

**NECHAKO-KITAMAAT DEVELOPMENT
FUND SOCIETY**

FINANCIAL STATEMENTS

MARCH 31, 2009

NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY

FINANCIAL STATEMENTS

MARCH 31, 2009

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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, 2009, 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, 2009 and the results of operations of the Society for the year then ended, in accordance with Canadian generally accepted accounting principles.

Smithers, BC
May 8, 2009

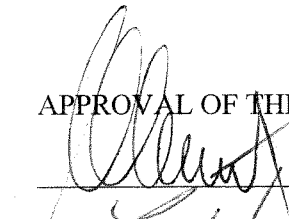
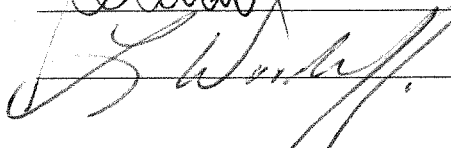


Edmison Mehr

**NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2009**

	Administration Fund	Grant Fund	2009 Total	2008 Total
ASSETS				
CURRENT				
Cash and term deposit	\$ 11,599	\$ 679,554	\$ 691,153	\$ 944,695
Short term investments, Note 3	-	1,041,648	1,041,648	1,127,901
GST receivable	<u>1,511</u>	<u>-</u>	<u>1,511</u>	<u>1,648</u>
	13,110	1,721,202	1,734,312	2,074,244
DUE FROM (TO) OTHER FUNDS	<u>45,498</u>	<u>(45,498)</u>	<u>-</u>	<u>-</u>
	<u>\$ 58,608</u>	<u>\$ 1,675,704</u>	<u>\$ 1,734,312</u>	<u>\$ 2,074,244</u>
LIABILITIES				
CURRENT				
Accounts payable	\$ 3,030	\$ -	\$ 3,030	\$ 3,029
COMMITMENT, Note 6				
FUND BALANCES				
OPERATING NET ASSETS	<u>55,578</u>	<u>1,675,704</u>	<u>1,731,282</u>	<u>2,071,215</u>
	<u>\$ 58,608</u>	<u>\$ 1,675,704</u>	<u>\$ 1,734,312</u>	<u>\$ 2,074,244</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, 2009**

	2009	2008
REVENUE		
Contribution agreement funding - Province of B.C.	\$ 500,000	\$ 500,000
Investment	<u>(69,094)</u>	<u>36,484</u>
	<u>430,906</u>	<u>536,484</u>
EXPENSES		
Accounting and audit	3,131	3,146
Advertising and promotion	504	1,663
Bank charges and interest	12	-
Honorariums	6,963	6,438
Insurance	1,040	860
Office	2,418	2,109
Other	368	150
Rent	-	110
Subcontract - manager	49,435	50,271
Telephone	2,003	2,339
Travel and meetings - board	6,310	4,253
Travel and meetings - manager	<u>3,990</u>	<u>2,205</u>
Sub-total	76,174	73,544
Grant payments	<u>694,665</u>	<u>448,262</u>
	<u>770,839</u>	<u>521,806</u>
Excess (deficiency) of revenues over expenses for the year	(339,933)	14,678
Fund balance, beginning of year	<u>2,071,215</u>	<u>2,056,537</u>
Fund balance, end of year	<u>\$ 1,731,282</u>	<u>\$ 2,071,215</u>

NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2009

1. PURPOSE

The purpose of the Society is to promote sustainable economic development in northern communities affected by the Kitimat-Kemano project and by the creation of the Nechako Reservoir. 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, 2009 is \$15,564,309 (2008 - \$15,115,132) and the fair market value of the fund at March 31, 2009 is \$15,926,561 (2008 - \$15,320,522). At March 31, 2009 a total of \$6.3 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 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, 2009

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, 2009 is \$1,134,364 (2008 - \$1,104,430).

