96)
Fundraising account	23.14
Water for Life	7,636.83
Line of Credit	<u>(85,000.00)</u>
	\$ (92,606.99)

SOUTHERN CHIEFS' ORGANIZATION INC.
SCHEDULES TO FINANCIAL STATEMENTS
AS AT MARCH 31, 2006

SCHEDULE 24 – DEFERRED REVENUE

	<u>Prior Year's Deferral</u>	<u>Current Year's Funding</u>	<u>Current Year's Deferral</u>	<u>Revenue Reported</u>
Indian and Northern Affairs Canada				
Administration	\$	147,254		147,254
Consultation		647,746		647,746
Economic Development		221,428		221,428
Resource Access				
Negotiations Program	35,902			35,902
Water for Life		<u>10,000</u>		<u>10,000</u>
	<u>35,902</u>	<u>1,026,428</u>		<u>1,062,330</u>
Other Funding Authorities				
Health Canada				
Health Programs		160,000		160,000
Autism		10,340		10,340
Province of Manitoba				
Advocacy		70,000		70,000
Justice Program	10,846	112,100		122,946
Native Women in Gangs	9,754			9,754
Water for Life		1,000		1,000
Assembly of Manitoba Chiefs	15,000	400,000		415,000
CMHC Housing		25,000		25,000
Manitoba Keewatinook Okimowin				
Child & Family Services	12,302	320,000		332,302
Joint Gang Research	31,734			31,734
Fisher River Cree Nation		<u>15,000</u>		<u>15,000</u>
	<u>79,636</u>	<u>1,113,440</u>		<u>1,193,076</u>
Other				
Water for Life		89,253		89,253
Interest income		11		11
GST recovery		30,651		3,0651
Sundry income		3,834		3,834
Deferred lease inducement	18,565		(516)	18,049
	<u>18,565</u>	<u>123,749</u>	<u>(516)</u>	<u>141,798</u>
	\$ 134,103	2,263,617	(516)	2,397,204

SOUTHERN CHIEFS' ORGANIZATION INC.
SCHEDULES TO FINANCIAL STATEMENTS
AS AT MARCH 31, 2006

SCHEDULE 25 – CHANGES IN CAPITAL FUND EQUITY

	<u>2006</u>	<u>2005</u>
BALANCE AT BEGINNING OF YEAR	\$ 154,216	153,807
ADDITIONS		
Computers	33,519	32,991
Furniture	<u>3,209</u>	<u>5,811</u>
	190,944	192,609
DEDUCTIONS		
Amortization	<u>41,067</u>	<u>38,393</u>
BALANCE AT END OF YEAR	\$ <u>149,877</u>	<u>154,216</u>

SCHEDULE 26 – INAC REVENUE RECONCILIATION

INAC Funding as per 2005/06 funding confirmation	\$ 1,026,428
ADD	
Deferred revenue, March 31,2005	
Resource Access Negotiations	<u>35,902</u>
INAC FUNDING, per Exhibit "D"	\$ <u>1,062,330</u>

SOUTHERN CHIEFS' ORGANIZATION INC.
STATEMENT OF REVENUE BY SOURCE AND
EXPENDITURE BY CATEGORY
FOR THE YEAR ENDED MARCH 31, 2006

REVENUE	
INAC	\$ 1,062,330
Assembly of Manitoba Chiefs	415,000
Health Canada	170,340
Manitoba Keewatinook Okimowin	364,036
Fisher River Cree Nation	15,000
Province of Manitoba	203,700
CMHC	25,000
Other, Schedule 24	141,798
	<u>2,397,204</u>
EXPENDITURE	
Wages and benefits	869,254
Honorariums	50,657
Travel	305,461
Office rent	118,882
Professional fees	26,101
Telephone and fax	44,135
Office and postage	30,917
Equipment lease	16,145
Furniture, fine art	7,337
Fundraising	3,365
Insurance	3,165
Parking	5,080
Bank charges	7,539
Meetings and events	211,433
Audit	21,647
Legal	41,953
Consulting	142,834
Professional development	23,783
Advertising	78,100
Computers and software	56,658
Casual wages	71,115
Miscellaneous	32,018
Flow through, MKO	158,700
	<u>2,326,279</u>
EXCESS REVENUE	\$ <u>70,925</u>

SOUTHERN CHIEFS' ORGANIZATION INC.
SCHEDULES TO FINANCIAL STATEMENTS
AS AT MARCH 31, 2006

SCHEDULE 28 – OPENING ENTRIES, APRIL 1, 2006

	Account No.	<u>Debit</u>	<u>Credit</u>
Petty cash	1010	\$ 300.00	
Bank			
General	1040		15,566.96
Fundraising	1045	23.14	
Water for Life	1060	7,636.83	
Accounts receivable	1200	129,887.20	
GST	1210	30,650.79	
Office furniture	1510	53,961.99	
Accumulated amortization – office furniture	1515		33,257.87
Computers	1520	186,585.66	
Accumulated amortization – computers	1525		108,150.81
Fine Art	1530	8,782.35	
Accumulated amortization – fine art	1535		5,441.00
Leasehold improvements	1540	94,794.00	
Accumulated amortization			
Leasehold improvements	1545		47,397.00
Accounts payable	2010		64,099.49
Accrued accounts payable	2030		10,000.00
Income tax	2200		2,126.43
Canada pension plan	2210		5,833.28
Employment insurance	2220		2,990.62
Accrued payroll	2222		19,200.40
Accrued pay payable	2230		30,024.09
Rice Financial	2240		181.36
Pension plan	2250		9,300.72
Bank – Line of Credit	2300		85,000.00
Deferred revenue	3000		516.00
Surplus	3560	76,341.39	
Capital Fund	3600		149,877.32
		<u>588,963.35</u>	<u>588,963.35</u>

