

- 2018 -

ANNUAL REPORT

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FOUR STRATEGIC PILLARS

FUNDING

CAPACITY BUILDING

BUSINESS DEVELOPMENT

BEST PRACTICES

OUR VISION

Northern B.C. has world-class industries, diversified regional economies and growing, energetic communities.

OUR VALUES

We strive to be trusted for our integrity, accountability, collaboration and passion. We are responsive, yet responsible.

OUR MISSION

The Trust exists to stimulate economic growth through strategic and leveraged investments that build a strong and diversified economy in central and northern B.C.

OUR ETHICS

As stewards of a public trust incorporated under legislation by the Province of British Columbia, we promise to:

- Dedicate ourselves to building economic capacity and sustainability throughout the Trust's service area.
- Responsibly steward a capital base to support Trust area communities in perpetuity.
- Develop strong partnerships throughout the region and uphold the values of the communities we serve.

But not to:

- Favour one region, community or business over another.
- Adopt or promote a political affiliation or put our interests ahead of central and northern B.C.'s.

MESSAGE FROM THE CHAIR AND CEO

For fourteen years, Northern Development has facilitated economic growth in the north with a goal to build a stronger north. For us, the north is divided into four regions – Northwest, Northeast, Prince George and Cariboo-Chilcotin/Lillooet. Each of these regions have their own unique personalities, challenges and opportunities. To properly identify and celebrate the accomplishments of each of these areas, we've chosen to share an overview of some of the things we accomplished in 2018 in this year's annual report.

We experienced another successful year. Funding was fully committed from the Prince George, Northwest and Cariboo-Chilcotin/Lillooet regional accounts. More than \$1.6 million was committed to projects in the Northeast region.

We built on past success and made commitments for the future when we launched the First Nations Government Internship program after a successful trial in 2017. In 2018, Northern Development formed a three-year partnership with Indigenous Services Canada for the First Nations Government Internship program. We successfully paired four host First Nations Governments with interns in the Nass Valley, and with the Takla Lake First Nation, Nuxalk Nation and Lheidli T'enneh First Nation.

Our expertise in administering funds is being recognized and sought by various organizations throughout the province. Northern Development approved \$23.6 million for 11 Connecting B.C. program projects in 2018. Connecting B.C. supports significant fibre optic upgrades along the North and Central Coast, Haida Gwaii and in the southern and northern interiors.

BC Hydro selected us after a competitive bid process to administer their \$20 million BC Hydro Peace Agricultural Compensation Fund. We strategized with BC Hydro and the board of the Agricultural Compensation Fund to develop a strong five-year financial plan, application process and invested the capital to begin generating returns.

But we didn't forget our core community development work. Early in 2018, we launched two new programs – the Northern Industries Innovation Fund (NIIF) and Strategic Initiatives Fund (SIF).

Following the success of the Forest Innovation Fund, we restructured the program to create the Northern Industries Innovation Fund, which supports innovative projects in a broad range of sectors core to our region's economy.

The Strategic Initiatives Fund was created in response to extensive consultation with our regional advisors and insightful

feedback from a focus group regarding the Pine Beetle Recovery Account. The fund put communities back in the driver's seat, allowing them to submit proposals for large, multi-year projects that drive economic diversification.

We've already approved some exciting and diverse projects through the programs, including a shellfish aquaculture processing facility, industrial trials for biocoal and biocarbon products, commercial timber thinning with specialized equipment and more. In 2018, we approved \$395,486 and \$1,271,001 through the Northern Industries Innovation Fund and Strategic Initiatives Fund, respectively.

But not all our approved projects have six-figure budgets. In 2018, we provided funding from the Community Halls and Recreation Facilities program for the Village of Fraser Lake to purchase four paddle boards and related equipment. While the \$1,582 we contributed to this \$2,260 project may be small, the investment made into the community's health and well-being creates far-reaching ripples of positive change. This small investment contributes to Fraser Lake's vibrancy and attractiveness – both for visitors who may choose to spend an extra day in the village to explore more of the lake and for professionals who are considering the lifestyle the area affords.

In 2018, the Trust approved its 3,000th project. This milestone is a testament to the hard and resourceful work that is being done in our region. To date, Northern Development has invested \$139 million of its own funding into projects in central and northern B.C.

We're eager to come alongside all the hardworking people in the north and share our knowledge and resources as we continue to diversify our regional economies and support our communities. On behalf of the board of directors and staff, a sincere thank you is owed to all our partners – our regional advisors, community leaders, business partners and the Province of B.C. for their partnerships and shared common work to build a stronger north.