	<u>2009</u>	<u>2008</u>
Money Market Funds	\$ 552,115	\$ 602,977
Bond Fund	154,759	151,126
High Yield Bond Fund	42,487	63,095
Canadian Equity Funds	156,457	141,402
International Equity Funds	<u>135,830</u>	<u>169,301</u>
	<u>\$ 1,041,648</u>	<u>\$ 1,127,901</u>

4. FINANCIAL INSTRUMENTS

For cash and term deposit, short term investments, gst receivable, accounts payable, the carrying values of these financial instruments approximate their fair values due to their short-term maturity or capacity for prompt liquidation. It is management's opinion that the Society is not exposed to significant interest or currency risk arising from these financial instruments except as noted for short term investments. The short term investments consist of a balanced portfolio with increased revenue risk on the equity fund portion of the balance. In addition the Society is exposed to currency risk with respect to the international equity funds amount. The U.S. equity fund portion of this balance is \$98,981 and the balance of \$36,849 consists of other foreign currencies.

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, 2009

6. COMMITMENT

The Society is committed, provided the recipients fulfill the requirements of the funding agreements, to provide grants totaling \$342,093 subsequent to March 31, 2009 as follows:

	<u>2009</u>	<u>2008</u>
Cheslatta Carrier Nation - Carving Shed/Farmers Market	\$ -	\$ 6,000
Vanderhoof Rotary Club - Trail Bridge	-	750
BC Forage Council - Forage Crop Trials	-	10,080
Nechako Valley Reg Cattlemen Association - Swath Grazing	-	3,700
Burns Lake Public Library Association - Expansion	27,500	27,500
Community Futures of Nadina - Resort Gap Analysis	-	7,500
Corporation of the Village of Burns Lake - Nourse Park	-	2,260
District of Vanderhoof - Spirit Square (2007)	-	45,983
District of Vanderhoof - Spirit Square (2008)	-	74,017
Fraser Lake & District Rebroadcasting Society - Last Mile Internet	12,500	12,500
Kitamaat Village Council - Haisla Construction	-	69,237
BC Paraplegic Association/NCMA - Measuring Up The North	-	3,750
Burns Lake Band - Community House	-	11,000
Burns Lake Mountain Bike Association - Bike Park	5,000	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	10,000
Fort St. James Ski Club	-	40,000
District of Vanderhoof - Sportfield & Stadium	120,000	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	5,000	10,000
Lakes District Airport Society - Baker Terminal Building	10,000	50,000
Lakes District Fall Fair Society - Building Upgrades	-	22,140
Lakes Economic Development Association - Community Signs	7,500	7,500
Nechako Valley Historical Society - OK Cafe Renovation	-	25,000
Regional District of Bulkley Nechako - Fort Fraser Beautification	2,940	5,880
Village of Fraser Lake - Southside Development	40,000	40,000
Village of Burns Lake - Nourse Park (2)	-	30,000
BC Forage Council - New Crop Trials	7,000	-
Burns Lake & District Chamber of Commerce - Electronic Signs	5,000	-
Cheslatta Carrier Nation - Film	8,000	-
District of Vanderhoof - Airport Lighting & Navigation	25,000	-
District of Vanderhoof - Downtown Revitalization 2008	8,800	-
District of Vanderhoof - Sportfield & Stadium	12,000	-
Fort St. James Ski Club - Murray Ridge Redevelopment	20,000	-
Kitamaat Village Council - Haisla Tourism	61,938	-
Nechako Valley Community Services Association-Community Organics	13,124	-
Nechako Valley Historical Society - OK Cafe Renovation (2)	42,500	-
Nechako View Senior Citizen's Home Society - Affordable Housing	7,500	-
Omineca Ski Club - Biathlon Range	44,100	-
Southside Health & Wellness Centre - Emergency Generator	22,300	-
Southside Volunteer Fire Department Society - Waterline	2,650	-
Stellat'en First Nation - Wind Energy Evaluation	54,000	-
	<u>\$ 574,352</u>	<u>\$ 824,207</u>