



**2004 – 2005  
Annual Report**

May 2005

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NKDF Annual Report



# 2005-2006 ANNUAL REPORT

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## **1. Report From The Chair**

The Nechako Kitamaat Development Fund Society has completed another challenging year. More difficult economic times throughout the investment area has created new challenges in meeting funding objectives for worthwhile projects.

The first focus of this past year was the advertising, interviewing and hiring of a new manager after the resignation of Lisa Dunn. Dan Boudreau of Prince George was hired to take on the Managers position. This resulted in moving the office from Terrace to Prince George. The training of the new manager and the costs involved with the moving of the office has resulted in higher than normal management fees for the past fiscal year.

The function of the Society has continued with little disruption to the overall operation – 24 proposals were received, with 20 of those approved. The amount of \$986,959 has been committed to those 20 approved proposals.

The low return the NKDF is receiving on its investments is going to require a major policy decision regarding the amount of Grant funding we provide each year. As we met with the investment communities at the time of NKDF establishment, the Legacy concept was overwhelmingly endorsed. Do we now continue with a Legacy Fund or approve proposals at our current rate of approximately \$1 million per year and deplete the fund? The legacy fund valued at \$14,184,602 is managed by BC Investment Management Corporation at a rate of return that provides less than one-third of our current yearly investment goal for projects.

The Board currently has 10 members, including one representative from Alcan and one from the Provincial Government. Two of the original board members, Dave Merz and Bill Stewart, whose terms expired in February, were reappointed until July 31, 2005 to assist with the training of the new manager and to help the new board members learn the routine.

The Board held 5 regular meetings throughout the investment area as well as 6 conference calls.

I would like to express my appreciation to all board members for their support and dedication during a very busy year, as well as to Dan for taking on the Managerial position.

*Original signed by*

Dave Merz, Chair

## **2. Society Overview**

### **2.1 Mandate**

The Nechako-Kitamaat Development Fund (NKDF) Society's funding programs are designed:

To support sustainable economic activity in northern communities affected by the Kitimat-Kemano project and by the creation of the Nechako Reservoir. NKDF spends the income from its long-term investments on programs and projects that meet each community's goals for economic development and community stability.

### **2.2 Background of the Fund**

In 1997, the Government of British Columbia and Alcan Inc. each contributed \$7.5 million to create the BC-Alcan Northern Development Fund. This BC-Alcan Agreement settled the legal issues between Alcan and the BC Government that arose from cancellation of the Kemano Completion Project. In January 1998 an advisory board for the Northern Development Fund was formed. Its job was to advise the government on how the Fund should be run to stimulate economic growth. In April 1998, the legislature passed Bill 5, the "BC-Alcan Northern Development Fund Act."

Enabled by this Act, and by the recommendations of the advisory board, the NKDF Society was incorporated on August 18, 1999. The Minister of Small Business and Economic Development appoints board members to represent the communities of the Nechako-Kitamaat area.

### **2.3 Investment Area**

The investment area for the NKDF is normally limited to those communities with evidence of impacts from Alcan's Nechako Reservoir and Kemano power project. We encourage applications from local governments and legally incorporated non-profit organizations serving the following communities:

District of Vanderhoof	Nadleh Whut'en Band	Burns Lake Band
Fort Fraser	Kitamaat Village	Nee Tahi Buhn Band
Village of Fraser Lake	Stellat'en First Nation	Skin Tyee Band
Village of Burns Lake	Saik'uz First Nation	Cheslatta Carrier Nation
Ootsa Lake		

Applications may be accepted from other areas of Northwestern BC, provided the listed communities receive direct economic benefits from the project and demonstrate their support for the project.

## **2.4 Guiding Principles of the Fund**

These principles have been updated to reflect the results of the 2003 BC Government performance review.

