

**NECHAKO-KITAMAAT DEVELOPMENT
FUND SOCIETY**

FINANCIAL STATEMENTS

MARCH 31, 2005

NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY

FINANCIAL STATEMENTS

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AUDITORS' REPORT

To the Directors of
NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY
Smithers, BC

We have audited the Statement of Financial Position of NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY as at March 31, 2005, 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, 2005 and the results of operations of the Society for the year then ended, in accordance with Canadian generally accepted accounting principles.

Smithers, BC
May 10, 2005

Edmison Mehr

NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2005

	Administration Fund	Grant Fund	Loan Fund	2005 Total	2004 Total
ASSETS					
CURRENT					
Cash and term deposits	\$ 15,766	1,464,884	-	1,480,650	1,039,710
Short term investments, Note 2	-	1,350,494	-	1,350,494	2,253,376
Accrued interest	-	2,398	561	2,959	4,778
GST receivable	2,701	-	-	2,701	2,277
Loans receivable	-	-	61,707	61,707	106,817
	<u>18,467</u>	<u>2,817,776</u>	<u>62,268</u>	<u>2,898,511</u>	<u>3,406,958</u>

LIABILITIES

CURRENT					
Accounts payable	\$ 2,500	-	-	2,500	2,499

FUND BALANCES

OPERATING NET ASSETS	<u>15,967</u>	<u>2,817,776</u>	<u>62,268</u>	<u>2,896,011</u>	<u>3,404,459</u>
	<u>\$ 18,467</u>	<u>2,817,776</u>	<u>62,268</u>	<u>2,898,511</u>	<u>3,406,958</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, 2005**

	Administration Fund	Grant Fund	Loan Fund	2005 Total	2004 Total
REVENUE					
Contribution agreement funding -					
Province of B.C.	\$ -	-	-	-	-
Investment	<u>661</u>	<u>117,025</u>	<u>2,308</u>	<u>119,994</u>	<u>374,426</u>
	<u>661</u>	<u>117,025</u>	<u>2,308</u>	<u>119,994</u>	<u>374,426</u>
EXPENSES					
Accounting and audit	2,276	-	-	2,276	2,174
Advertising and promotion	3,338	-	-	3,338	2,109
Bank charges and interest	-	-	-	-	3
Grant projects	-	532,551	-	532,551	494,778
Honorariums	9,225	-	-	9,225	6,388
Insurance	1,078	-	-	1,078	-
Legal	1,296	-	-	1,296	-
Office	1,931	-	-	1,931	1,868
Other	295	-	-	295	150
Rent	120	-	-	120	299
Subcontract - manager	63,821	-	-	63,821	48,335
Subcontract - other	861	-	-	861	248
Telephone	2,008	-	-	2,008	2,623
Travel and meetings	<u>9,642</u>	<u>-</u>	<u>-</u>	<u>9,642</u>	<u>9,120</u>
	<u>95,891</u>	<u>532,551</u>	<u>-</u>	<u>628,442</u>	<u>568,095</u>
Excess (deficiency) of revenues over expenses for the year	(95,230)	(415,526)	2,308	(508,448)	(193,669)
Fund balance, beginning of year	<u>7,692</u>	<u>3,288,516</u>	<u>108,251</u>	<u>3,404,459</u>	<u>3,598,128</u>
	(87,538)	2,872,990	110,559	2,896,011	3,404,459
Inter-fund transfers	<u>103,505</u>	<u>(55,214)</u>	<u>(48,291)</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ 15,967</u>	<u>2,817,776</u>	<u>62,268</u>	<u>2,896,011</u>	<u>3,404,459</u>

NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2005

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, 2005 is \$14,021,418 (2004 - \$14,007,074) and the fair market value of the fund at March 31, 2005 is \$14,184,602 (2004 - \$13,949,178). At March 31, 2005 (no change from the prior fiscal year) a total of \$4.5 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. SHORT TERM INVESTMENTS

Short term investments consist of the following types of investments. The amounts are recorded at the market value. This is a change in accounting policy during the current year. The prior policy was to record the short term investments at the lower of cost and market. The adjustment required at April 1, 2004 to restate the prior balance from cost to market is insignificant. The accounting policy change has not been applied retroactively. The adjusted cost base of the fund at the audit report date is \$1,264,807.