Gerry Thiessen
Board Chair



Joel McKay
CEO

2018 STATISTICS

\$139 million

of Trust funding invested into projects since inception

\$67.1 million

of third-party funding approvals administered since inception

\$12.5 million

invested into projects in 2018

\$24.8 million

of third-party funding approvals administered in 2018

\$1.28 billion

of investments from all projects leveraged for the north since inception

\$84.2 million

of investments from all projects leveraged in the north in 2018

Projects

3,257

projects administered
since inception

209

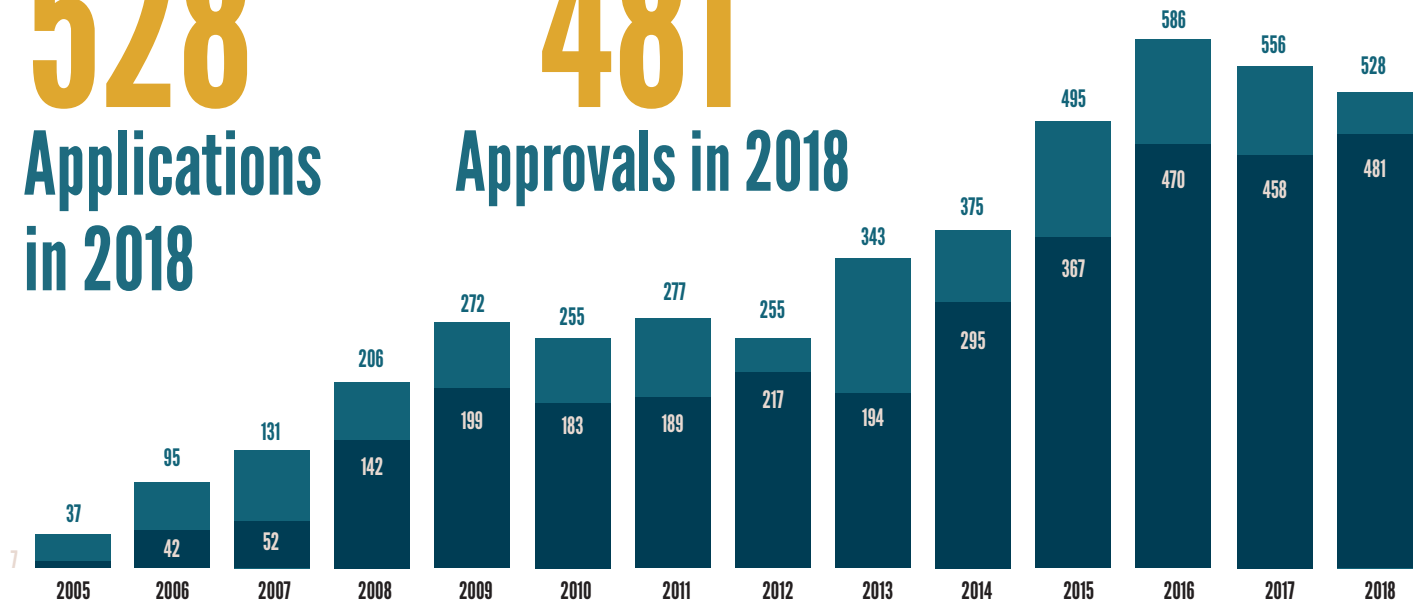
third-party projects
since inception



Applications and Approvals

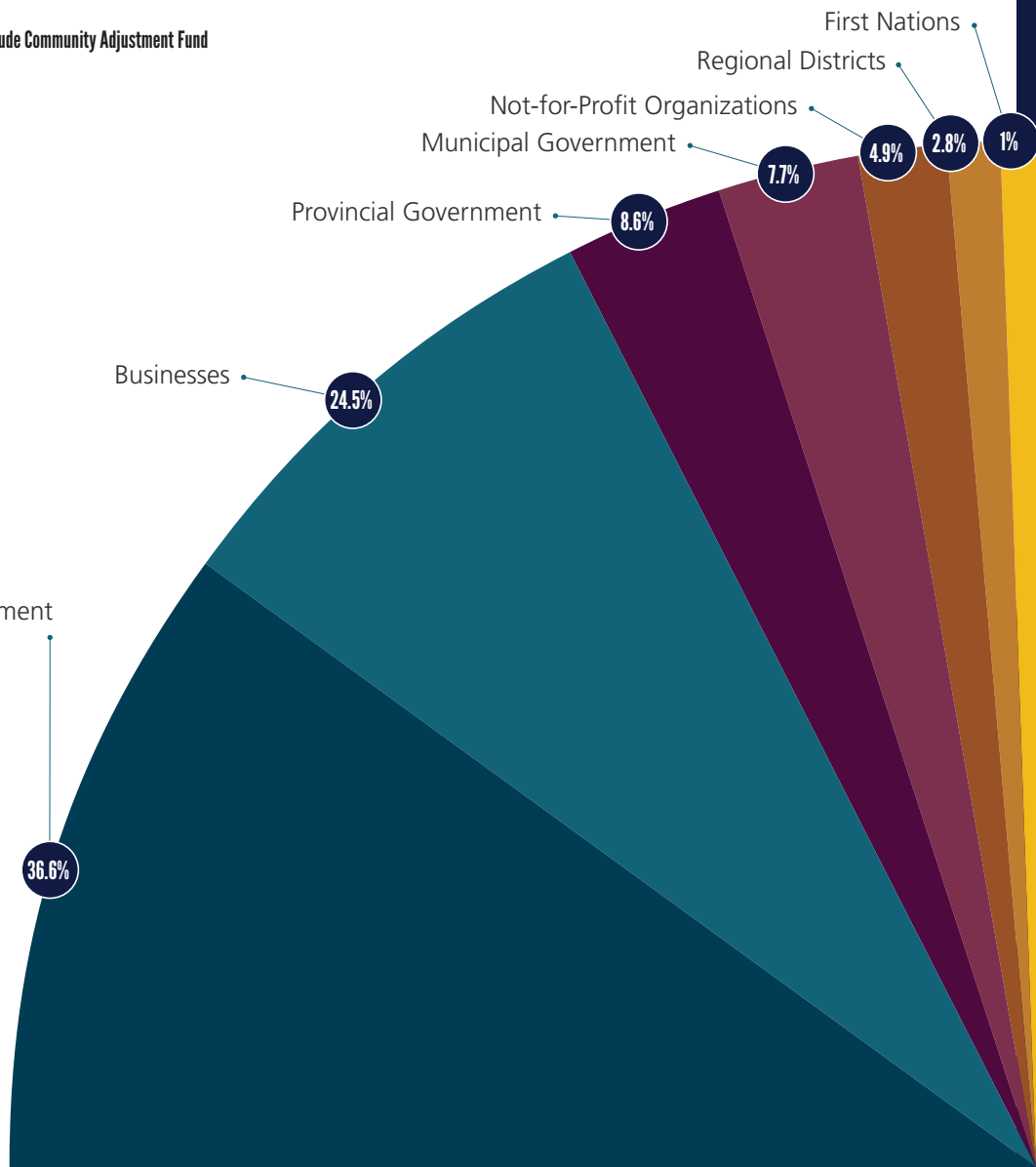
528
Applications
in 2018

481
Approvals in 2018



● # applications ● # approvals * does not include Community Adjustment Fund

1,247
unique funding partners
since inception



* Northern Development is responsible for the other 13.9%

FUNDING PROGRAMS FOR COMMUNITIES

Northern Development recognizes that communities have a variety of needs that often require outside funding. To alleviate the potential financial burden, the Trust offers eight funding programs specifically for communities. These programs include infrastructure upgrades, community hall repairs, festival hosting and marketing plans.

“ The importance and value of the grant we received from Northern Development cannot be overstated... With Northern Development’s funds it feels like we have brought our organization into the 21st century, something we could not possibly have accomplished without the Trust. ”

- 2018 annual client satisfaction survey respondent

\$90.8 million
invested into community development projects since 2005

1,312 projects

BUSINESS FAÇADE IMPROVEMENT

This program provides local governments with \$20,000 in annual grant funding to enhance community appearance through business improvements such as façades, signage, murals, architectural features, siding, lighting and awnings.

CAPITAL INVESTMENT ANALYSIS

This program provides local governments, First Nations and registered non-profits with up to \$10,000 in grant funding for the development of a comprehensive business case for a major building or infrastructure project.

COMMUNITY FOUNDATION MATCHING GRANT

This program provides communities with up to \$50,000 to assist with the establishment of a dedicated endowment within a registered community foundation. The funds can then be used to provide grants for community and social enhancement in the community area.

COMMUNITY HALLS & RECREATION FACILITIES

This program provides local governments, First Nations and registered non-profits with a maximum of \$30,000 (\$50,000 in the Northeast Region) in funding to improve, expand or develop facilities throughout the region.

ECONOMIC DIVERSIFICATION INFRASTRUCTURE

This program provides up to \$250,000 in funding for local governments, First Nations and non-profit organizations in the region for projects that significantly strengthen the local economy via a major capital investment.

FABULOUS FESTIVALS & EVENTS

This program provides non-profit organizations with up to \$5,000 in grant funding to support unique events and festivals throughout the region that generate destination tourism-based service sector revenues for the local economy.

MARKETING INITIATIVES

This program provides up to \$20,000 in grant funding to support marketing initiatives that promote assets and products within the region in order to increase local revenues generated from outside the region.

STRATEGIC INITIATIVES FUND

Launched in 2018, this program provides funding for up to 80 per cent of a project’s value. Strategic projects that are large in scale, regional in impact and increase capacity within a First Nation or municipality align well with the program.

2018 \$399,017 in funding for 21 projects
All-time \$1,985,603 for 121 projects

2018 \$82,200 in funding for 10 projects
All-time \$1,837,130 for 93 projects

2018 \$125,000 in funding for 3 projects
All-time \$1,905,764 for 47 projects

2018 \$2,131,701 in funding for 91 projects
All-time \$15,365,173 for 508 projects

2018 \$3,225,787 in funding for 21 projects
All-time \$66,240,436 for 219 projects

2018 \$197,500 in funding for 56 projects
All-time \$501,645 for 179 projects

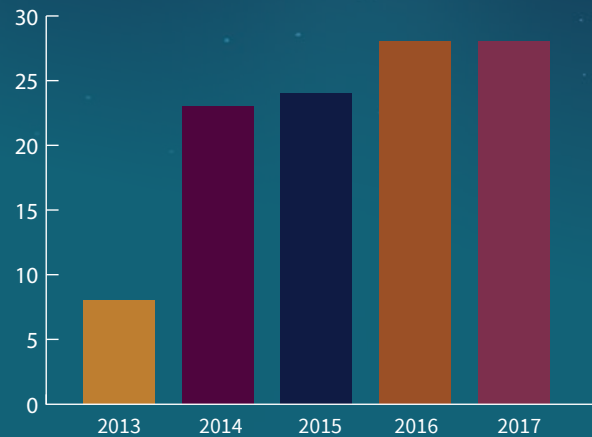
2018 \$448,398 in funding for 36 projects
All-time \$1,741,025 for 140 projects

2018 \$1,271,001 in funding for 5 projects

Business Façade Improvement Program

In 2018, Northern Development reviewed the Business Façade Improvement program, which had completed its fifth year in 2017. This program offers an incentive for businesses to improve their storefronts, making communities more attractive for both residents and visitors.

