

**EAGLE**  
**(ENVIRONMENTAL-ABORIGINAL GUARDIANSHIP THROUGH LAW AND EDUCATION)**  
**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**  
**December 31, 2006**  
**(Audited)**

---

The accompanying financial statements of EAGLE (Environmental-Aboriginal Guardianship through Law and Education) and all the information in this report are the responsibility of management and have been approved by the Board of Directors.

The 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 organization 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 organization's assets are appropriately accounted for and adequately safeguarded.

The Board is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Directors review the organization's financial statements and recommends their approval. The Board meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditors' report. The Board takes this information into consideration when approving the financial statements for issuance to the organization. The Board also considers the engagement of the external auditors.

The financial statements have been audited by Reid Hurst Nagy, CGA's in accordance with Canadian generally accepted auditing standards on behalf of the members. Reid Hurst Nagy, CGA's have full access to EAGLE (Environmental-Aboriginal Guardianship through Law and Education).

---

Deanie Kolybabi, Executive Director

## **AUDITORS' REPORT**

**To: THE MEMBERS OF EAGLE  
(ENVIRONMENTAL-ABORIGINAL GUARDIANSHIP THROUGH LAW AND EDUCATION)**

---

We have audited the statement of financial position of EAGLE (Environmental-Aboriginal Guardianship through Law and Education) as at December 31, 2006 and the statements of operations and changes in fund balances, cash flows and the notes thereto for the year then ended. These financial statements are the responsibility of the organization. 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 the management of the organization, 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 EAGLE (Environmental-Aboriginal Guardianship through Law and Education) as at December 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.

**REID HURST NAGY  
CERTIFIED GENERAL ACCOUNTANTS**

July 11, 2007  
RICHMOND, B.C.

# EAGLE

(ENVIRONMENTAL-ABORIGINAL GUARDIANSHIP THROUGH LAW AND EDUCATION)

## SUMMARY STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

Statement 1

For the year ended December 31, 2006

(Audited)

	RESERVE FUND	CAPITAL FUND	OPERATING FUND	2006 TOTAL	2005 TOTAL
<b>REVENUE</b>					
Foundation contributions (restricted)	-	\$ -	\$ 446,838	\$ 446,838	\$ 916,252
Foundation contributions (unrestricted)	-	15,577	116,540	132,117	124,463
Donations in kind	-	-	28,912	28,912	76,056
Other donations	-	-	604,951	604,951	150,447
Fundraising	-	-	14,221	14,221	26,404
Earned income	-	-	2,316	2,316	18,920
Other income	26,402	-	72,452	98,854	66,202
Amortization of deferred capital contributions	-	6,121	-	6,121	8,123
	<b>26,402</b>	<b>21,698</b>	<b>1,286,230</b>	<b>1,334,330</b>	<b>1,386,867</b>
<b>EXPENDITURES</b>					
Advertising, promotion and media	-	-	8,788	8,788	6,174
Agency expenses	-	-	9	9	-
Computer support, internet and web page	-	-	23,004	23,004	42,331
Depreciation	-	21,698	-	21,698	22,334
Dues and memberships	-	-	6,957	6,957	6,271
Experts	-	-	7,600	7,600	-
Facilities	-	-	67,633	67,633	50,782
Fundraising	-	-	35,583	35,583	58,558
Insurance	-	-	12,106	12,106	11,971
Legal contracts	-	-	15,000	15,000	19,117
Library	-	-	7,250	7,250	7,022
Loss on disposal of capital assets	-	-	3,223	3,223	-
Office supplies and miscellaneous	-	-	68,382	68,382	36,791
Organizational development	-	-	25,441	25,441	10,818
Product costs	-	-	371	371	982
Professional development and recruitment	-	-	813	813	12,672
Professional fees	-	-	164,595	164,595	10,735
Repairs, maintenance & leases	-	-	14,325	14,325	28,040
Reproduction and publications	-	-	3,013	3,013	26,848
Research	-	-	1,095	1,095	1,375
Salaries and compensation	-	-	790,610	790,610	980,146
Telecommunications	-	-	17,542	17,542	19,615
Travel	-	-	8,210	8,210	10,860
Workshops and conferences	-	-	4,680	4,680	10,874
	-	<b>21,698</b>	<b>1,286,230</b>	<b>1,307,928</b>	<b>1,374,316</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>26,402</b>	<b>-</b>	<b>-</b>	<b>26,402</b>	<b>12,551</b>
<b>FUND BALANCES, BEGINNING</b>	<b>58,890</b>	<b>53,320</b>	<b>(53,320)</b>	<b>58,890</b>	<b>46,339</b>
<b>CAPITAL ASSETS ACQUIRED</b>	<b>-</b>	<b>25,989</b>	<b>(25,989)</b>	<b>-</b>	<b>-</b>
<b>INTERFUND TRANSFER</b>	<b>-</b>	<b>(18,800)</b>	<b>18,800</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES, ENDING</b>	<b>\$ 85,292</b>	<b>\$ 60,509</b>	<b>\$ (60,509)</b>	<b>\$ 85,292</b>	<b>\$ 58,890</b>

