

**NECHAKO-KITAMAAT DEVELOPMENT
FUND SOCIETY**

FINANCIAL STATEMENTS

MARCH 31, 2008

NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY

FINANCIAL STATEMENTS

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AUDITORS' REPORT

To the Directors of
NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY
Prince George, B.C.

We have audited the Statement of Financial Position of NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY as at March 31, 2008, and the Statements of Operations and Changes in Fund Balances for the year then ended. These financial statements are the responsibility of the Society'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 Society as at March 31, 2008 and the results of operations of the Society for the year then ended, in accordance with Canadian generally accepted accounting principles.

Smithers, BC
May 14, 2008



Edmison Mehr

NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2008

| | Administration Fund | Grant Fund | Loan Fund | 2008 Total | 2007 Total |
|--------------------------------|------------------------|---------------------|--------------|---------------------|---------------------|
| ASSETS | | | | | |
| CURRENT | | | | | |
| Cash and term deposits | \$ 4,214 | \$ 940,483 | \$ - | \$ 944,697 | \$ 893,476 |
| Short term investments, Note 3 | - | 1,127,901 | - | 1,127,901 | 1,133,874 |
| Accrued interest | - | - | - | - | 1,500 |
| GST receivable | 1,648 | - | - | 1,648 | 1,884 |
| Loan receivable, Note 4 | - | - | - | - | 28,803 |
| | <u>5,862</u> | <u>2,068,384</u> | <u>-</u> | <u>2,074,246</u> | <u>2,059,537</u> |
| DUE FROM (TO) OTHER FUNDS | <u>45,847</u> | <u>(45,847)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 51,709</u> | <u>\$ 2,022,537</u> | <u>\$ -</u> | <u>\$ 2,074,246</u> | <u>\$ 2,059,537</u> |

LIABILITIES

| | | | | | |
|------------------|----------|------|------|----------|----------|
| CURRENT | | | | | |
| Accounts payable | \$ 3,030 | \$ - | \$ - | \$ 3,030 | \$ 3,002 |

FUND BALANCES

| | | | | | |
|----------------------|------------------|---------------------|-------------|---------------------|---------------------|
| OPERATING NET ASSETS | <u>48,679</u> | <u>2,022,537</u> | <u>-</u> | <u>2,071,216</u> | <u>2,056,535</u> |
| | <u>\$ 51,709</u> | <u>\$ 2,022,537</u> | <u>\$ -</u> | <u>\$ 2,074,246</u> | <u>\$ 2,059,537</u> |

APPROVAL OF THE BOARD:

_____ Director

_____ Director

**NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY
STATEMENT OF OPERATIONS AND CHANGES TO FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2008**

| | 2008 | 2007 |
|---|---------------------|---------------------|
| REVENUE | | |
| Contribution agreement funding - Province of B.C. | \$ 500,000 | \$ 300,000 |
| Investment | <u>36,485</u> | <u>124,778</u> |
| | <u>536,485</u> | <u>424,778</u> |
| EXPENSES | | |
| Accounting and audit | 3,146 | 3,242 |
| Advertising and promotion | 1,663 | 1,069 |
| Bank charges and interest | - | 14 |
| Honorariums | 6,438 | 3,238 |
| Insurance | 1,010 | 860 |
| Office | 2,109 | 1,630 |
| Other | - | 150 |
| Rent | 110 | 252 |
| Subcontract - manager | 50,271 | 46,488 |
| Telephone | 2,339 | 2,162 |
| Travel and meetings - board | 4,253 | 2,275 |
| Travel and meetings - manager | <u>2,205</u> | <u>4,464</u> |
| Sub-total | 73,544 | 65,844 |
| Grant payments | <u>448,262</u> | <u>1,173,343</u> |
| | <u>521,806</u> | <u>1,239,187</u> |
| Excess (deficiency) of revenues over expenses for the year | 14,679 | (814,409) |
| Fund balance, beginning of year | <u>2,056,537</u> | <u>2,870,944</u> |
| Fund balance, end of year | <u>\$ 2,071,216</u> | <u>\$ 2,056,535</u> |

NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2008

1. PURPOSE

The purpose of the Society is to promote sustainable economic development in communities affected by the original Kitimat-Kemano project. The Society was created to manage the programs supported by the Northern Development Fund and to implement the recommendations of the Advisory Board of this Fund. The Society is accountable for the funds advanced to the Society from the Northern Development Fund.

The \$15 million Northern Development Fund, to which both Alcan and the BC Government each contributed \$7.5 million, was created as a result of the BC-Alcan 1997 Agreement. This Agreement resolved the legal issues associated with the cancellation of the Kemano Completion Project. Bill 5, the "BC-Alcan Northern Development Fund Act", to promote sustainable economic development in Northwestern BC, was approved by the Legislature in April, 1998. The Advisory Board for the Northern Development Fund was established in January, 1998 to provide the Minister responsible for the Fund with recommendations for how the Fund should be managed and used to stimulate economic development.

The Provincial Government maintains direct management responsibility for that portion of the Northern Development Fund not forwarded to the Society. The book value of the fund at March 31, 2008 is \$15,115,132 (2007 - \$15,284,046) and the fair market value of the fund at March 31, 2008 is \$15,320,522 (2007 - \$15,306,740). At March 31, 2008 a total of \$5.8 million has been forwarded from the Northern Development Fund to the Society since its inception.

The Nechako-Kitamaat Development Fund Society was incorporated under the Society Act on August 18, 1999.

2. ACCOUNTING POLICIES

Short term investments

Short term investments are classified as held-for-trading and are recorded at market value.

Revenue

Grant revenue and loan fund interest is recognized when the grant is received by the Society.

