

**NECHAKO-KITAMAAT DEVELOPMENT
FUND SOCIETY**

FINANCIAL STATEMENTS

MARCH 31, 2010

NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY

FINANCIAL STATEMENTS

MARCH 31, 2010

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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, 2010, 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, 2010 and the results of operations of the Society for the year then ended, in accordance with Canadian generally accepted accounting principles.

Smithers, BC
May 7, 2010



Edmison Mehr

NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2010

| | Administration Fund | Grant Fund | 2010 Total | 2009 Total |
|----------------------------------|------------------------|---------------------|---------------------|---------------------|
| ASSETS | | | | |
| CURRENT | | | | |
| Cash and term deposit | \$ 27,862 | \$ 518,177 | \$ 546,039 | \$ 691,154 |
| Short term investments, Note 3 | - | 1,171,705 | 1,171,705 | 1,041,648 |
| GST receivable | <u>1,689</u> | <u>-</u> | <u>1,689</u> | <u>1,511</u> |
| | 29,551 | 1,689,882 | 1,719,433 | 1,734,313 |
| DUE FROM (TO) OTHER FUNDS | <u>38,966</u> | <u>(38,966)</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 68,517</u> | <u>\$ 1,650,916</u> | <u>\$ 1,719,433</u> | <u>\$ 1,734,313</u> |

LIABILITIES

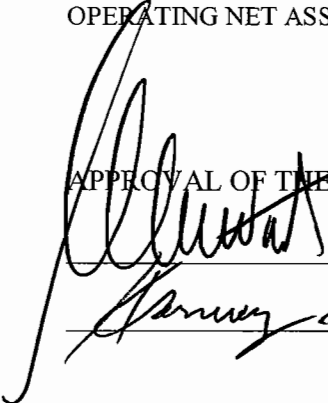
| | | | | |
|------------------|----------|------|----------|----------|
| CURRENT | | | | |
| Accounts payable | \$ 3,030 | \$ - | \$ 3,030 | \$ 3,031 |

COMMITMENT, Note 6

FUND BALANCES

| | | | | |
|-----------------------------|------------------|---------------------|---------------------|---------------------|
| OPERATING NET ASSETS | <u>65,487</u> | <u>1,650,916</u> | <u>1,716,403</u> | <u>1,731,282</u> |
| | <u>\$ 68,517</u> | <u>\$ 1,650,916</u> | <u>\$ 1,719,433</u> | <u>\$ 1,734,313</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, 2010**

| | <u>2010</u> | <u>2009</u> |
|--|---------------------|---------------------|
| REVENUE | | |
| Contribution agreement funding - | | |
| Province of B.C. | \$ 500,000 | \$ 500,000 |
| Investment | <u>135,941</u> | <u>(69,094)</u> |
| | <u>635,941</u> | <u>430,906</u> |
| EXPENSES | | |
| Accounting and audit | 3,106 | 3,131 |
| Advertising and promotion | 1,015 | 504 |
| Bank charges and interest | 15 | 12 |
| Honorariums | 5,363 | 6,963 |
| Insurance | 890 | 890 |
| Office | 2,231 | 2,418 |
| Other | 225 | 518 |
| Subcontract - manager | 49,128 | 49,435 |
| Telephone | 2,228 | 2,003 |
| Travel and meetings - board | 5,599 | 6,310 |
| Travel and meetings - manager | <u>4,314</u> | <u>3,990</u> |
| Sub-total | 74,114 | 76,174 |
| Grant promotion | 1,815 | - |
| Grant payments | <u>574,892</u> | <u>694,665</u> |
| | <u>650,821</u> | <u>770,839</u> |
| Excess (deficiency) of revenues over expenses for the year | (14,880) | (339,933) |
| Fund balance, beginning of year | <u>1,731,283</u> | <u>2,071,215</u> |
| Fund balance, end of year | <u>\$ 1,716,403</u> | <u>\$ 1,731,282</u> |

NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2010

1. PURPOSE

The purpose of the Society is to promote sustainable economic development in northern communities affected by the Kitimat-Kemano project and by the creation of the Nechako Reservoir. 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, 2010 is \$14,830,655 (2009 - \$15,564,309) and the fair market value of the fund at March 31, 2010 is \$15,005,571 (2009 - \$15,926,561). At March 31, 2010 a total of \$6.8 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 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, 2010

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, 2010 is \$1,165,384 (2009 - \$1,134,364).

