

**NECHAKO-KITAMAAT DEVELOPMENT  
FUND SOCIETY**

**FINANCIAL STATEMENTS**

**MARCH 31, 2007**

**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, 2007, 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, 2007 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, 2007



Edmison Mehr

**NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY**  
**STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2007**

	<b>Administration Fund</b>	<b>Grant Fund</b>	<b>Loan Fund</b>	<b>2007 Total</b>	<b>2006 Total</b>
<b>ASSETS</b>					
<b>CURRENT</b>					
Cash and term deposits	\$ 47,327	\$ 846,147	\$ -	\$ 893,474	\$ 1,365,520
Short term investments, Note 3	-	1,133,874	-	1,133,874	1,458,333
Accrued interest	-	1,501	-	1,501	1,889
GST receivable	1,884	-	-	1,884	1,975
Loan receivable, Note 4	-	-	28,803	28,803	33,228
Grant advance receivable	-	-	-	-	12,500
	<u>49,211</u>	<u>1,981,522</u>	<u>28,803</u>	<u>2,059,536</u>	<u>2,873,445</u>
<b>DUE FROM (TO) OTHER FUNDS</b>	<u>(6,193)</u>	<u>6,193</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 43,018</u>	<u>\$ 1,987,715</u>	<u>\$ 28,803</u>	<u>\$ 2,059,536</u>	<u>\$ 2,873,445</u>

**LIABILITIES**

<b>CURRENT</b>					
Accounts payable	\$ 3,000	\$ -	\$ -	\$ 3,000	\$ 2,502

**FUND BALANCES**

<b>OPERATING NET ASSETS</b>	<u>40,018</u>	<u>1,987,715</u>	<u>28,803</u>	<u>2,056,536</u>	<u>2,870,943</u>
	<u>\$ 43,018</u>	<u>\$ 1,987,715</u>	<u>\$ 28,803</u>	<u>\$ 2,059,536</u>	<u>\$ 2,873,445</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, 2007**

	2007	2006
<b>REVENUE</b>		
Contribution agreement funding - Province of B.C.	\$ 300,000	\$ 500,000
Investment	<u>124,779</u>	<u>141,868</u>
	<u>424,779</u>	<u>641,868</u>
<b>EXPENSES</b>		
Accounting and audit	3,242	2,827
Advertising and promotion	1,069	1,633
Bank charges and interest	14	32
Goods and services tax	-	2,701
Honorariums	3,238	5,113
Insurance	1,010	987
Office	1,630	1,675
Other	-	210
Rent	252	165
Subcontract - manager	46,488	46,662
Telephone	2,162	1,913
Travel and meetings - board	2,275	6,434
Travel and meetings - manager	<u>4,464</u>	<u>3,931</u>
Sub-total	65,844	74,283
Grant payments	<u>1,173,343</u>	<u>592,652</u>
	<u>1,239,187</u>	<u>666,935</u>
Excess (deficiency) of revenues over expenses for the year	(814,408)	(25,067)
Fund balance, beginning of year	<u>2,870,944</u>	<u>2,896,010</u>
Fund balance, end of year	<u>\$ 2,056,536</u>	<u>\$ 2,870,943</u>

**NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

**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, 2007 is \$15,284,046 (2006 - \$14,641,507) and the fair market value of the fund at March 31, 2007 is \$15,306,740 (2006 - \$14,678,620). At March 31, 2007 a total of \$5.3 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, 2007**

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, 2007 is \$1,053,103 (2006 - \$1,366,391).

	<u>2007</u>	<u>2006</u>
Money Market Funds	\$ 567,685	\$ 712,838
Bond Fund	120,973	129,676
High Yield Bond Fund	103,820	127,813
Canadian Equity Funds	139,299	234,915
International Equity Funds	<u>202,097</u>	<u>253,091</u>
	<u>\$ 1,133,874</u>	<u>\$ 1,458,333</u>

**4. LOAN RECEIVABLE**

The loan receivable consists of a loan agreement with a private enterprise entered in partnership with a Community Futures Development Corporation. The Community Futures Development Corporation administers the loan advance.

**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, 2007**

**6. COMMITMENT**

The Society is committed, provided the recipients fulfill the requirements of the funding agreements, to provide grants totaling \$490,050 subsequent to March 31, 2007 as follows:

	<u>2007</u>	<u>2006</u>
District of Vanderhoof - Downtown Revitalization	\$ 29,500	\$ 147,500
Guide Outfitters Association of BC - School	-	10,000
Burns Lake Band - Gathering Place	3,031	17,490
Burns Lake Public Library - Expansion	10,000	50,000
Haisla Fisheries Commission - Shellfish & Fisheries	-	56,000
North Coast Biotoxin Society - Kitamaat Water Testing	-	18,005
Cheslatta Carrier Nation - Carving Shed/Farmers Market	30,000	60,000
Na na kila Insitute - Haisla Building Promo	24,500	24,500
Vanderhoof Rotary Club - Trail Bridge	750	750
Bulkley Nechako Regional District - Fort Fraser Well	-	56,750
Lakes District Sr. Citizens Housing Association - Housing Project	-	50,000
CFDC Stuart Nechako - Regional Economic Dev Plan	-	2,700
Fort St. James Ski Club - Equipment	-	44,785
BC Forage Council - Forage Crop Trials	10,080	26,880
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	2,500
Let's Enhance & Develop Society - Hybrid Trail Systems	-	1,680
Nechako Valley Reg Cattlemen Association - Swath Grazing	9,790	15,920
Nechako View Senior Citizen's Home Society - Seniors Housing	10,000	100,000
North Coast Biotoxin Society - Kitamaat Water Testing	-	23,600
North Coast Biotoxin Society - Kitamaat Water Testing	41,412	56,307
Southside Economic Development Association - SEDA Centre	7,310	73,092
St. John Hospital Auxiliary Society - OR Enhancement	-	1,500
Aboriginal Business Development Centre	5,000	-
Burns Lake Public Library Association	27,500	-
Casey Lake Cross-Country Ski Association	2,000	-
Community Futures of Nadina	7,500	-
Corporation of the Village of Burns Lake	22,600	-
District of Vanderhoof	45,983	-
District of Vanderhoof	74,017	-
Fraser Lake & District Rebroadcasting Society	12,500	-
Kitamaat Village Council	69,237	-
Reel Alternatives	2,065	-
Regional District of Bulkley Nechako	5,950	-
Southside Health & Wellness Centre	2,500	-
Vanderhoof Public Library	9,325	-
Village of Fraser Lake	<u>25,000</u>	<u>-</u>
	<u>\$ 490,050</u>	<u>\$ 1,082,783</u>