

**NECHAKO-KITAMAAT DEVELOPMENT
FUND SOCIETY**

FINANCIAL STATEMENTS

MARCH 31, 2008

NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY

FINANCIAL STATEMENTS

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	Page
Auditors' Report	1
Statement of Financial Position	2
Statement of Operations and Changes to Fund Balances	3
Notes to Financial Statements	4-6

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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, 2008, 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, 2008 and the results of operations of the Society for the year then ended, in accordance with Canadian generally accepted accounting principles.

Smithers, BC
May 14, 2008



Edmison Mehr

NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2008

	Administration Fund	Grant Fund	Loan Fund	2008 Total	2007 Total
ASSETS					
CURRENT					
Cash and term deposits	\$ 4,214	\$ 940,483	\$ -	\$ 944,697	\$ 893,476
Short term investments, Note 3	-	1,127,901	-	1,127,901	1,133,874
Accrued interest	-	-	-	-	1,500
GST receivable	1,648	-	-	1,648	1,884
Loan receivable, Note 4	-	-	-	-	28,803
	<u>5,862</u>	<u>2,068,384</u>	<u>-</u>	<u>2,074,246</u>	<u>2,059,537</u>
DUE FROM (TO) OTHER FUNDS	<u>45,847</u>	<u>(45,847)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 51,709</u>	<u>\$ 2,022,537</u>	<u>\$ -</u>	<u>\$ 2,074,246</u>	<u>\$ 2,059,537</u>

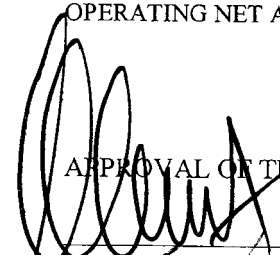
LIABILITIES

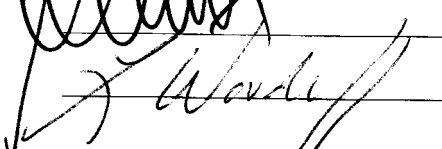
CURRENT					
Accounts payable	\$ 3,030	\$ -	\$ -	\$ 3,030	\$ 3,002

FUND BALANCES

OPERATING NET ASSETS	<u>48,679</u>	<u>2,022,537</u>	<u>-</u>	<u>2,071,216</u>	<u>2,056,535</u>
	<u>\$ 51,709</u>	<u>\$ 2,022,537</u>	<u>\$ -</u>	<u>\$ 2,074,246</u>	<u>\$ 2,059,537</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, 2008**

	2008	2007
REVENUE		
Contribution agreement funding -		
Province of B.C.	\$ 500,000	\$ 300,000
Investment	<u>36,485</u>	<u>124,778</u>
	<u>536,485</u>	<u>424,778</u>
EXPENSES		
Accounting and audit	3,146	3,242
Advertising and promotion	1,663	1,069
Bank charges and interest	-	14
Honorariums	6,438	3,238
Insurance	1,010	860
Office	2,109	1,630
Other	-	150
Rent	110	252
Subcontract - manager	50,271	46,488
Telephone	2,339	2,162
Travel and meetings - board	4,253	2,275
Travel and meetings - manager	<u>2,205</u>	<u>4,464</u>
Sub-total	73,544	65,844
Grant payments	<u>448,262</u>	<u>1,173,343</u>
	<u>521,806</u>	<u>1,239,187</u>
Excess (deficiency) of revenues over expenses for the year	14,679	(814,409)
Fund balance, beginning of year	<u>2,056,537</u>	<u>2,870,944</u>
Fund balance, end of year	<u>\$ 2,071,216</u>	<u>\$ 2,056,535</u>

NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2008

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, 2008 is \$15,115,132 (2007 - \$15,284,046) and the fair market value of the fund at March 31, 2008 is \$15,320,522 (2007 - \$15,306,740). At March 31, 2008 a total of \$5.8 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 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, 2008

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, 2008 is \$1,127,901 (2007 - \$1,053,103).

