

**NECHAKO-KITAMAAT DEVELOPMENT  
FUND SOCIETY**

**FINANCIAL STATEMENTS**

**MARCH 31, 2006**

**NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY**

**FINANCIAL STATEMENTS**

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# EDMISON MEHR CHARTERED ACCOUNTANTS

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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, 2006, 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, 2006 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, 2006

Edmison Mehr

**NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY**  
**STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2006**

	<b>Administration Fund</b>	<b>Grant Fund</b>	<b>Loan Fund</b>	<b>2006 Total</b>	<b>2005 Total</b>
<b>ASSETS</b>					
<b>CURRENT</b>					
Cash and term deposits	\$ 552,340	813,180	-	1,365,520	1,480,650
Short term investments, Note 2	-	1,458,333	-	1,458,333	1,350,494
Accrued interest	-	1,890	-	1,890	2,959
GST receivable	1,975	-	-	1,975	2,701
Loans receivable	-	-	33,228	33,228	61,707
Grant advance receivable	-	<u>12,500</u>	-	<u>12,500</u>	-
	554,315	2,285,903	33,228	2,873,446	2,898,511
<b>DUE FROM (TO) OTHER FUNDS</b>	<u>(526,703)</u>	<u>526,703</u>	-	-	-
	<u>\$ 27,612</u>	<u>2,812,606</u>	<u>33,228</u>	<u>2,873,446</u>	<u>2,898,511</u>

**LIABILITIES**

<b>CURRENT</b>					
Accounts payable	\$ 2,500	-	-	2,500	2,500

**FUND BALANCES**

<b>OPERATING NET ASSETS</b>	<u>25,112</u>	<u>2,812,606</u>	<u>33,228</u>	<u>2,870,946</u>	<u>2,896,011</u>
	<u>\$ 27,612</u>	<u>2,812,606</u>	<u>33,228</u>	<u>2,873,446</u>	<u>2,898,511</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, 2006**

	Administration Fund	Grant Fund	Loan Fund	2006 Total	2005 Total
<b>REVENUE</b>					
Contribution agreement funding - Province of B.C.	\$ -	500,000	-	500,000	-
Investment	<u>1,901</u>	<u>137,993</u>	<u>1,976</u>	<u>141,870</u>	<u>119,994</u>
	<u>1,901</u>	<u>637,993</u>	<u>1,976</u>	<u>641,870</u>	<u>119,994</u>
<b>EXPENSES</b>					
Accounting and audit	2,827	-	-	2,827	3,572
Advertising and promotion	1,633	-	-	1,633	3,338
Bank charges and interest	32	-	-	32	-
Goods and services tax	2,701	-	-	2,701	-
Grant projects	-	592,652	-	592,652	532,551
Honorariums	5,113	-	-	5,113	9,225
Insurance	1,137	-	-	1,137	928
Office	1,675	-	-	1,675	1,931
Other	60	-	-	60	445
Rent	165	-	-	165	120
Subcontract - manager	46,662	-	-	46,662	63,821
Subcontract - other	-	-	-	-	861
Telephone	1,913	-	-	1,913	2,008
Travel and meetings - board	6,434	-	-	6,434	7,088
Travel and meetings - manager	<u>3,931</u>	<u>-</u>	<u>-</u>	<u>3,931</u>	<u>2,554</u>
	<u>74,283</u>	<u>592,652</u>	<u>-</u>	<u>666,935</u>	<u>628,442</u>
Excess (deficiency) of revenues over expenses for the year	(72,382)	45,341	1,976	(25,065)	(508,448)
Fund balance, beginning 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>
Inter-fund transfers	(56,415)	2,863,117	64,244	2,870,946	2,896,011
	<u>81,527</u>	<u>(50,511)</u>	<u>(31,016)</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ 25,112</u>	<u>2,812,606</u>	<u>33,228</u>	<u>2,870,946</u>	<u>2,896,011</u>

**NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2006**

**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, 2006 is \$14,641,507 (2005 - \$14,021,418) and the fair market value of the fund at March 31, 2006 is \$14,678,620 (2005 - \$14,184,602). At March 31, 2006 a total of \$5.0 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. The adjusted cost base of the fund at March 31, 2006 is \$1,366,391 (2005 - \$1,264,807).