COMMUNITY ECONOMIC DEVELOPMENT	The NKDF will invest in community economic development projects and/or programs that are supported by the community, as long as they do not subsidize private business.
JOB CREATION & ENHANCEMENT	Creating new jobs and enhancing existing jobs are priorities of the NKDF.
SUSTAINABLE EMPLOYMENT	A priority of the Fund will be to support long term employment - both full time and seasonal.
COMMUNITY INTERRELATIONSHIPS	The Fund recognizes the value of interrelationships between communities. Consideration will be given to proposals from outside the Nechako Region and Kitamaat Village if they demonstrate a benefit to those areas.
CLEAR AND ACCESSIBLE	The Fund will have policies and programs that are accessible with clearly defined evaluation criteria.
FIRST NATIONS' PARTICIPATION	First Nations' participation in the Fund will not prejudice the First Nation land claim process.
LOCAL CONTROL	The majority of members of the NKDF Board will reside in the investment area. The Board will determine the ongoing management of the Fund consistent with provincial government policy.
BENEFITTING FUND	The Fund is intended to create benefits through sustainable community economic development. It is not intended to be compensation for those who believe themselves to have been negatively affected by the Kitimat-Kemano Project, the creation of the Nechako Reservoir or the cancellation of the Kemano Completion Project.
COOPERATIVE VENTURES	The Fund can be utilized in cooperative ventures along with other funding sources.
NO DUPLICATION	The Fund will not duplicate but may augment existing economic development programs.
WORKING FUND	\$5 million from the original \$15 million Fund is in a working fund to invest in current grant programs.
LEGACY FUND	\$10 million from the original \$15 million Fund is in a legacy fund, which will be invested to reach \$15 million. * Income from this \$15 million will finance activities into the future.

\* Fund investments are managed by the British Columbia Investment Management Corporation. Monies of the Northern Development Fund – to be used in support of the programs of the NKDF Society – are in investment vehicles that are generally conservative but that also provide some opportunities for growth.

## **2.5 Society Management**

The NKDF Society is governed by a northern-based board of government appointees who live in the investment area and represent a range of interests. Board seats during the past year were held by:

- Gloria Catherall, Burns Lake
- Kirk Handrahan, BC Government
- Bill McLeod, Vanderhoof
- Dave Merz, Fort Fraser (Chair)
- Colleen Nyce, Alcan Primary Metal British Columbia
- Mike Robertson, Southside
- Ellis Ross, Kitamaat Village
- Nina Shaw, Kitamaat Village
- Bill Stewart, Prince George (Secretary/Treasurer)
- Linda Woodruff, Vanderhoof

Management services are provided through a part-time contract with Dan Boudreau, who is based in Prince George.

## **2.6 Government Relations**

Since the Society's incorporation in 1999, the provincial government has transferred \$4.36 million from the Northern Development Fund to the NKDF Society for its operations and programs. The balance of the original \$15 million remains under the control of the BC Investment Management Corporation. (See financial statements for detailed balances of the Society's various accounts.)

The NKDF's Directors and Manager report to the Minister of Small Business and Economic Development.<sup>1</sup> The Minister is responsible for approving the Society's annual business plan and for appointing all Society directors. This reporting relationship is intended to ensure that the Society's actions continue to adapt to changes in provincial government priorities and direction.

In addition to the Society's relationship with the province, the Society also has relationships with federal government ministries and agencies such as Human Resources Development Canada, Western Economic Diversification and Indian and Northern Affairs in order to coordinate work on projects of mutual interest.

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<sup>1</sup> Kirk Handrahan is the current Government employee responsible for the NKDF file, but the Society is ultimately responsible to the Minister of Small Business and Economic Development.

### **3. Goals and Achievements**

This section is informed by the formal evaluation form completed by Society directors at the end of each fiscal year, where criteria are judged on a score of 1 to 4, with 1 being poor, 2 being fair, 3 being good and 4 being excellent. The goal is to achieve scores of 3 or 4, and to develop strategies to improve in areas that are scored only 1 or 2.