PARTICIPATING COMMUNITIES BY YEAR



In Valemount, Rocky Mountain Goat Media upgraded their storefront's exterior with locally manufactured shingles and cedar siding.



Photos: Rocky Mountain Goat Media

"It's nice that the program is for qualitative improvements, not to increase square footage or install a new roof. This program should continue in the future!"

- Laura Keil, publisher, Rocky Mountain Goat Media

FUNDING FOR FIRST NATIONS

14.3%

of the Trust's approved projects in 2018 were for First Nations

65

projects approved in 2018

\$2,180,448

invested into First Nations communities in 2018

22 grant writers

9 community halls and recreation facilities

7 festivals

3 economic diversification infrastructure projects



Photo: Witset First Nation

On July 27, 2018, the Witset First Nation officially celebrated the opening of Kyah RV Park. The Trust provided a \$137,605 grant for the third phase of the revitalization project through its Economic Diversification Infrastructure program. The entire project took nearly two years to complete and cost \$1.3 million.



Photo: City of Prince George

On National Indigenous Peoples Day 2018, the Lheidli T'enneh First Nation and City of Prince George invited the community to celebrate the opening of the Lheidli T'enneh Memorial Park Pavilion. The Pavilion is the result of a shared vision for a space that is accessible for gatherings, performances and other events in one of Prince George's most popular parks. Northern Development provided \$30,000 for this \$1 million project through the Community Halls and Recreation Facilities program.



Photo: Soda Creek Indian Band

In 2018, the Trust approved \$15,000 for the fourth phase of the Xat'sull Heritage Village Trails Initiative through its Community Halls and Recreation Facilities program. This brings the total amount of funding given to Xat'sull Heritage Village to over \$350,000. More than \$100,000 of this has been for trail development, enabling the mountain bike trail network to exceed 30 kilometres.



TUMBLER RIDGE GLOBAL GEOPARK INVESTS IN TOURISM, COMMUNITY THROUGH NEW INTERPRETIVE CENTRE

Located in the heart of pristine wilderness, the Tumbler Ridge Global Geopark (TRGG) rests on the eastern slopes of the Rocky Mountains.

This 7,722-square-kilometre geopark offers activities for people of all ages year round. From hiking on beautifully maintained trails to snowmobiling, fly fishing and explorations at the Dinosaur Discovery Gallery.

In 2014, the TRGG was designated by UNESCO (United Nations Educational, Scientific and Cultural Organization) as a UNESCO Global Geopark. There are currently only two other UNESCO designated global geoparks in Canada and a total of five in North America.

“With this designation, the TRGG and the community of Tumbler Ridge have an opportunity to develop and promote a significant asset that is expected to attract increased tourism from domestic and international markets,” said Sarah Waters, executive director of TRGG. “Not only for Tumbler Ridge, but for the entire Peace Region.”

In order to maintain its UNESCO designation, TRGG was required to develop tourism products and educational programming. From that directive, the idea for the Tumbler Ridge Global Geopark Interpretive Centre was born.

To assist in the creation of this interpretive centre, TRGG submitted a grant application through Northern Development’s Economic Diversification Infrastructure program. This program provides grant funding to support major infrastructure projects to strengthen the local economy.

A total of \$148,788 was approved to build the centre and for the refurbishment of a caboose rail car that will provide additional interactive information to visitors. Fortunately, the District of Tumbler Ridge owned a vacant space in town and partnered with TRGG to construct the interpretive centre, with indoor and outdoor media to showcase the assets of the TRGG and the area.

This facility, which will be located in the centre of downtown Tumbler Ridge, will offer interactive opportunities to learn about geopark technology and industries. Additional assets include a gift store and coffee shop.

“The interpretive centre will create meaningful visitor experiences, draw visitors to the downtown core, and provide new opportunities to access tourism businesses,” added Waters. “Increased information and experiences will increase length of visitor stays and the revenues both direct and indirect associated with that.”

As the TRGG continues to build on its tourism and scientific programs, the influx of visitors, researchers and experience seekers are going to create direct and indirect long-term employment. In addition, by enhancing regional infrastructure, the community is providing improved quality of life which assists with retention of professionals as well as providing healthy outdoor spaces for families to enjoy.

STRATEGIC INITIATIVES FUND

Hosting Precinct helps Quesnel reposition itself as a destination hot spot for events and visitors

In January of 2018, Northern Development Initiative Trust launched the Strategic Initiatives Fund (SIF). This program puts communities in the driver's seat to propose projects that are large in scale, strategic in nature and support long term economic transformation and sustainability.

A total of \$1.27 million was earmarked for five economic development projects throughout the Trust's region. One of these approved projects is the Quesnel Hosting Precinct Development Project. The Trust approved \$574,191 for this large scale, multi-year project that allows Quesnel to diversify its economic opportunities by attracting and retaining visitors and residents.

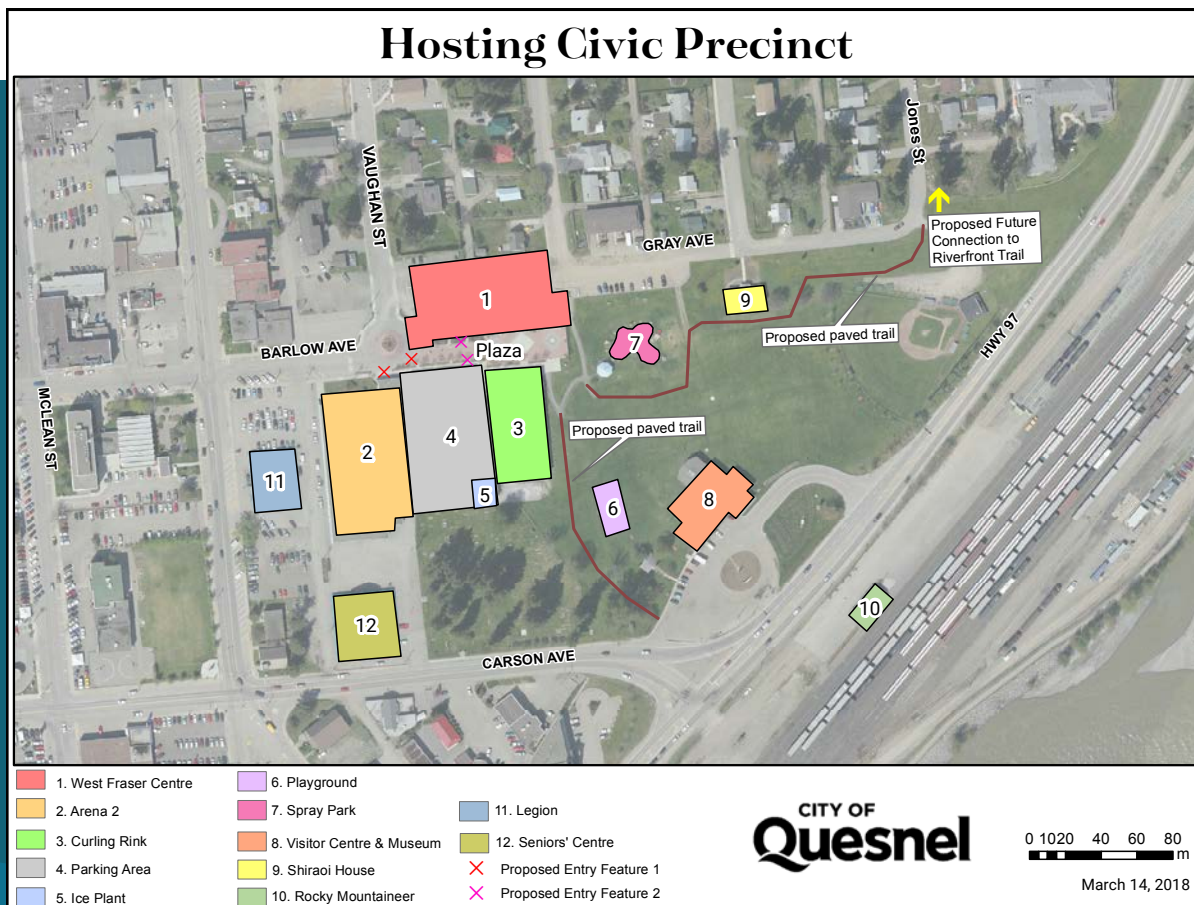
"The vision for this project is a unique precinct that will have hosting capabilities like few other communities in Northern B.C.," said Quesnel Mayor Bob Simpson. "Through this project, council has established a goal to redefine the community as a modern, attractive and welcoming city."