	<u>2006</u>	<u>2005</u>
Money Market Funds	\$ 712,838	\$ 422,967
Bond Fund	129,676	253,759
High Yield Bond Fund	127,813	120,619
Canadian Equity Funds	234,915	349,292
International Equity Funds	<u>253,091</u>	<u>203,857</u>
	<u>\$ 1,458,333</u>	<u>\$ 1,350,494</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, 2006**

**4. COMMITMENT**

The Society is committed to provide grants totaling \$1,082,783 subsequent to March 31, 2006 as follows:

	<u>2006</u>	<u>2005</u>
District of Vanderhoof - Downtown Revitalization	\$ 147,500	\$ 295,000
District of Vanderhoof - Airport Development	-	7,500
Guide Outfitters Association of BC - School	10,000	10,000
Ootsa Lake Bible Camp - Lodge	-	50,000
Burns Lake Band - Gathering Place	17,490	17,490
Burns Lake Public Library - Expansion	50,000	50,000
Haisla Fisheries Commission - Shellfish & Fisheries	56,000	56,000
North Coast Biotoxin Society - Kitamaat Water Testing	18,005	41,000
Northwest Tribal Treaty Nations	-	9,000
Cheslatta Carrier Nation - Carving Shed/Farmers Market	60,000	60,000
Nechako Valley Community Services - Seniors Planning	-	7,500
Village of Fraser Lake - Wharf	-	176,093
Southside Volunteer Fire Dept. - Water Tank	-	11,400
Na na kila Insitute - Haisla Building Promo	24,500	24,500
Vanderhoof Rotary Club - Trail Bridge	750	7,500
Bulkley Nechako Regional District - Fort Fraser Well	56,750	56,750
Lakes District Sr. Citizens Housing Association - Housing Project	50,000	100,000
Southside Economic Development Association - CED Training	-	2,000
Kitamaat Village Council - RV Park Planning	-	35,000
CFDC Stuart Nechako - Regional Economic Dev Plan	2,700	9,850
Fort St. James Ski Club - Equipment	44,785	44,785
Nechako View Senior Housing - Seniors Housing	-	10,000
BC Forage Council - Forage Crop Trials	26,880	26,880
Yellowhead Highway Association - Regional Marketing	-	7,500
Lakes Outdoor Recreation Society - Star Lake Trail	-	1,834
Kitamaat Village Council - Biology Intern	-	4,800
Kitamaat Village Council - Haisla Radio	-	10,715
Burns Lake Arts & Culture Committee - Arts Festival	3,652	-
Burns Lake Sports Centre Association - Memorial Arena	15,000	-
College of New Caledonia Fundraising Society - Equipment	98,000	-
Corporation of the Village of Burns Lake - Washroom Facility	7,672	-
District of Vanderhoof - Art Scan	2,000	-
District of Vanderhoof - Community Signs	15,000	-
District of Vanderhoof - Arena Dressing Rooms	100,000	-
Kitamaat Village Council - Haisla HIPPY	1,500	-
Lakes District Airport Society - Feasibility Study	2,500	-
Let's Enhance & Develop Society - Hybrid Trail Systems	1,680	-
Nechako Valley Reg Cattlemen Association - Swath Grazing	15,920	-
Nechako View Senior Citizen's Home Society - Seniors Housing	100,000	-
North Coast Biotoxin Society - Kitamaat Water Testing	23,600	-
North Coast Biotoxin Society - Kitamaat Water Testing	56,307	-
Southside Economic Development Association - SEDA Centre	73,092	-
St. John Hospital Auxiliary Society - OR Enhancement	<u>1,500</u>	<u>-</u>
	<u>1,082,783</u>	<u>1,133,097</u>

**NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2006**

**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).