#### **3.1 Operations**

##### **Board Operations:**

There were five regular board meetings this year and six conference calls. The meetings were located in Fort Fraser/Fraser Lake, Kitamaat Village/Terrace, Grassy Plains, Vanderhoof and Smithers.

Change was the most important factor affecting board operations this year. During the past fiscal year, the Society has taken on a number of new Directors and a new Manager. Due to the high turnover, we applied to extend Dave Merz and Bill Stewart until July 31, 2005 in order to allow time to bring the new personnel up to speed.

In spite of the changes, there has been little or no disruption for existing clients or applicants. In July 2004, the office moved from Terrace to Prince George and all clients and stakeholders were notified of the move. The successful uptake of almost \$1 million in grants this year is an indication that we have stayed focused on ensuring that our clients get served.

##### **Management Services:**

The manager's workload was substantial this year, partly due to the introduction of a new manager. The workload has been considerable due to the dramatic increase in applications and approvals since the core review in 2003, resulting in 48 active projects during the year. As the manager stepped into a new role with an unprecedented number of projects in progress, enough new applications came forward to fill each meeting as well as obliging the directors to hold six conference calls.

## **3.2 Programs**

### **Community Grant Program:**

This year saw a total of 24 new applications and 20 approvals. Although the number of approvals is down from last year by 30%, the amount invested was not. The average investment during the past two years is a little over \$1 million per year.

The combined effect of expanding the investment area and relaxing the guidelines has brought about an increase in the uptake on our grants.

Throughout the year the manager and directors welcome feedback on how to make the guidelines more suitable for community needs. At the same time, the directors are also focussing on ensuring the fund is safeguarded by making cautious decisions that are acceptable to government, business people and communities outside the investment area, all of whom may raise legitimate issues about unfair subsidies or competition.

Detailed descriptions of the projects approved this year are in section 4.

### **Community Legacy Fund Program**

In order to perpetuate NKDF programs into the future, only \$5 million of the \$15 million fund is to be used for a “working fund” to fund the grant program. The “Legacy Fund” is for the balance of Society funds, which are not to be spent, but are invested to grow to a value of \$15 million. When the principal has reached that value, the amount of the fund exceeding inflation may be spent annually on operations and grants.

The Community Legacy Fund is currently held at the BC Investment Management Corporation and the value as of March 31, 2005 is \$14,184,602.

### **Business Loan Program:**

This was a short-lived program for the NKDF, cancelled as a result of the government-led performance review. The review ruled that the program creates a business subsidy, and is therefore contrary to current government policy. There are still three loans outstanding, valued at \$61,707. The Society receives quarterly payments, with interest, from the Community Futures Development Corporations that manage the loans.

#### 4. Grants Program Details

The following table shows grant proposal statistics in this year and all prior years since the inception of the fund.

Year	Proposals received	Proposals approved	Proposals not approved	Total \$ committed	Total \$ paid
2004-2005	24	20	4	\$986,959	\$518,050
2003-2004	45	31	14	\$1,047,097	\$484,778
2002-2003	8	7	1	\$169,195	\$234,684
2001-2002	20	11	9	\$498,556	\$245,636
2000-2001	13	6	7	\$137,534	\$149,004
1999-2000	8	5	3	\$35,019	\$25,000
<b>Total</b>	<b>121</b>	<b>80</b>	<b>41</b>	<b>\$2,874,360</b>	<b>\$1,657,152</b>

This table summarizes the grant projects approved or under contract during in the 2004-2005 fiscal year. Details about all projects under contract are on the following pages.