| | <u>2010</u> | <u>2009</u> |
|----------------------------|---------------------|---------------------|
| Money Market Funds | \$ 449,263 | \$ 552,115 |
| Bond Fund | 170,005 | 154,759 |
| High Yield Bond Fund | 174,474 | 42,487 |
| Canadian Equity Funds | 190,582 | 156,457 |
| International Equity Funds | <u>187,381</u> | <u>135,830</u> |
| | <u>\$ 1,171,705</u> | <u>\$ 1,041,648</u> |

4. FINANCIAL INSTRUMENTS

For cash and term deposit, short term investments, gst receivable, accounts payable, the carrying values of these financial instruments approximate their fair values due to their short-term maturity or capacity for prompt liquidation. It is management's opinion that the Society is not exposed to significant interest or currency risk arising from these financial instruments except as noted for short term investments. The short term investments consist of a balanced portfolio with increased revenue risk on the equity fund portion of the balance. In addition the Society is exposed to currency risk with respect to the international equity funds amount. The U.S. equity fund portion of this balance at March 31, 2010 is \$119,647 (2009 - \$98,981) and the balance of \$67,734 (2009 - \$36,849) consists of other foreign currencies.

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, 2010

6. COMMITMENT

The Society is committed, provided the recipients fulfill the requirements of the funding agreements, to provide grants totaling \$661,497 subsequent to March 31, 2010 as follows:

| | <u>2010</u> | <u>2009</u> |
|--|-------------------|-------------------|
| Burns Lake Public Library Association - Expansion | \$ - | \$ 27,500 |
| Fraser Lake & District Rebroadcasting Society - Last Mile Internet | 12,500 | 12,500 |
| Burns Lake Mountain Bike Association - Bike Park | - | 5,000 |
| District of Vanderhoof - Interpretive Centre | - | 10,000 |
| District of Vanderhoof - Heritage Park | 60,000 | 120,000 |
| Kitamaat Village Council - Marine Shipping Lines | - | 5,000 |
| Lakes District Airport Society - Baker Terminal Building | 10,000 | 10,000 |
| Lakes Economic Development Association - Community Signs | 7,500 | 7,500 |
| Regional District of Bulkley Nechako - Fort Fraser Beautification | - | 2,940 |
| Village of Fraser Lake - Southside Development | 20,000 | 40,000 |
| BC Forage Council - New Crop Trials | 3,000 | 7,000 |
| Burns Lake & District Chamber of Commerce - Electronic Signs | 500 | 5,000 |
| Cheslatta Carrier Nation - Film (1) | - | 8,000 |
| District of Vanderhoof - Airport Lighting & Navigation | 25,000 | 25,000 |
| District of Vanderhoof - Downtown Revitalization 2008 | - | 8,800 |
| District of Vanderhoof - Sportfield & Stadium | - | 12,000 |
| Fort St. James Ski Club - Murray Ridge Redevelopment | 20,000 | 20,000 |
| Kitamaat Village Council - Haisla Tourism | 30,969 | 61,938 |
| Nechako Valley Community Services Association-Community Organics | - | 13,124 |
| Nechako Valley Historical Society - OK Cafe Renovation (2) | - | 42,500 |
| Nechako View Senior Citizen's Home Society - Affordable Housing | - | 7,500 |
| Omineca Ski Club - Biathlon Range | 10,553 | 44,100 |
| Southside Health & Wellness Centre - Emergency Generator | 4,460 | 22,300 |
| Southside Volunteer Fire Department Society - Waterline | - | 2,650 |
| Stellat'en First Nation - Wind Energy Evaluation | 27,000 | 54,000 |
| Cheslatta Carrier Nation - Film (2) | 12,000 | - |
| Cheslatta Carrier Nation - Chief Louie Paddle Co | 47,500 | - |
| District of Vanderhoof - Ferland Spray Park | 37,500 | - |
| Fraser Lake Saddle Club - Arena Renovation | 6,602 | - |
| Kitamaat Village Council - Haisla Admin Building | 79,876 | - |
| Kitamaat Village Council - Heritage Corridor | 28,461 | - |
| Kitamaat Village Council - Beautification | 23,000 | - |
| Kitamaat Village Council - Rec Centre Retrofit | 50,000 | - |
| Kitamaat Village Council - Soccer Field | 40,000 | - |
| Lakes District Arts Council - Artisan Centre Feasibility | 1,250 | - |
| Regional District of Bulkley-Nechako - Arena Upgrades | 43,926 | - |
| Regional District of Bulkley-Nechako - Legion Kitchen Upgrades | 17,000 | - |
| Regional District of Bulkley-Nechako - Tourism Attraction | 4,000 | - |
| Southside Seniors Housing Society - Independent Housing | 35,000 | - |
| Upper Nechako Wilderness Council | 3,900 | - |
| | <u>\$ 661,497</u> | <u>\$ 574,352</u> |