The precinct will present itself similar to a college campus, with an outdoor plaza that connects the following facilities:

- The West Fraser Centre - a 1,400 seat state-of-the-art arena, fully accessible by elevator, complete with meeting rooms, a walking track, dry floor, stage and concession;
- A smaller arena to accommodate ice and non-ice leagues;
- A curling rink with six sheets of ice that can be utilized in the off-season for archery, banquets and weddings.

The plaza will be complete with electricity to power great outdoor performances and festivals.

As a complement to the entire development, the precinct will be surrounded with gateway signage, lighting and inspiring murals. Revenue will be generated through bookings at the new arena and Quesnel will also see job creation in the hotel, restaurant and retail sector.



The funds provided from Northern Development for the hosting precinct are earmarked for the following:

CURLING ARENA:

- North wall façade
- West wall framing, insulation, fire doors and façade
- Lounge upgrades
- Scoreboards
- Mural facing plaza
- Signage

PLAZA:

- Placemaking
- Lighting
- 400 amp power
- Gateway and wayfinding signage
- Trellis

ARENA 2: Mural facing plaza

WEST FRASER CENTRE:

- Dry floor and stage to create a space for year-round events
- Dunkley Room media upgrades for presentations
- Cameras and displays for closed caption TV viewing between arenas
- C&C Wood Products feature wall
- Digital reader board
- Automatic door openers for washrooms
- Ice plant
- Siding to match the façade of the other buildings

THROUGHOUT THE DOWNTOWN AREA:

- Wayfinding signage

Northern Development also assisted in funding the construction of the West Fraser Centre, which was completed in 2017. With a brand-new facility, and the ability to view events on closed caption television between arenas, Quesnel was able to secure the 2019 Men's and Women's Provincial Curling Championships. This provided an early demonstration that a cohesive, well-designed precinct could be used to attract significant events that generate local direct and indirect revenue and also showcase the community to visitors.

Moving into the future, Reid is confident that the city can continue to attract world-class sporting, music and cultural events.

"The provincial curling championships were a big win for us," added Mayor Simpson. "I am confident that Quesnel can continue to attract these kind of high level events."

Historically, Quesnel is one of B.C.'s most forest dependent communities and the timber supply surrounding Quesnel was one of the hardest hit by both the Mountain Pine Beetle epidemic and 2017's catastrophic wildfires. While the city actively pursues opportunities to grow and diversify its traditional resource sectors, the desire to create the hosting precinct was a perfect fit with Northern Development's newly announced Strategic Initiatives Fund.

SIF guidelines are broad and flexible in nature, allowing communities to think outside the box and capitalize on unique opportunities.

"As a project of this magnitude did not qualify for funding through traditional Northern Development programs, we are very excited to be able to access the Strategic Initiatives Fund," said Mayor Simpson. "The City of Quesnel is anxious to complete our hosting precinct as we continue to build upon and expand our economic opportunities."

2018 Strategic Initiatives Fund Additional Approved Projects

\$375,000 was approved for the Metlakatla Band Council to address large-scale production capacity and develop market expansion activities for the shellfish aquaculture industry along the North Coast in support of the North Pacific Marine Plan.

\$236,650 was approved for the Lillooet Tribal Council for the development of a Community Adult Basic Education Learning Centre to benefit students from Lillooet and the northern St'at'imc communities in order to help strengthen and build the local labour force.

\$50,160 was approved for the Williams Lake Indian Band to support the development of land-based regulations required for the future development of the Coyote Rock development area, which would eventually lead to expanding the community's tax base, create employment and business opportunities and fill the need for much needed new housing stock in the Williams Lake area.

\$35,000 was approved for the City of Williams Lake for the creation of an economic development strategy to enable the city to overcome challenges and prioritize and pursue opportunities arising as part of wildfire recovery work.

NORTHERN INDUSTRIES INNOVATION FUND

Coastal Shellfish innovative ear-hanging technique boosts scallop production, economy in Prince Rupert



Photo: Chelsey Ellis Photography

When you hear the term “ear-hanging”, what is the first thing that comes to mind? What probably does not come to mind is the aquaculture industry, or more specifically, scallops.

Ear-hanging refers to the practice of drilling a small hole in the hinge (or ‘ear’) of a scallop and inserting specialized pins that attach the scallop to rope lines in the water, where they remain and continue to grow for up to two years.

This specialized Japanese technique captured the attention of the Coastal Shellfish Corporation, a First Nations owned private aquaculture business operating in Prince Rupert, B.C. whose primary focus is scallop production.

In order to effectively achieve their expansion goals of increasing scallop capacity from 500,000 a year to 15 million over the next three to five years, Coastal Shellfish proposed a secondary production technique. Along with using lantern nets as a mode of production, the company is venturing into ear-hanging. This method has been proven to extend the harvest season, increase scallop size and overall harvesting yields in other jurisdictions. Currently, the company’s market is

mainly domestic with 75 per cent in Canada and 25 per cent outside the country. However, their plan is to acquire a 50-50 split market within the next two years.

“This technique not only reduces costs incurred with the traditional lantern net method, it also results in faster growing scallops,” said Michael Uehara, CEO of Coastal Shellfish. “This produces larger scallops, which is key as larger scallops warrant a higher price – making an ear-hung product the most appealing from a commercial view point.”

To help offset the costs involved in this pilot project, Coastal Shellfish applied, and was approved for \$50,000 from the newly launched Northern Industries Innovation Fund (NIIF). This fund, launched in January of 2018, provides up to \$50,000 in rebate funding to a maximum of 50 per cent of the total budget.

Costs incurred for this innovative commercial scallop rearing technique include boat rentals, ear-hanging materials and equipment, plow anchors, longline materials and floating rafts.



Photo: Chelsey Ellis Photography

More specifically, the project will focus on the following:

- The response of scallops, of varying sizes ranging from 40 millimetres and up, to the drilling of holes
- The training of at least one permanent staff in ear-hanging techniques during the first year
- The establishment of a pilot grow-out site for ear-hung and lantern-net reared scallops using longlines and/or rafts in at least two suitable sites
- The monthly monitoring of growth and survival for scallops cultured using the above two methods
- The assessment of the application of mechanization in ear-hanging methods in Prince Rupert
- The evaluation of costs and labour associated with each method.