RECIPIENT	PROJECT	APPROVED	STATUS
Aboriginal Business Dev Centre	Youth Entrepreneur Camp	\$ 1,500	Complete
Burns Lake Band	Gathering Place	\$ 34,979	In Progress
Burns Lake Public Library Association	Library Expansion	\$ 100,000	In Progress
District of Vanderhoof	Downtown Revitalization	\$ 295,000	In Progress
District of Vanderhoof	Airport Development Plan	\$ 15,000	In Progress
Guide Outfitter's Association of BC	Guide Outfitter's School	\$ 10,000	Contract Pending
Haisla Fisheries Commission	Shellfish & Fisheries Project	\$ 56,000	Contract Pending
Kitamaat Village Council	SCUBA Training	\$ 32,600	Complete
Kitamaat Village Council	Marine Field Work	\$ 4,800	Contract Pending
Kitamaat Village Council	Haisla Radio Station	\$ 21,430	Contract Pending
Kitamaat Village Council	RV Park Planning	\$ 35,000	Contract Pending
Lakes Dist. Sr Citizen's Housing Assn	Seniors Housing Project	\$ 100,000	Contract Pending
Na na kila Institute (Kitamaat)	Haisla Building Promotion	\$ 49,000	In Progress
Northwest Tribal Treaty Nations	Investment Capital Forum	\$ 9,000	Cancelled
Ootsa Lake Bible Camp Society	New Lodge Construction	\$ 50,000	Contract Pending
Regional District of Bulkley Nechako	Fort Fraser Water Upgrade	\$ 13,750	In Progress
Southside Historical Society	Farmers Market / Carving Shed	\$ 60,000	Contract Pending
Southside Volunteer Fire Department	Underground Water Tank	\$ 11,400	In Progress
Vanderhoof Rotary Club	Trail Bridge	\$ 7,500	Contract pending
Village of Fraser Lake	Wharf Construction	\$ 80,000	In Progress
		<b>\$986,959.00</b>	

This table summarizes proposals not approved in 2004-2005

<b>Project</b>	<b>Date Rejected</b>	<b>Amount Requested</b>	<b>Reason for Rejection</b>
Economic Development Forum	20-May-04	\$16, 600	No evidence of support from businesses or communities.
Strategic Planning	20-May-04	\$56,000	Insufficient evidence of benefits to and support from communities in investment area.
Medical Equipment Loan Service	21-Sep-04	\$41,794	Medical equipment not a priority for NKDF at this time.
Real Estate Leadership Program	21-Mar-05	\$20,000	Community support unclear and cost per participant too high.

## **5. Project Descriptions, sorted by location (East to West)**

### **Vanderhoof Projects**

**Vanderhoof Revitalization Project **\$295,000****

#### ***District of Vanderhoof***

This project was identified as one of the priorities for development during a community priority-setting event in 1999. Spearheaded by a volunteer group (Vanderhoof Revitalization Committee) under the auspices of the District of Vanderhoof, the downtown revitalization project has made dramatic improvements to the business environment of the downtown core. Funding partners to date include the Ministry of Municipal Affairs, BC Hydro and the District of Vanderhoof. One of the immediate outcomes of this project has been that several of the neighbouring businesses have upgraded their own properties to tie in with the improvements. The first multi-year commitment made by the NKDF, this ambitious project is nearly complete. The newest phase of this project is expected to complete in autumn of 2005.

**Airport Development Plan **\$15,000****

#### ***District of Vanderhoof***

This project, which will include both an economic strategy and an infrastructure upgrade plan, is expected to stimulate economic development at the airport. The airport has served the Stuart-Nechako region since 1938. The District of Vanderhoof sees potential for an improved airport facility to play an important role in broadening the community's

economic base. Project goals include: diversification of the local economy, upgrading the airport infrastructure, encouraging new businesses to locate at the airport, and assisting businesses currently using the airport to expand their services. The District of Vanderhoof is funding 50% of the project, which will go to tender in the spring and complete in the summer of 2005.

**Riverside Trail Foot Bridge \$7,500**

***Vanderhoof Rotary Club***

This project is comprised of installing a walking bridge over Stony Creek, using a 64' rail flatcar enhanced with guardrails. The footbridge will help extend the walking path from Riverside Park to the Vanderhoof Museum. Funding partners include the Vanderhoof Rotary Club, the BC Real Estate Foundation and the District of Vanderhoof. Aside from the jobs created by the construction phase of the project, this project is expected to contribute economic benefit to the community by helping to make the area more attractive for visitors. While a contract has not yet been signed for this project, it is expected to be complete during the summer of 2005.