Investment revenue includes interest and dividends income, and realized and unrealized investment gains and losses. Unrealized gains and losses on held-for-trading financial assets are included in investment income and are recognized as revenue in the statement of operations.

Grant payments

Grants provided to other organizations are recorded as an expense when the amount is paid by the Society.

NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2008

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. Actual results could differ from those estimates.

3. SHORT TERM INVESTMENTS

Short term investments consist of investments classified as held-for-trading and include the following amounts. The adjusted cost base of the fund at March 31, 2008 is \$1,127,901 (2007 - \$1,053,103).

| | <u>2008</u> | <u>2007</u> |
|----------------------------|---------------------|---------------------|
| Money Market Funds | \$ 602,977 | \$ 567,685 |
| Bond Fund | 151,126 | 120,973 |
| High Yield Bond Fund | 63,095 | 103,820 |
| Canadian Equity Funds | 141,402 | 139,299 |
| International Equity Funds | <u>169,301</u> | <u>202,097</u> |
| | <u>\$ 1,127,901</u> | <u>\$ 1,133,874</u> |

4. LOAN RECEIVABLE

The loan receivable consisted of a loan agreement with a private enterprise entered in partnership with a Community Futures Development Corporation. The Community Futures Development Corporation administered the loan advance. The loan advance was repaid in full during the fiscal year.

5. STATEMENT OF CASH FLOWS

A statement of cash flows has not been included in these financial statements as the cash flow information is readily apparent from the financial information presented in these statements.

NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2008

6. COMMITMENT

The Society is committed, provided the recipients fulfill the requirements of the funding agreements, to provide grants totaling \$824,207 subsequent to March 31, 2008 as follows:

| | <u>2008</u> | <u>2007</u> |
|--|-------------------|-------------------|
| District of Vanderhoof - Downtown Revitalization | \$ - | \$ 29,500 |
| Burns Lake Band - Gathering Place | - | 3,031 |
| Burns Lake Public Library - Expansion | - | 10,000 |
| Cheslatta Carrier Nation - Carving Shed/Farmers Market | 6,000 | 30,000 |
| Na na kila Insitute - Haisla Building Promo | - | 24,500 |
| Vanderhoof Rotary Club - Trail Bridge | 750 | 750 |
| BC Forage Council - Forage Crop Trials | 10,080 | 10,080 |
| Lakes District Airport Society - Feasibility Study | - | 2,500 |
| Nechako Valley Reg Cattlemen Association - Swath Grazing | 3,700 | 9,790 |
| Nechako View Senior Citizen's Home Society - Seniors Housing | - | 10,000 |
| North Coast Biotoxin Society - Kitamaat Water Testing | - | 41,412 |
| Southside Economic Development Association - SEDA Centre | - | 7,310 |
| Aboriginal Business Development Centre - Container Study | - | 5,000 |
| Burns Lake Public Library Association - Expansion | 27,500 | 27,500 |
| Casey Lake Cross-Country Ski Association - Feasibility Study | - | 2,000 |
| Community Futures of Nadina - Resort Gap Analysis | 7,500 | 7,500 |
| Corporation of the Village of Burns Lake - Nourse Park | 2,260 | 22,600 |
| District of Vanderhoof - Spirit Square (2007) | 45,983 | 45,983 |
| District of Vanderhoof - Spirit Square (2008) | 74,017 | 74,017 |
| Fraser Lake & District Rebroadcasting Society - Last Mile Internet | 12,500 | 12,500 |
| Kitamaat Village Council - Haisla Construction | 69,237 | 69,237 |
| Reel Alternatives - Film Festival | - | 2,065 |
| Regional District of Bulkley Nechako - Asset Mapping | - | 5,950 |
| Southside Health & Wellness Centre - Medical Equipment | - | 2,500 |
| Vanderhoof Public Library - Mary John Collection | - | 9,325 |
| Village of Fraser Lake - Arena Upgrade (1) | - | 25,000 |
| BC Paraplegic Association/NCMA - Measuring Up The North | 3,750 | - |
| Burns Lake Band - Community House | 11,000 | - |
| Burns Lake Mountain Bike Association - Bike Park | 25,000 | - |
| Burns Lake Native Development Corporation - Crop Cam Feasibility | 1,000 | - |
| Burns Lake Native Development Corporation - Block Processing Plant | 29,340 | - |
| Burns Lake Sports Centre Association - Arena Energy Saving | 12,620 | - |
| Cheslatta Carrier Nation - Wood Chipper | 14,775 | - |
| CFDC of Fraser Fort George - EDABC Conference 2008 | 2,500 | - |
| CFDC of Nadina - Poultry Processing | 1,625 | - |
| District of Vanderhoof - Downtown Revitalization (2008) | 88,000 | - |
| District of Vanderhoof - Interpretive Centre | 10,000 | - |
| Fort St. James Ski Club | 40,000 | - |
| District of Vanderhoof - Sportfield & Stadium | 120,000 | - |
| Gya'Wa'Tlaab Healing Centre Society - Feasibility Study | 5,000 | - |
| Kitamaat Village Council - Haisla Archival | 9,550 | - |
| Kitamaat Village Council - Marine Shipping Lines | 10,000 | - |
| Lakes District Airport Society - Baker Terminal Building | 50,000 | - |
| Lakes District Fall Fair Society - Building Upgrades | 22,140 | - |
| Lakes Economic Development Association - Community Signs | 7,500 | - |
| Nechako Valley Historical Society - OK Cafe Renovation | 25,000 | - |
| Regional District of Bulkley Nechako - Fort Fraser Beautification | 5,880 | - |
| Village of Fraser Lake - Southside Development | 40,000 | - |
| Village of Burns Lake - Nourse Park (2) | 30,000 | - |
| | <u>\$ 824,207</u> | <u>\$ 490,050</u> |