“As a result of this project, we expect to see increases in yield and efficiency leading to profitability of \$2 million to \$2.6 million and an overall revenue increase of \$7.5 million over three years,” said Uehara. “Additionally, we expect that favourable outcomes from this project would allow us to hire up to 18 new fulltime employees over the same time period.”

2018 Northern Industries Innovation Fund Additional Approved Projects

\$50,000 was approved for Lo-Bar Log Transport Co. Ltd., based in Prince George, for commercial thinning with specialized equipment to diversify and grow the business to support partial cutting and small stem removal of non-competitive trees to make room for competitive trees to thrive.

\$50,000 was approved for Hydra Energy, based in Prince George, to explore the use of hydrogen in commercial vehicles. This project aims to demonstrate that any heavy-duty diesel vehicle could be retrofitted to operate as a dual fuel (hydrogen-diesel) vehicle without performance loss, while reducing diesel consumption and emissions by a minimum of 40 per cent.

\$50,000 was approved for British Columbia Biocarbon Ltd., based in McBride, for biocoal and biocarbon industrial trials. This project will produce large scale trial samples for industrial collaborators and generate process and product information necessary for commercial engineering.

\$50,000 was approved for Mirochembiotech Ltd., based in Prince George, for specialized pilot testing. The project involves building an experimental line to produce amino acid chelating minerals and refining production parameters to scale up to industrial volume for nutritional agricultural feed.

\$45,485 was approved for Guardian Aerospace Holdings Inc., based in Vanderhoof, for industrial-level manufacturing services. This project will assist in acquiring machinery that will provide local, just-in-time manufacturing for rapid proto-typing.

REFOCUSING AFTER THE FLAMES

Northern Development adapts its Competitiveness Consulting Rebate program in response to the 2017 and 2018 wildfire seasons

While B.C. endured its worst wildfire season in its history for the second consecutive year, Michael Bednar experienced pangs of uncertainty for the future of his livelihood. Bednar is the award-winning owner of Michael Bednar Photography, a photography business based in the Cariboo that leads photography tours and provides quality images to tourism organizations, post-secondary institutions, non-profits and other businesses.

“A big challenge for me, being a sole proprietor in a creative business, is to sit down and analyze what I’m trying to

accomplish,” said Bednar. “Getting an outside consultant who knows my business really helped analyze and plan for the future. They identified strengths, weaknesses, threats and opportunities that helped me build my identity. Rebranding gave me the opportunity to identify and reach out to potential clients to share what I do and build new relationships.”

In 2018, Bednar learned about the wildfire recovery assistance Northern Development was offering through the Competitiveness Consulting Rebate. He successfully applied for a \$5,569 grant that enabled him to hire an experienced consultant to review his business, provide coaching, develop a personalized marketing strategy and make insightful suggestions regarding sales and distribution of his photos.

Northern Development knew that many small businesses were struggling similar to Michael Bednar Photography as they faced an unexpected future as the smoke cleared.

Photo: Michael Bednar Photography

As a practical way to help business owners evaluate what the future of their business looked like, the Trust opened its Competitiveness Consulting Rebate program to an array of additional businesses that did not fit in the previous requirements. Prior to this adjustment, applicants had to be small and medium sized businesses engaged in manufacturing, innovative technologies, resource processing, transportation distribution and their first line suppliers for customized outsourced consulting services.

“Without the rebate, I absolutely would not have been able to hire the consultant,” said Bednar. “Especially with the fires, it had a big impact on me financially. It was absolutely beneficial. It helped me identify where the business is going. I now do videos and licensed drone work. The video equipment has already paid for itself with a few contracts.”



Photo: Michael Bednar Photography



Photo: Michael Bednar Photography

Competitiveness Consulting Wildfire Recovery Rebate Program

For local business owners, concern extended beyond their families' immediate needs and included worrying about the future of their livelihood. Northern Development created another way to help business owners recover and move forward once the ash settled. The Competitiveness Consulting Wildfire Recovery Rebate program is open to eligible small businesses in the Cariboo region to December 31, 2019. Contact Northern Development to see if your affected business can apply.

Through this revised version of the Competitiveness Consulting Rebate program, seven businesses were supported by Northern Development committing \$75,544 for their projects. Applicants included a spa, pharmacy, resort, First Nations owned general store and Bednar's photography business.

NORTHWEST REGION

PROJECTS OVERVIEW



Total projects approved in region in 2018

64

\$1,817,373

invested into projects in 2018

Total projects approved in region to date

324

Photo: Grant Harder / Destination BC

\$18,313,065

invested into projects since 2005



Dollars approved by program in the Northwest

\$361,363

Community Halls and Recreation Facilities

Economic Diversification Infrastructure

\$142,134

Marketing Initiatives

\$210,000

Business Façade Improvement

\$20,000

Capital Investment Analysis

\$57,500

Fabulous Festivals and Events

SAFETY IMPROVEMENTS TAKE OFF AT STEWART AIRPORT

On April 18, 2018, Northern Development approved \$107,420 in funding through its Economic Diversification Infrastructure program for significant safety improvements to the Stewart Airport. These upgrades will enable larger planes to access the area and make using the airport a more enjoyable experience for passengers and pilots.

“Upgrading the Stewart Airport will benefit those living in our community two-fold,” said Gina McKay, mayor of the District of Stewart. “First, it increases the capability and desirability of landing in our community, rather than touching down in another airport and driving for the remaining portion of the journey. Second, it enables people to be quickly transported to increased medical care in the case of an emergency. Maintained airports are absolutely essential in Northern B.C.’s remote communities.”

Upgrades to the airport will increase capacity that will benefit residents due to the additional opportunities for a variety of industries, including mining and tourism, which are already popular in the area. Stewart is strategically located in the heart of the Golden Triangle and has been supporting the mining and forestry industries for more than a century.

While Stewart’s ice-free, deep sea port provides many transportation opportunities for goods to be shipped to Asian Pacific markets, increased air transportation opportunities will benefit the people travelling to and from the area for mining exploration, tourism, forestry development and other reasons.

The geography and climate in Stewart are factors that have created some challenges in the past for aircraft using the airport facility. While mountains cannot be moved and the weather cannot be changed, navigational aid lighting will be added to guide those arriving or departing from the airport in inclement weather.

Improving the runway and integrating a GPS approach will enable larger aircraft, such as the Dash 8-300, to utilize the airport. This means that more people can be transported to and from the Stewart area while increasing the variety of planes that are able directly access this secluded area of B.C.

Already, tree clearing and brushing has been completed as the first step of the work. The foliage immediately adjacent to the runway was badly overgrown and impeded pilots’ view of the runway and windsocks. This created challenges for pilots of both helicopters and fixed wing aircraft. Trees and bushes also cast shadows, making it difficult to accurately see the runway.

The remainder of the work is anticipated to be completed over the summer of 2019.

Other funding for this \$307,420 project came from the B.C. Air Access Program and the District of Stewart.

BEFORE



Photo: District of Stewart

AFTER



Photo: District of Stewart

BEFORE



Photo: District of Stewart

AFTER



Photo: District of Stewart

Photo: Prince Rupert Special Events Society

SEAFEST CELEBRATES 40 YEARS OF SUCCESS

In 2018, the Prince Rupert Special Events Society successfully hosted the 40th annual Seafest. Held on the second weekend in June, Prince Rupert was buzzing with activity as more than 10,000 attendees enjoyed a parade, cardboard boat regatta, outrigger canoe tours, free activities and numerous sporting tournaments. For 2018, organizers revisited their inaugural theme of the way it was.

“Yes, the way it was in Prince Rupert is the way things still are,” said North Coast MLA Jennifer Rice in the B.C. Legislature prior to Seafest. “A diverse and resilient community that comes together when things are tough and when it’s time to celebrate, recognizing our past and future revolves around the sea.”