**Fort Fraser / Fraser Lake Projects**

**Wharf Restoration \$80,000**

***Village of Fraser Lake***

This increases the previously approved grant to a total of \$180,000 for this project. Restoring the historic wharf on Fraser Lake has been a high priority for the community for many years and fits in with the larger waterfront development plan. The completed wharf is expected to attract new private investment to the waterfront. NKDF directors were impressed by the strong community support and long term planning behind this project, but required that an engineering study be completed first to make sure the old pilings were usable. After a series of delays, the project finally got underway in the spring of 2005, with the pilings installed by the end of March. Funding partners include the Softwood Industry Community Economic Adjustment Initiative (SICEAI) and the Village of Fraser Lake.

**Fort Fraser Secondary Well \$13,700**

***Bulkley Nechako Regional District***

Fort Fraser has been requesting funding for a secondary well from the NKDF and from the Canada BC Infrastructure program for several years. Problems with the current well have led to situations where the community has relied on river water for as long as 10 weeks. Drilling a secondary well addresses water safety, health and fire protection

concerns, all of which affect economic development prospects. NKDF directors finally approved 50% funding for this project in 2003 after the Canada-BC Infrastructure turned it down, and after it became apparent that this project was consistently Fort Fraser's highest priority project. The approval of an additional \$13,750 increases the contribution for this project to \$66,750, with the other 50% of costs funded by the Fort Fraser taxpayers.

### **Burns Lake / Southside Projects**

**Gathering Place Business Plan and Engineering Studies \$34,937**

#### ***Burns Lake Band***

The Burns Lake Band has taken possession of the old high school in Burns Lake and has begun phase one renovations. In March 2004, the Band was unsuccessful in its application for assistance with renovations. This project, which includes the development of a business plan and completion of the engineering studies, will help the Burns Lake Band clarify feasibility and remove barriers to project completion. Burns Lake Band and NKDF will each fund 50% of the costs for this project.

**Burns Lake Public Library Expansion \$100,000**

#### ***Burns Lake Public Library Association***

Since it was first organized in 1944, the Library has moved and expanded a number of times to meet growing demands on its services. The Library serves more than 1600 patrons, including more than 100 from the Southside of Francois Lake. The project includes doubling the size of the current library and purchase of shelving, chairs, tables, file cabinets and a security system. Funding partners for this project include NKDF, the Burns Lake Public Library Association and the Province of British Columbia Community Development Initiative. The project is expected to be complete during the summer of 2005.

**Senior's Housing Project \$100,000**

#### ***Lakes District Senior Citizen's Housing Association***

LDSCHA plans to build this senior's housing complex in the Village of Burns Lake. The Association plans to build 17 new units to meet increasing demand for senior's housing in the Burns Lake area. The tenants for the proposed supportive housing project will be mainly residents from the Lakes District Area, and will be persons requiring hospitality

and personal care supports, either seniors or adults with physical disabilities which restrict them from living independently. Each unit will be self-contained and wheelchair accessible. This project is not yet under contract, pending matching funding and other conditions to be met.

**Lodge Construction \$50,000**

***Ootsa Lake Bible Camp Society***

This project involves completing construction of a new lodge at Ootsa Lake Bible Camp, approximately 50 km south of Burns Lake. The goals of the project include: increasing the capacity of the camp, improving access for seniors and handicapped groups, increasing the range of winter activities, and making the camp available for winter use by community groups. The only camp of its type in the area, the project is expected to increase visits and spending in the Southside communities. As well as the NKDF contribution, the remainder of the project will be funded primarily through the Society's private fundraising efforts and in-kind contributions. The Society hopes to complete the project by August 25, 2005 in time to celebrate its 50<sup>th</sup> anniversary.