SOUTHERN CHIEFS' ORGANIZATION INC.
SCHEDULES TO FINANCIAL STATEMENTS
AS AT MARCH 31, 2006

SCHEDULE 28 – OPENING ENTRIES, APRIL 1, 2006

	Account No.	Debit	Credit
Petty cash	1010	\$ 300.00	
Bank			
General	1040		15,566.96
Fundraising	1045	23.14	
Water for Life	1060	7,636.83	
Accounts receivable	1200	129,887.20	
GST	1210	30,650.79	
Office furniture	1510	53,961.99	
Accumulated amortization – office furniture	1515		33,257.87
Computers	1520	186,585.66	
Accumulated amortization – computers	1525		108,150.81
Fine Art	1530	8,782.35	
Accumulated amortization – fine art	1535		5,441.00
Leasehold improvements	1540	94,794.00	
Accumulated amortization			
Leasehold improvements	1545		47,397.00
Accounts payable	2010		64,099.49
Accrued accounts payable	2030		10,000.00
Income tax	2200		2,126.43
Canada pension plan	2210		5,833.28
Employment insurance	2220		2,990.62
Accrued payroll	2222		19,200.40
Accrued pay payable	2230		30,024.09
Rice Financial	2240		181.36
Pension plan	2250		9,300.72
Bank – Line of Credit	2300		85,000.00
Deferred revenue	3000		516.00
Surplus	3560	76,341.39	
Capital Fund	3600		149,877.32
		<u>\$ 588,963.35</u>	<u>588,963.35</u>

Holukoff Chiarella

CHARTERED ACCOUNTANTS

ANNEX 1

Wayne H. Chiarella, B.A., C.A.
Kevin Masse, B.Comm. (Hons), C.A.
(Practising as Kevin Masse Chartered Accountant Ltd.)
Sam Holukoff, C.A. (Retired 2005)

101 - 1180 Pembina Highway
Winnipeg, Manitoba R3T 2A4
Telephone (204) 452-6449
Fax (204) 452-3397

DERIVATIVE REPORT FOR THE SCHEDULE OF HONORARIUM, SALARIES AND TRAVEL

To the Board of Directors of
Southern Chiefs' Organization Inc.

We have audited the financial statements of Southern Chiefs' Organization Inc. as at March 31, 2006, and for the year then ended and reported on April 18, 2006.

A schedule of Honorarium, Salaries and Travel expenses, Annex 2 is required to be presented to the membership of Southern Chiefs' Organization Inc. pursuant to the funding agreement between Indian and Northern Affairs Canada and Southern Chiefs' Organization Inc. The schedule has been compiled by the management of Southern Chiefs' Organization Inc. from their records. For the purposes of understanding our involvement with this schedule, please note that:

- We have audited and separately reported on the financial statements;
- Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole;
- The attached schedules are presented for the purpose of forming an opinion for the membership and the Department of Indian Affairs and does not form part of the financial statements; and
- The schedule has been subjected to the auditing procedures applied to the audit of the financial statements taken as a whole.

During the course of the aforementioned audit, we encountered no discrepancies on this schedule. However, no procedures have been carried out on this schedule in addition to those necessary to form an opinion on the 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.



CHARTERED ACCOUNTANTS

WINNIPEG, MANITOBA
April 18, 2006

SOUTHERN CHIEFS' ORGANIZATION
SCHEDULE OF FEDERAL GOVERNMENT FUNDING
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Federal Funding Received</u>	<u>Unexpended Funding beginning of Year</u>	<u>Total funding Available</u>	<u>Federal funding Expended</u>	<u>Unexpended Funding end of Year</u>
Canada Mortgage & Housing	\$ 25,000		25,000	25,000	
Health Canada	160,000		160,000	160,000	
Health Consultation Aboriginal Autism	10,340		10,340	10,340	
Indian and Northern Affairs Canada					
Administration	147,254		147,254	147,254	
Consultation	647,746		647,746	647,746	
Economic Development	171,428		171,428	171,428	
Land Management	50,000		50,000	50,000	
Resource Access Negotiation Programs		35,902	35,902	35,902	
Water for Life	10,000		10,000	10,000	
Other Flow Through					
Assembly of Manitoba Chiefs	400,000	15,000	415,000	410,044	4,956
Manitoba Keewatinook Okimowin	<u>320,000</u>	<u>44,036</u>	<u>364,036</u>	<u>354,807</u>	<u>9,229</u>
	\$ <u>1,941,768</u>	<u>94,938</u>	<u>2,036,706</u>	<u>2,022,521</u>	<u>14,185</u>