Organizers estimate that Seafest attracts approximately 3,000 people from outside the Prince Rupert community who travel by water, air, road and rail to fill local hotels and motels to capacity and increase business at local restaurants and merchants. Each year, Seafest generates an economic boost for Prince Rupert as the summer tourism season is getting started.



“Everyone is just happy,” said Joy Sundin, director of Prince Rupert Special Events. “It’s wonderful, the comradery the volunteers experience is key. It creates a special type of person that gives back and makes the community a better place to live. We have vendors and guests travel from Vancouver, Williams Lake and Prince George and our businesses are full. Seafest gathers people to Prince Rupert each year and they have great fun, walking shoulder to shoulder, talking, laughing and building community.”

Seafest is a deserving recipient of a \$2,500 grant through the Fabulous Festivals and Events program as it delivers many of the goals set by the program. Seafest contributes to service sector revenues in the local economy, draws visitors for cultural tourism experiences and improves the community’s quality of life.

PORT CLEMENTS MUSEUM GETS A FACELIFT

Further west, the Port Clements Museum had some upgrades completed in 2018. The museum’s large outdoor pavilion had a new roof installed to ensure the longevity and protection of artifacts from Haida Gwaii’s industrial heritage in the 20th century.

The Port Clements Museum also serves as the visitor centre for the area. Since it opened in 1987, the museum averaged slightly more than 1,800 visitors a year. In 2016, more than 3,600 visitors walked through the doors, following a trend of the previous two years that saw significant increases in numbers: 2,200 people in 2014 and more than 2,700 people in 2015.

Upgrading the pavilion serves a larger purpose for increasing the appeal of the museum, which is a significant attraction in Port Clements and a focal point of the village’s tourism strategy. New exterior lights were also installed, allowing the museum to extend their operating hours and making the site safer for employees and visitors.

Northern Development provided \$18,558 for this \$27,852 project through the Community Halls and Recreation Facilities program.



Photos: Port Clements Historical Society



COMPETITIVENESS CONSULTING REBATE LEADS TO MONSTROUS IMPROVEMENTS

Monster Industries Ltd., based in Houston B.C., is a full-service construction and maintenance company serving the mining, energy and forestry sectors. In 2004, the company started as a small welding shop and today has grown to include four locations across Northern B.C. in Houston, Terrace, Mackenzie and Williams Lake. As the company has grown, so have the challenges of managing a burgeoning business with a larger and widespread workforce.

“When it becomes difficult to wrap your arms around your business; when you can’t say good morning to all your staff, that’s the time to bring in systems and controls,” said owner Kyle Thomson.

As a business experiences growing pains, that is when a business owner may need to bring in outside expertise to help guide the growth and strengthen the company. However, when the need is most critical, businesses often hesitate to invest in outside expertise because the cost is a hurdle that they cannot overcome.

When Monster Industries’ management realized that their current accounting and project management system was causing delays in invoicing and paying vendors and could no longer keep up with the workload, they knew it was time to invest in a more robust system. After searching for a suitable



Photo: Monster Industries

solution, a new software program was acquired. Realizing that software alone could not provide the operational benefits without trained staff, Monster Industries turned to Northern Development for assistance through the Competitiveness Consulting Rebate program, to help train their employees on the new software system.

Northern Development’s Competitiveness Consulting Rebate (CCR) program supports industrial supply chain companies with the costs of hiring an external consultant to improve efficiencies and build capacity in the business. The Trust recognizes that businesses are unique and success through this rebate program is defined differently from business to business. Whether a company is growing and needs to hire more employees, increase operational efficiencies, or is looking to diversify into new markets, the CCR program can help mitigate the cost of bring outside expertise to achieve these goals.

With the guidance of an external consultant, Monster Industries successfully implemented their new accounting software and provided staff training on the new system to ensure a smooth transition and accelerated adoption.

“Without undertaking this project and making the substantial investment, we would not be able to gain the efficiency needed to build our business,” added Thomson.

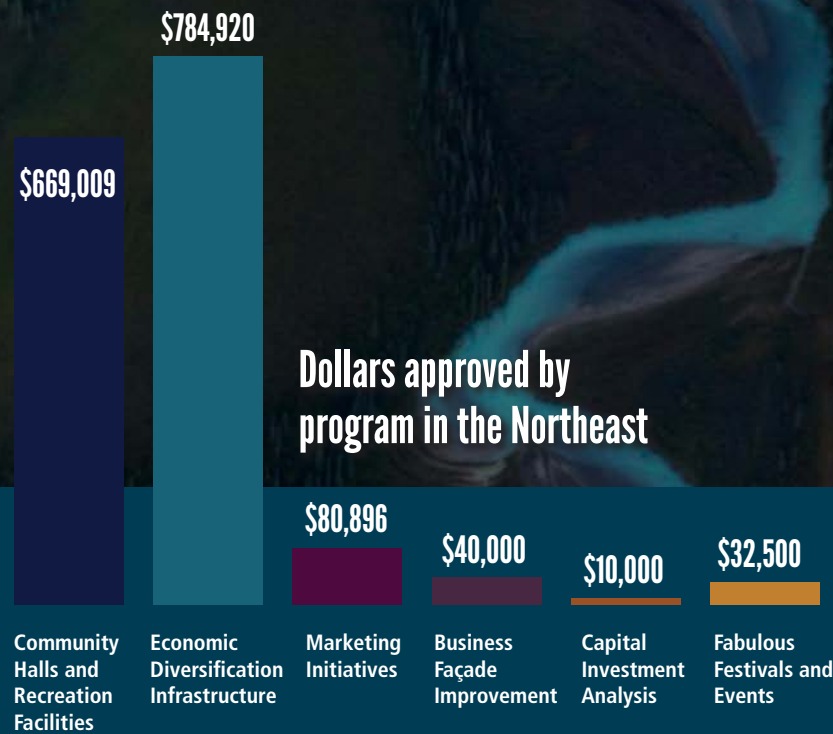
Already, Monster Industries has experienced multiple benefits from the increased capabilities of their new software. Their job costing abilities have increased and staff can now perform in-depth analysis of individual projects in real time. Ultimately, Monster Industries is now in a more favorable position to grow the business with the confidence that systems are in place to better serve a growing market.



Photo: Monster Industries

NORTHEAST REGION

PROJECTS OVERVIEW



Total projects approved in region in 2018

43

\$1,617,325

invested into projects in 2018

Total projects approved in region to date

208

Photo: Sherpa Cinemas / Destination BC

\$12,147,833

invested into projects since 2005

REAPING THE BENEFITS OF HASKAP IN THE PEACE

Educators, farmers and students in B.C.'s northeast are working together to explore the potential benefits of growing haskap plants in the Chetwynd area. Haskap plants are a hardy cash crop with numerous health benefits that can grow in challenging conditions and can survive severe cold, qualities that make the plants well-suited for life in the Peace region.

In February 2018, the Peace Haskap Society, created and led by those at the Peace Christian School, was approved for \$141,132 through Northern Development's Economic Diversification Infrastructure program for the \$201,671 pilot project. This project is the most recent phase of a multi-partner collaboration between the University of Saskatchewan and Dr. Ashish Dave from Floramaxx in West Kelowna and four B.C. growers. The Peace Heritage Society is the northernmost organization in B.C. studying the viability of haskap growth.

"Hands-on learning is where education makes sense," said Darren Shankel, principal at Peace Christian School. "Any time you can see the lightbulb come on for a student, that's what teachers live for. This hands-on, exploratory education makes learning meaningful for students. Everything in the orchard applies to curriculum in some way and students gain a life skill that is marketable and it gives them opportunity."