**Carving Shed – Farmer's Market \$60,000**

***Southside Historical Society***

Cheslatta Carrier Nation and Southside Historical Society plan to build a log building to house a carving shed and a farmers market. It is intended to provide a place for skilled artisans for do their work while remaining open for visitors. It will include a retail facility and a showcase for local Southside skills and talents. The Farmer's Market began in 1998 and will relocate to the building, offering for sale local vegetables, homemade food products, and crafts. The project will be by NKDF, Cheslatta Carrier Nation and the Southside Economic Development Association. Project is not yet contracted, pending conditions to be met.

**Underground Water Tank \$11,400**

***Southside Volunteer Fire Department***

The Southside Volunteer Fire Department was incorporated 1983 and provides fire protection for the communities on the south side of Francois Lake. The project is to install a 5,000-gallon water tank underground in the Grassy Plains area from which pumpers and tanker can fill to provide a more efficient fire protection in the area. Donors

to the project include: Lakes District Road Maintenance, Southside Health & Wellness Centre, Ondina Enterprises, Regional District of Bulkley Nechako, Karen Blair, Jeff and Rhonda Giesbrecht, and Conrad Amendt Trucking Ltd.

### **Kitamaat Projects**

#### **Shellfish & Fisheries Project** **\$56,000**

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##### ***Kitamaat Village Council***

Kitamaat Village Council and Haisla Fisheries Commission have established shellfish test sites with the intention of developing a shellfish business in the area. Due to the high salinity of the Douglas Channel the sites must be located many miles from Kitamaat. The purpose of this project is to construct two additional rafts and purchase some necessary equipment for the project, including a suitable boat with which to safely access the experimental plots. Aside from safety, this project will enhance economic development by making it possible for Haisla to compete for a variety of employment opportunities in the Kitamaat area, including research, fishery and forestry contracts. This project is not yet under contract, pending conditions to be met.

#### **SCUBA Training** **\$32,600**

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##### ***Kitamaat Village Council***

The goal of this project is to purchase SCUBA gear and provide the training for four Haisla members to become Certified Scuba Divers. The certification is designed to provide all the training, experience and gear necessary to put the graduates to work full time in the Scuba Diving profession and capitalize on employment opportunities with Alcan, Eurocan, Forestry and Fisheries.

#### **Marine Work** **\$4,800**

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##### ***Kitamaat Village Council***

This project is to assist with building capacity within the Haisla First Nation in the science and technical field, where lack of capacity has been an ongoing barrier. The project entailed a selected Haisla member with post-secondary science courses spending an allotted amount of time job shadowing with the Environmental Manager and time in Smithers working on various projects learning the inner workings of the

Ministry of Water, Land and Air Protection. The funding is to pay for boat costs for the selected recipient's travel to and from work sites. The project is not yet contracted, pending conditions to be met.

**Haisla Radio Station**

**\$21,430**

***Kitamaat Village Council***

The proponent plans to establish, with the help of the Northern Native Broadcasting network, a local radio station in Kitamaat Village. The purpose of the project is to create a communication vehicle that will pass on community news and notices, serve as an interactive vehicle for band members to communicate with public decision-makers, and allow cultural heritage programming with the objective of maintaining and revitalizing Haisla group identity. NKDF has approved the funding for capital costs and KVC will provide the remainder of the funding for the project, which is expected to complete in 2005.

**Recreational Vehicle Park**

**\$35,000**

***Kitamaat Village Council***

As a part of its plan to develop a sustainable economic base, the Haisla First Nation has identified ecotourism and soft adventure tourism as a significant economic sector that will contribute to the First Nation's broader economic and community development goals. As a part of this strategy, the Haisla plan to build a high-end RV Park adjacent to the MK Bay Marina currently owned and operated by the District of Kitimat. The project is anticipated to benefit the Haisla people by providing employment for public works staff and community members to build the infrastructure and facilities, and on-going employment of an estimated 2-3 people to run the business. The project is not yet under contract, pending conditions to be met.