	<u>2005</u>	<u>2004</u>
Money Market Funds	\$ 422,967	\$ 710,783
Bond Funds	253,759	456,956
Dividend Income Funds	120,619	91,399
Canadian Equity Funds	349,292	363,719
Other Equity Funds	<u>203,857</u>	<u>630,519</u>
	<u>\$ 1,350,494</u>	<u>\$ 2,253,376</u>

3. LOANS RECEIVABLE

The loans receivable consists of loan agreements entered in partnership with individual Community Futures Development Corporations. The Community Futures Development Corporations administer each loan advance. Interest revenue earned on these loans receivable is recognized by the Society only when the amount has been collected on its behalf by the Community Futures Development Corporation.

NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2005

4. COMMITMENT

The Society is committed to provide grants totaling \$1,133,097 subsequent to March 31, 2005. The grant recipients for these commitments are as follows:

	<u>2005</u>	<u>2004</u>
District of Vanderhoof - Downtown Revitalization	\$ 295,000	\$ 37,500
District of Vanderhoof - Airport Development	7,500	-
Guide Outfitters Association of BC	10,000	-
Ootsa Lake Community Water Society - Water System	-	34,450
Ootsa Lake Bible Camp - Lodge	50,000	-
Burns Lake Band - Gathering Place	17,490	-
Burns Lake Public Library - Expansion	50,000	-
Haisla Fisheries Commission - Shellfish & Fisheries	56,000	-
Cheslatta Carrier Nation	-	10,000
North Coast Biotoxin Society	41,000	54,000
Northwest Tribal Treaty Nations	9,000	-
Southside Economic Development Association	-	14,500
Southside Historical Society - Carving Shed/Farmers Market	60,000	-
Nechako Valley Community Services	7,500	7,500
Village of Fraser Lake - Wharf	176,093	100,000
Burns Lake&District Economic Development Association	-	2,500
Southside Volunteer Fire Dept. - Water Tank	11,400	-
Nee Tahi Buhn First Nation	-	32,500
Na na kila Insitute - Haisla Building Promo	24,500	-
Na na kila Institute	-	23,300
Vanderhoof Rotary Club - Trail Bridge	7,500	-
Bulkley Nechako Regional District - Fort Fraser Well	56,750	43,000
Lakes District Sr. Citizens Housing Association	100,000	-
Southside Economic Development Association	2,000	4,000
Kitamaat Village Council - RV Park Planning	35,000	-
Kitamaat Education Society	-	5,000
Na na kila Institute	-	16,300
CFDC Stuart Nechako	9,850	27,000
Skin Tyee First Nation	-	10,000
Cheslatta Carrier Nation	-	8,125
PGNAETA	-	10,000
Fort St. James Ski Club	44,785	52,000
Nechako View Senior Housing	10,000	100,000
BC Forage Council	26,880	50,400
Yellowhead Highway Association	7,500	7,500
Lakes Outdoor Recreation Society	1,834	11,200
Vanderhoof Senior Friendship Hall	-	5,891
Nechako Valley Sporting Association	-	8,000
Lakes District Fall Fair Association	-	20,000
Fort Fraser Chamber	-	4,500
Kitamaat Village Council - Forestry Development	-	25,000
Kitamaat Village Council - Biology Intern	4,800	-
Kitamaat Village Council - Haisla Radio	<u>10,715</u>	<u>-</u>
	<u>1,133,097</u>	<u>724,166</u>

NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2005

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.

6. MEASUREMENT UNCERTAINTY

Measurement uncertainty exists with respect to the recording of the loan receivable asset and the short term investment asset (excluding the money market fund balance which is not subject to measurement uncertainty).

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