For the duration of this project, growers and students at Peace Christian School will test plant a new haskap berry variety in eight unique growing sites. Thorough documentation of the plant's process and growth, soil conditions and other



Photo: Darren Shankel



Photo: Darren Shankel

MLA Mike Bernier, former Education Minister, and Dylan Shankel water the first Haskap bush planted in the test plot at Peace Christian School.



Photo: Darren Shankel

pertinent information will be collected and catalogued. This information will be reviewed to create best practices and templates for others who are venturing into haskap crop production in northeastern B.C.

Already, Shankel is seeing local people choosing to invest in haskap plants. Established farmers and ranchers find it a profitable way to diversify their crops with relatively little land. Other people are choosing to plant small sections to supplement their income and to try something different.

The introduction of haskap as a promising crop for those in Chetywnd and area will fill a need for business development, provide broader employment opportunities and grow a higher need for goods and services. Ancillary economic benefits will positively impact those who supply fertilizer, equipment, project and office goods.

Moving forward, the Peace Haskap Society plans to explore ways to enhance the entire haskap planting, growing and harvesting process. People will also research ways to create value-added products that will benefit the economy in the region.

HEALTH AND SAFETY IMPROVEMENTS LEAD TO OPPORTUNITIES FOR WAPITI EARTHWORKS

Since 2002, Wapiti Earthworks Ltd., based in Fort St. John, has provided the oil and gas industry with quality earthmoving, road building and site construction services. As Wapiti's core clients began requiring more sophisticated health and safety standards for contractors, the company needed to act to remain competitive. Wapiti Earthworks looked to a subject matter expert to update the company's health and safety program to meet industry standards and COR certification requirements. The company turned to Northern Development's Competitiveness Consulting Rebate program to offset the project's investment. They were successful and received a \$3,250 rebate to pay for 50 per cent of the project's overall budget.

For the past ten years, Northern Development's Competitiveness Consulting Rebate (CCR) program has been helping small and medium sized companies offset the cost of external business consulting projects. For many small and medium sized businesses, justifying the cost of consulting projects can be a major barrier. A rebate of up to 50 per cent to a maximum of \$30,000 can be recovered to support projects like this one.

As a COR certified business, Wapiti Earthworks is recognized as having developed and implemented a health and safety program to mitigate risk and prevent workplace injuries. Having this robust health and safety program allows Wapiti to bid on major contracts and increase the company's client base.

"I'm sure that our updated health and safety plan will help us work for more clients," said general manager Guy Maclean. "Now, we're COR certified and a member of ISN and ComplyWorks. This assures clients that we take health and safety seriously and provides a vote of confidence to those considering us for a job. I'm certain this will help us in the future."

The health and safety manual developed during this project also enabled Wapiti Earthworks to register on ISNworld and Complyworks databases, a requisite of many of the company's customers and creates a solid business foundation for continued growth.

Photo: Wapiti Earthworks



EMPEROR'S CHALLENGE

Half-marathon fit for an emperor: Tumbler Ridge celebrates 20 years of its gut-busting mountain run



On August 11, 2018, the Emperor's Challenge in Tumbler Ridge was held for its 20th consecutive year. A mountain half-marathon that originally began with just a few dozen people has grown substantially and is now one of the largest mountain half-marathons in the country.

"The Emperor's Challenge is the longest running summer sporting event in Tumbler Ridge," said Jerrilyn Schembri, race director for the Emperor's Challenge. "This race has had a huge impact on the community during the past two decades. From the pride that comes from a community pulling together to put on an event of this magnitude, to the increase in tourism that the event brings. The race has grown from under 50 people in the first year to a race whose 1,000 spots fill up in three hours."

Each year, the prestigious race attracts approximately 1,300 people to the small town near the foothills of the Canadian Rockies in northeastern B.C. These runners and their travelling companions bring high energy and economic benefits to accommodators, restaurateurs, retailers and tourism operators during their time in Tumbler Ridge.

"The months leading up to the Challenge are filled with excitement here in town," Schembri continued. "Racers, organizers, businesses and volunteers alike are all busy preparing for the race. The tourist dollars this race brings in helps the community in many ways and some money goes right back into tourism through the building and maintenance of the Tumbler Ridge trail system, which in turn brings in more tourism."

Over the past two decades, the race has helped runners set and achieve personal goals while encouraging a healthy and fit lifestyle. The half-marathon works with many partner organizations to ensure the event runs smoothly, everyone is kept safe and that the community retains benefits from hosting the event. Recent partner groups have included Search and Rescue, Cadets, medics, Ridge Rotors, the Lions, the local graduating class, seniors, chiropractors and the ATV club.

Northern Development has been supporting this capstone race for three years through its Fabulous Festivals and Events program. In 2018, the organizing society received \$5,000 to assist with costs associated with hosting the race.

Community hall upgrades has Toad River residents jumping for joy



The community of Toad River celebrated the construction of a wheelchair ramp leading to a covered deck on the front of their community hall in July 2018. For the community of 50 people, Northern Development's grant of \$50,000 was crucial in making these facility improvements a reality.

"The community hall deck extension project has not only greatly enhanced the look and feel of our primary community meeting and gathering facility, but it has made the hall much more useable for the warmer half of the year when covered outside space is desired and practical," said Randy McLean, treasurer for the Toad River Area Club. "One of the biggest pluses is the sense of community pride that has become associated with the enhanced hall. The post and beam architecture really looks good and it is very appropriate for the beautiful mountain setting in which the hall is located. Another positive feature is the accessible ramp which makes our community hall accessible to all users."

These upgrades to Toad River Community Hall provide an enhanced experience for users while also expanding the hall's hosting capabilities of crews and tourists in the case of emergencies such as road closures, flooding and forest fires.

The increased space is also appreciated by students at nearby Toad River School, who access the hall on a regular basis for physical activity during the winter months and for special school events including Christmas concerts, fundraisers and assemblies.

Toad River Area Club was able to receive an additional \$20,000 above the regular \$30,000 grant that is available through the Trust's Community Halls and Recreation Facilities program because they are located in the Northeast Region, are a not-for-profit organization and scored above 60 on the self-assessment tool.



PRINCE GEORGE REGION

PROJECTS OVERVIEW

Total projects approved in region in 2018

60

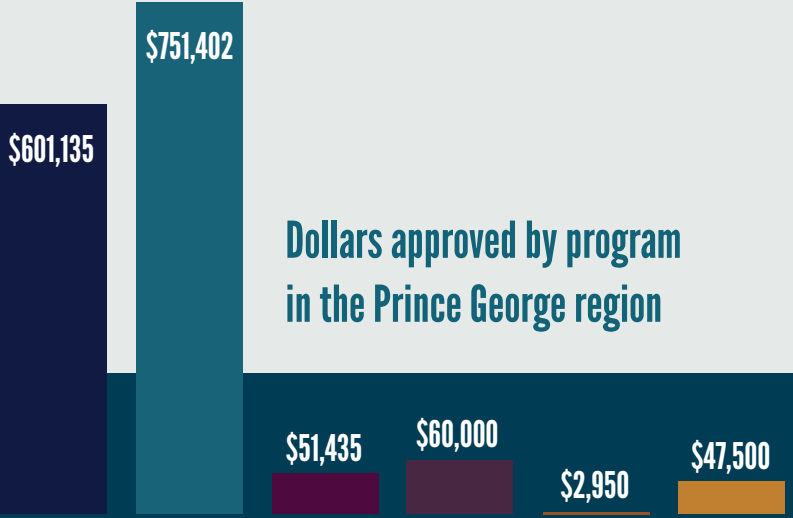
\$1,609,422

invested into projects in 2018

Total projects approved in region to date

314

Photo: Destination BC



Dollars approved by program in the Prince George region

- Community Halls and Recreation Facilities
- Economic Diversification Infrastructure
- Marketing Initiatives
- Business Façade Improvement
- Capital Investment Analysis
- Fabulous Festivals and Events