The accompanying notes are an integral part of these financial statements

**EAGLE**  
**(ENVIRONMENTAL-ABORIGINAL GUARDIANSHIP THROUGH LAW AND EDUCATION)**

**STATEMENT OF FINANCIAL POSITION**  
**As At December 31, 2006**  
**(Audited)**

**Statement 2**

	<b>2006</b>	<b>2005</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 616,791	\$ 1,669,089
Accounts receivable	51,705	25,165
GST receivable	4,506	4,976
Prepaid expenses	15,333	18,925
Inventory	31,415	18,307
	<b>719,750</b>	1,736,462
<b>CAPITAL (Notes 2b and 4)</b>	<b>80,581</b>	79,513
	<b>\$ 800,331</b>	\$ 1,815,975
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accruals	\$ 281,874	\$ 43,023
Wages and benefits payable	7,182	12,682
Deferred capital contributions (Note 6)	20,072	26,193
Deferred contributions (Note 7)	405,911	1,675,187
	<b>715,039</b>	1,757,085
<b>FUND BALANCES</b>		
Internally restricted	85,292	58,890
Invested in capital assets	60,509	53,320
Unrestricted	(60,509)	(53,320)
	<b>85,292</b>	58,890
	<b>\$ 800,331</b>	\$ 1,815,975

Approved on Behalf of EAGLE (Environmental-Aboriginal Guardianship through Law and Education)

\_\_\_\_\_  
 Director

\_\_\_\_\_  
 Director

The accompanying notes are an integral part of these financial statements

**EAGLE**  
**(ENVIRONMENTAL-ABORIGINAL GUARDIANSHIP THROUGH LAW AND EDUCATION)**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2006**

**(Audited)**

---

**NOTE 1: ORGANIZATION AND OBJECTIVES**

EAGLE (Environmental-Aboriginal Guardianship through Law and Education) is a Federal Corporation incorporated under Part II of the Canada Corporation Act and is a registered charity under the Income Tax Act. The purpose of the Corporation is to assist Aboriginal Peoples in protecting and restoring the natural environment through litigation and educational programs aimed at enforcing compliance with the existing laws of Canada.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of significant accounting policies used in the preparation of the financial statements:

**a) Fund accounting**

EAGLE (Environmental-Aboriginal Guardianship through Law and Education) follows the deferral method of accounting for contributions.

The Operating Fund reports revenues and expenses related to program delivery and administrative activities.

The Reserve Fund reports amounts that have been internally restricted for emergencies.

The Capital Fund reports the assets, liabilities, revenue and expenses related to the capital assets.

**b) Capital assets**

Purchased capital assets are recorded in the Capital Fund at cost. Contributed capital assets are recorded in the Capital Fund at fair value at the date of contribution. Depreciation is provided on the declining-balance basis over the expected useful life of the assets at the following annual rates:

Computer equipment	30%
Computer software	100%
Library	33%
Office furniture and equipment	20%

Depreciation is reduced to one-half the normal rate in the year of acquisition.

**c) Revenue recognition**

Restricted and unrestricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Restricted contributions are recognized only for expenses specified in the contribution agreements.

Restricted investment income is recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted investment income is transferred to the Reserve Fund in the year received or receivable.

Amounts transferred to the reserve fund are recognized as revenue in the year received or receivable.

**EAGLE**  
**(ENVIRONMENTAL-ABORIGINAL GUARDIANSHIP THROUGH LAW AND EDUCATION)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2006**  
**(Audited)**

**NOTE 3: COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with the current year's presentation.

**NOTE 4: CAPITAL ASSETS**

Capital assets consist of the following:

	<u>COST</u>	<u>ACCUMULATED DEPRECIATION</u>	<u>2006 NET</u>	<u>2005 NET</u>
Computer equipment	\$ 64,339	\$ 45,269	\$ 19,070	\$ 24,553
Computer software	28,907	28,907	-	-
Library	3,863	3,213	650	970
Office furniture and equipment	106,220	45,358	60,861	53,990
	<u>\$ 203,329</u>	<u>\$ 122,747</u>	<u>\$ 80,581</u>	<u>\$ 79,513</u>

**NOTE 5: FINANCIAL INSTRUMENTS:**

Financial instruments are initially recorded at historical cost. If subsequent circumstances indicate that a decline in fair value is other than temporary, the financial asset is written down to its fair value. Unless otherwise indicated, the fair values of financial instruments approximate their recorded values.

To minimize financial risk, the Corporation restricts its investments to Guaranteed Investments.