**Haisla Building Promotion**

**\$49,000**

***Na Na Kila Institute***

The goal of this project is to promote and raise funds for the eventual building of the Haisla Cultural-Governance Building. The project, a partnership between Na Na Kila Institute and the Haisla Totem Pole Committee, will include a small contingency of Haisla representatives traveling to meet with various funding agencies, with the goal of attracting substantial amounts of funding to go toward the building of the Haisla Cultural-Governance Building. It is expected that the building, once created, will bring

increased visitation and economic benefits to Kitamaat area and BC's northwest. The project is expected to be complete by January 2006.

### **Regional Projects**

**Youth Entrepreneur Camp** **\$1,500**

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#### ***Aboriginal Business Development Centre***

In the summer of 2004, ABDC organized and hosted an entrepreneurial training program for Aboriginal Youth aged 13 to 15. The camp was for youth interested in learning more about Aboriginal culture and entrepreneurship. NKDF provided the funding toward sponsorship of awards for entrepreneurial projects and towards the printing of T-shirts for graduate participants.

**Guide Outfitter's School** **\$10,000**

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#### ***Guide Outfitter's Association of British Columbia***

The GOABC has featured a Professional Guide Outfitter Training School since 1968. The goal of the project is to train twelve adult students to work in the Guide Outfitting Industry, with all graduating students to be employed upon completion of the school. The training qualifies graduates to work as Guide Outfitters, Guides Assistants, or Wranglers. The NKDF funding is subject to participants being selected from within the investment area. This project is not yet under contract, pending conditions to be met.

**Investment Capital Forum** **\$9,000**

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#### ***Northwest Tribal Treaty Nations***

Northwest Tribal Treaty Nations hosted two investment forums with the purpose of developing a Northern Region First Nation's Economic Strategy. One forum was held in Terrace and one in Smithers. The NKDF investment was specifically to encourage the participation and support the travel costs to the Terrace forum for representatives of the NKDF investment area communities. No funding was drawn down for this project.

## 6. Financial Highlights as of March 31, 2005

<b>2004-2005 Income and Expenses</b>	<b>Budgeted</b>	<b>Actual</b>
Administration expenses	\$111,126	\$95,230
Grant payments (approved \$.987 million) <sup>2</sup>	\$1,424,160	\$532,551
Investment income	\$109,073	\$119,994
Loans, principal and interest repaid	\$33,873	\$47,417

**Note to administration expenses:** Administration costs were lower than expected because two representatives kindly served at their employer's expense (BC Government and Alcan). Manager fees were \$63,821, director honoraria were \$9,225, travel and meeting costs were \$9,642 and the balance of \$12,542 was for accounting, advertising and office expenses.

**Note to grants:** Grant approvals totalled \$986,959, but much of this will be paid out during the building season of the summer of 2005.

**Note to investment income:** NKDF investments are held at the Nechako Valley Credit Union and Phillips Hager and North (PHN). Most of the gains recorded this year were on equities and bond funds held with PHN.

**Note to loans:** Since the loans program has been cancelled, no new payments are made. The report shows the principal and interest that has been repaid to NKDF accounts this year.

<b>Account Balances as of March 31, 2005</b>	
Loan funds receivable	\$61,707
Credit Union accounts	\$1,464,884
Phillips, Hager & North investments	\$1,350,494
Less grant commitments outstanding	-\$1,133,097
<b>Total NKDF assets</b>	<b>\$1,743,988</b>

The balance of the original \$15 million dollar contributions from Alcan and the BC Government are held in the Northern Development Fund, managed by the British Columbia Investment Management Corporation. The market value of this investment account as of March 31, 2005 was \$14,184,602, so the combined assets of the NKDF and the Northern Development Fund total **\$15,928,559**

**Annual Audit:** The annual audit of the NKDFS was completed in May 2005 by Edmison-Mehr Chartered Accountants (Smithers). The statements are attached as Appendix A.

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<sup>2</sup> Budgeted amount includes grant approvals from 2004-2005 as well as grants owing from prior years.

**Appendix A: Audited Financial Statements**