	<u>2008</u>	<u>2007</u>
Money Market Funds	\$ 602,977	\$ 567,685
Bond Fund	151,126	120,973
High Yield Bond Fund	63,095	103,820
Canadian Equity Funds	141,402	139,299
International Equity Funds	<u>169,301</u>	<u>202,097</u>
	<u>\$ 1,127,901</u>	<u>\$ 1,133,874</u>

4. LOAN RECEIVABLE

The loan receivable consisted of a loan agreement with a private enterprise entered in partnership with a Community Futures Development Corporation. The Community Futures Development Corporation administered the loan advance. The loan advance was repaid in full during the fiscal year.

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, 2008

6. COMMITMENT

The Society is committed, provided the recipients fulfill the requirements of the funding agreements, to provide grants totaling \$824,207 subsequent to March 31, 2008 as follows:

	<u>2008</u>	<u>2007</u>
District of Vanderhoof - Downtown Revitalization	\$ -	\$ 29,500
Burns Lake Band - Gathering Place	-	3,031
Burns Lake Public Library - Expansion	-	10,000
Cheslatta Carrier Nation - Carving Shed/Farmers Market	6,000	30,000
Na na kila Insitute - Haisla Building Promo	-	24,500
Vanderhoof Rotary Club - Trail Bridge	750	750
BC Forage Council - Forage Crop Trials	10,080	10,080
Lakes District Airport Society - Feasibility Study	-	2,500
Nechako Valley Reg Cattlemen Association - Swath Grazing	3,700	9,790
Nechako View Senior Citizen's Home Society - Seniors Housing	-	10,000
North Coast Biotoxin Society - Kitamaat Water Testing	-	41,412
Southside Economic Development Association - SEDA Centre	-	7,310
Aboriginal Business Development Centre - Container Study	-	5,000
Burns Lake Public Library Association - Expansion	27,500	27,500
Casey Lake Cross-Country Ski Association - Feasibility Study	-	2,000
Community Futures of Nadina - Resort Gap Analysis	7,500	7,500
Corporation of the Village of Burns Lake - Nourse Park	2,260	22,600
District of Vanderhoof - Spirit Square (2007)	45,983	45,983
District of Vanderhoof - Spirit Square (2008)	74,017	74,017
Fraser Lake & District Rebroadcasting Society - Last Mile Internet	12,500	12,500
Kitamaat Village Council - Haisla Construction	69,237	69,237
Reel Alternatives - Film Festival	-	2,065
Regional District of Bulkley Nechako - Asset Mapping	-	5,950
Southside Health & Wellness Centre - Medical Equipment	-	2,500
Vanderhoof Public Library - Mary John Collection	-	9,325
Village of Fraser Lake - Arena Upgrade (1)	-	25,000
BC Paraplegic Association/NCMA - Measuring Up The North	3,750	-
Burns Lake Band - Community House	11,000	-
Burns Lake Mountain Bike Association - Bike Park	25,000	-
Burns Lake Native Development Corporation - Crop Cam Feasibility	1,000	-
Burns Lake Native Development Corporation - Block Processing Plant	29,340	-
Burns Lake Sports Centre Association - Arena Energy Saving	12,620	-
Cheslatta Carrier Nation - Wood Chipper	14,775	-
CFDC of Fraser Fort George - EDABC Conference 2008	2,500	-
CFDC of Nadina - Poultry Processing	1,625	-
District of Vanderhoof - Downtown Revitalization (2008)	88,000	-
District of Vanderhoof - Interpretive Centre	10,000	-
Fort St. James Ski Club	40,000	-
District of Vanderhoof - Sportfield & Stadium	120,000	-
Gya'Wa'Tlaab Healing Centre Society - Feasibility Study	5,000	-
Kitamaat Village Council - Haisla Archival	9,550	-
Kitamaat Village Council - Marine Shipping Lines	10,000	-
Lakes District Airport Society - Baker Terminal Building	50,000	-
Lakes District Fall Fair Society - Building Upgrades	22,140	-
Lakes Economic Development Association - Community Signs	7,500	-
Nechako Valley Historical Society - OK Cafe Renovation	25,000	-
Regional District of Bulkley Nechako - Fort Fraser Beautification	5,880	-
Village of Fraser Lake - Southside Development	40,000	-
Village of Burns Lake - Nourse Park (2)	30,000	-
	<u>\$ 824,207</u>	<u>\$ 490,050</u>