**NOTE 6: DEFERRED CAPITAL CONTRIBUTIONS**

Deferred contributions reported in the Capital Fund represent the unamortized portions of contributed capital assets and restricted contributions with which certain capital assets were originally purchased.

	<b>2006</b>	<b>2005</b>
Balance, beginning of the year	\$ 26,193	\$ 34,316
Amounts amortized to revenue	(6,121)	(8,123)
Balance, end of the year	<u>\$ 20,072</u>	<u>\$ 26,193</u>

**NOTE 7: DEFERRED CONTRIBUTIONS**

Deferred contributions reported in the Operating Fund relate to restricted and unrestricted operating funding received or receivable that will be expended in a subsequent period. Changes in the deferred contributions balance reported in the Operating Fund are as follows:

	<u>2005</u>		<u>2006</u>	
	<u>DEFERRED</u>	<u>CONTRIBUTIONS</u>	<u>CONTRIBUTIONS</u>	<u>DEFERRED</u>
	<u>CONTRIBUTIONS</u>	<u>RECEIVED,</u>	<u>RECOGNIZED</u>	<u>CONTRIBUTIONS</u>
		<u>RECEIVABLE</u>		
		<u>or (RETURNED)</u>		
<b>Restricted - Foundations</b>				
Bullitt Foundation	\$ 20,934	\$ -	\$ (20,934)	\$ -
Lannan Foundation	393,076	(19,180)	(373,896)	-
Rockefeller Brothers Fund	8,877	-	(8,877)	-
The Gordon and Betty Moore Foundation	259,663	(228,571)	(31,092)	-
The Vancouver Foundation	-	30,000	-	30,000
Tides Canada Foundation -Wild Salmon Ecosystem Fund	7,039	-	(7,039)	-
Tides Canada Foundation -Endswell Fund	-	5,000	(5,000)	-
Tides Foundation - Honor the Earth	-	5,827	-	5,827
	689,589	(206,924)	(446,838)	35,827
<b>Major Donations*</b>				
Council of the Haida Nation/ Haida Tribal Society	948,228	-	(591,420)	356,808
<b>Unrestricted</b>				
The Hewlett Foundation	-	116,540	(116,540)	-
Other Contributions	37,370	155,438	(179,532)	13,276
	37,370	271,978	(463,401)	492,812
<b>Total</b>	<b>\$ 1,675,187</b>	<b>\$ 65,054</b>	<b>\$(1,334,330)</b>	<b>\$ 405,911</b>

\* In 2005, EAGLE received a donation of \$1,000,000 from The Council of the Haida Nation/Haida Tribal Society. At the time, EAGLE voluntarily restricted \$500,000 for the Haida Title Case. During 2006, EAGLE expended \$591,420 of the funds remaining from 2005. In November 2006, CHN/HTS were advised that all

**NOTE 8: COMMITMENTS**

During the year, the organization entered into leases to rent two offices. Minimum lease payments over the next five years are as follows:

	\$
	_____
2007	42,925
2008	44,053
2009	44,843
2010	44,843
2011	16,667
	_____
	193,331
	_____

**NOTE 9: CONTINGENT LIABILITY**

The Council of the Haida Nation has filed a legal suit against the Corporation for a perceived breach of trust. The Corporation is of the firm belief that this suit is not based on fact. At the time of producing these financial statements, the Corporation is unable to determine if there is any liability or, if so, what the value of that liability would be. The Corporation has, therefore, not recognized any liability in these statements.

# EAGLE

## (ENVIRONMENTAL-ABORIGINAL GUARDIANSHIP THROUGH LAW AND EDUCATION)

### SUMMARY SCHEDULE OF OPERATIONS AND CHANGES IN FUND BALANCES

#### Schedule 1

For the year ended December 31, 2006  
(Audited)

	Foundation Contributions \$	Other Revenue \$	Total Revenue \$	Total Expenditures \$	Excess (Deficiency) For the Year \$	Opening Balance (Deficit) \$	Interfund Transfers \$	Ending Balance (Deficit) \$
<b>SUPPORT SERVICES</b>								
Administration	116,540	306,853	423,393	253,322	170,071	(53,320)	(177,260)	(60,509)
Development and Communications	7,038	17,989	25,027	76,487	(51,460)	-	51,460	-
Board	-	180	180	761	(581)	-	581	-
	123,578	325,022	448,600	330,570	118,030	(53,320)	(125,219)	(60,509)
<b>LITIGATION</b>								
Haida Litigation	413,864	394,089	807,953	752,837	55,116	-	(55,116)	-
Other Legal Programs	-	1,345	1,345	53,225	(51,880)	-	51,880	-
	413,864	395,434	809,298	806,062	3,236	-	(3,236)	-
<b>EDUCATION</b>								
Education Programs	25,935	2,396	28,331	149,597	(121,266)	-	121,266	-
	563,377	722,852	1,286,229	1,286,229	-	(53,320)	(7,189)	(60,509)