

**NECHAKO-KITAMAAT DEVELOPMENT
FUND SOCIETY**

FINANCIAL STATEMENTS

MARCH 31, 2004

NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY

FINANCIAL STATEMENTS

MARCH 31, 2004

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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, 2004, 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, 2004 and the results of operations of the Society for the year then ended, in accordance with Canadian generally accepted accounting principles.

Smithers, BC
May 13, 2004


Edmison Mehr

NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2004

	Administration Fund	Grant Fund	Loan Fund	2004 Total	2003 Total
ASSETS					
CURRENT					
Cash and term deposits	\$ 7,915	1,031,795	-	1,039,710	601,800
Short term investments, Note 2	-	2,253,376	-	2,253,376	2,859,719
Accrued interest	-	3,345	1,434	4,779	4,912
GST receivable	2,277	-	-	2,277	2,225
Loans receivable	-	-	106,817	106,817	134,483
	<u>\$ 10,192</u>	<u>3,288,516</u>	<u>108,251</u>	<u>3,406,959</u>	<u>3,603,139</u>

LIABILITIES

CURRENT					
Accounts payable	\$ 2,501	-	-	2,501	5,014

FUND BALANCES

OPERATING NET ASSETS	<u>7,691</u>	<u>3,288,516</u>	<u>108,251</u>	<u>3,404,458</u>	<u>3,598,125</u>
	<u>\$ 10,192</u>	<u>3,288,516</u>	<u>108,251</u>	<u>3,406,959</u>	<u>3,603,139</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, 2004

	Administration Fund	Grant Fund	Loan Fund	2004 Total	2003 Total
REVENUE					
Contribution agreement funding - Province of B.C.	\$ -	-	-	-	-
Investment	<u>673</u>	<u>368,149</u>	<u>5,603</u>	<u>374,425</u>	<u>121,888</u>
	<u>673</u>	<u>368,149</u>	<u>5,603</u>	<u>374,425</u>	<u>121,888</u>
EXPENSES					
Accounting and audit	2,174	-	-	2,174	2,535
Advertising and promotion	2,109	-	-	2,109	563
Bank charges and interest	3	-	-	3	80
Grant projects	-	494,778	-	494,778	234,684
Honorariums	6,388	-	-	6,388	4,763
Investment fees	-	-	-	-	12,153
Office	1,868	-	-	1,868	895
Other	150	-	-	150	104
Rent	299	-	-	299	247
Subcontract - manager	48,335	-	-	48,335	28,030
Subcontract - other	248	-	-	248	-
Telephone	2,623	-	-	2,623	2,406
Travel and meetings	<u>9,120</u>	<u>-</u>	<u>-</u>	<u>9,120</u>	<u>3,897</u>
	<u>73,317</u>	<u>494,778</u>	<u>-</u>	<u>568,095</u>	<u>290,357</u>
Excess (deficiency) of revenues over expenses for the year before other expense	(72,644)	(126,629)	5,603	(193,670)	(168,469)
Other expense - loss on write down of short term investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(268,719)</u>
Excess (deficiency) of revenues over expenses for the year	(72,644)	(126,629)	5,603	(193,670)	(437,188)
Fund balance, beginning of year	<u>37,273</u>	<u>2,487,415</u>	<u>1,073,440</u>	<u>3,598,128</u>	<u>4,035,313</u>
	(35,371)	2,360,786	1,079,043	3,404,458	3,598,125
Inter-fund transfers	<u>43,062</u>	<u>927,730</u>	<u>(970,792)</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ 7,691</u>	<u>3,288,516</u>	<u>108,251</u>	<u>3,404,458</u>	<u>3,598,125</u>

NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2004

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, 2004 is \$14,007,074 (2003 - \$12,925,086) and the fair market value of the fund at March 31, 2004 is \$13,949,178 (2003 - \$13,275,294). At March 31, 2004 (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 lower of cost and net realizable value. The fair market value of the fund at the audit report date is \$2,254,028.

	<u>2004</u>
Money Market Funds	\$ 710,783
Bond Funds	456,956
Dividend Income Funds	91,399
Canadian Equity Funds	363,719
Other Equity Funds	<u>630,519</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, 2004

4. 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.

5. COMMITMENT

The Society is committed to provide grants totaling \$724,166 subsequent to March 31, 2004. The grant recipients for these commitments are as follows:

	<u>2004</u>	<u>2003</u>
District of Vanderhoof - Downtown Revitalization	\$ 37,500	125,000
Ootsa Lake Community Water Society - Water System	34,450	36,636
Burns Lake Native Development Corporation	-	7,700
Heart of BC Tourism Association	-	4,200
Cheslatta Carrier Nation	10,000	-
North Coast Biotoxin Society	54,000	-
Southside Economic Development Association	14,500	-
Nechako Valley Community Services	7,500	-
Village of Fraser Lake	100,000	-
Burns Lake&District Economic Development Association	2,500	-
Nee Tahi Buhn First Nation	32,500	-
Na na kila Institute	23,300	-
Bulkley Nechako Regional District	43,000	-
Southside Economic Development Association	4,000	-
Kitamaat Education Society	5,000	-
Na na kila Institute	16,300	-
CFDC Stuart Nechako	27,000	-
Skin Tyee First Nation	10,000	-
Cheslatta Carrier Nation	8,125	-
PGNAETA	10,000	-
Fort St. James Ski Club	52,000	-
Nechako View Senior Housing	100,000	-
BC Forage Council	50,400	-
Yellowhead Highway Association	7,500	-
Lakes Outdoor Recreation Society	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	<u>25,000</u>	<u>-</u>
	<u>\$ 724,166</u>	<u>173,536</u>

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).