\$22,472,569

invested into projects since 2005

BUSINESS DEVELOPMENT IN THE PRINCE GEORGE REGION

Prince George innovator solves unique northern problem

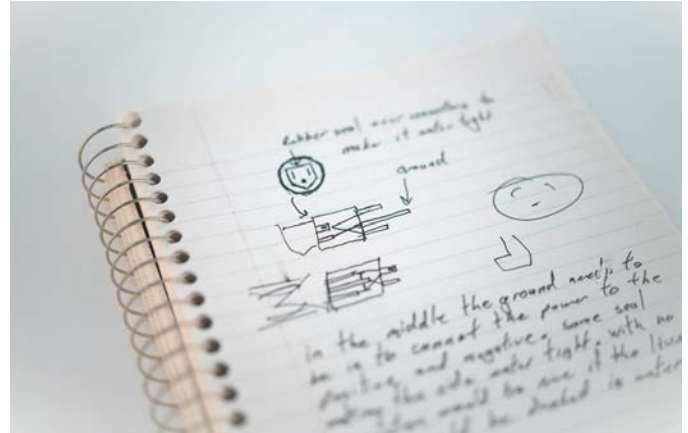
In 2009, local inventor Sterling Roberts was struck with an idea after watching people forget to unplug their block heaters and consequently driving with an electrical cord flailing behind their vehicle. He called his invention the Q-Plug.

Fast-forward past prototype designs, engineering drafts, testing and revisions to April 2018 when Roberts received a patent for his innovative product. This major accomplishment encouraged Roberts to continue moving forward with the invention and he sought ways to get consumer approval and the product to market.

Northern Development committed \$5,650 through the Competitiveness Consulting Rebate program for Roberts to have a professional consultant create a website and strategic plan for launching a Kickstarter campaign.



"The Q-Plug came from an idea I had while driving down the highway watching the car in front drag an extension cord underneath," said Sterling Roberts, CEO of Sterling Innovation and designer of the Q-Plug. "It really works from a safety perspective and also for ease of use. It's easy to use because of its circular design which connects almost effortlessly. After many years of designing the Q-Plug, I'm excited to share this with the Kickstarter community and have them support this project."



Working with a marketing consultant, Roberts was able to develop both Q-Plug's website and Kickstarter page with dynamic, engaging content featuring videos and images. Roberts gratefully acknowledges the marketing advice he received which allowed him to promote Q-Plug through promotional materials, such as product banners, magnets, shirts, cards and packaging. Media exposure was also received, and knowledge of the product was organically dispersed through word-of-mouth.





LOCAL COLLEGE PROGRAM COOKING UP ECONOMIC SUCCESS IN MACKENZIE

Reacting to the lack of skilled culinary workers in their community, the College of New Caledonia (CNC) Mackenzie Campus decided to create a program in their school to address that specific need.

The new Camp Cook/Prep Cook/Kitchen Staff program will be housed in an Industry Training Authority (ITA) approved teaching/training commercial kitchen and will be based on experiential learning. This in-demand program will provide training for cooks and other front-line positions in local restaurants and work camps.

In order to ensure the program's success, CNC applied for a grant through Northern Development's Economic Diversification Infrastructure fund to support the purchase of commercial kitchen equipment. A total of \$101,903 was approved to help move this project forward.

"Currently all restaurants in Mackenzie are in need of skilled help with practical experience," said Shannon Bezo, Regional Principal of CNC – Mackenzie Campus. "Providing the training in our own community will help improve the quality of service in existing businesses and potentially grow the food and service industry as well."

This new program will also provide opportunity for First Nations in the area who are looking to diversify their industries to include ownership/management of small work camps and would like to train their band members at CNC.

In the future, the college will consider renting the commercial kitchen to caterers who may require extra space when hosting a community event and additionally to local growers and food artisans to prepare products listed as "higher risk" foods that must be processed in a commercial facility. Currently, there is no commercial kitchen available in Mackenzie for these purposes.

ABORIGINAL HOUSING SOCIETY OF PRINCE GEORGE PUTS NEW COMMERCIAL KITCHEN ON FRONT BURNER

The Aboriginal Housing Society of Prince George (AHSPG) has long had a vision to create an Urban Aboriginal Village – complete with affordable housing, assisted living, student housing, educational and recreational spaces, retail and daycare services, among other amenities.

Having recently purchased a 6.8-acre property in the city, complete with a community centre, the society is on its way to achieving its vision. The community centre is already home to an event hall, kitchen, banquet hall and classroom.

One of the society's goals is to generate revenue by leasing out the halls and classroom in the community centre, but to do so requires a commercial kitchen upgrade. While the current kitchen was left in perfect condition, the improvements are necessary in order to attract community groups, businesses and other local organizations.

"Having a completely functional, commercial grade kitchen, the AHSPG will be able to significantly expand its operations," said AHSPG executive director Christos Vardacostas. "This will allow us to host events, such as seminars, courses, weddings, funerals and cultural events."

The AHSPG sought out funding through the Community Halls and Recreation Facilities program to support the cost of new appliances for the kitchen, along with the purchase and installation of a new exhaust fan. Northern Development approved \$30,000 for the project.

Future plans for the kitchen include a catering partnership where a local company uses space for a catering business, while hiring local Indigenous workers. AHSPG also plans to establish a social enterprise that allows for cooking classes, job training and employment in the onsite kitchen. During the day, plans are in the works to house a daycare service that will utilize the kitchen for the children and staff.



Photo: Valemount and Area Recreation Development Association

TRAIL RIDERS, FAMILIES CELEBRATE VALEMOUNT BIKE FEST 2018

The second annual Valemount Bike Fest was held on June 16, 2018 with approximately 192 mountain bikers ready to ride the trails.

The high volume of participants presented a unique challenge for the Valemount and Area Recreation Development Association (VARDA). The organization lacked vehicles with the capacity to transport large groups up the rugged terrain to the trailheads. Limitations to the parking area also meant there was a need to drive participants from the centre of town to the recreation site. It was then decided that hiring professional shuttles was necessary to grow upon the success of the 2017 event.

VARDA received \$2,500 in funding through the Fabulous Festivals and Events program and used the funds to help support the costs of hiring four professional shuttle units. The hiring of these shuttles, along with parking attendants, allowed the vehicles to shuttle riders from the townsite up to the riding area and brought in support staff to keep the event flowing smoothly.

According to VARDA, without the support of the Trust, the event could not have happened. The success of the event takes a lot of effort in management and expense to provide the necessary services and safety. The Fabulous Festivals and Events program allowed VARDA the capacity to ensure the expectations of nearly 200 participants were met.



Photo: Valemount and Area Recreation Development Association



Photo: Love Fort St. James (Facebook)

FORT ST. JAMES MUSIC MAKERS

Music Makers Theatre applaud new flooring upgrades

Since 1973, the Fort St. James Music Makers Society and the Music Makers Theatre have had a reputation for being a pivotal part of the social and entertainment scene in and around Fort St. James. Their productions draw visitors from around the region. The space is a real hub of activity, with regular stage productions often selling out and many other groups using it for workshops, meetings and a polling station during elections.

Recently, the Music Makers Society actively sought funding opportunities to renovate their space. Increased usage was putting more wear and tear on the flooring throughout the building that was nearly 35 years old. The subfloor was warped and was creating a tripping hazard. Maintenance for the Music Makers Theatre is done by volunteers and the time needed to care for and clean these aging floors was becoming a difficult task. The society needed to find a solution.

Through the Community Halls and Recreation Facilities program, the Fort St. James Music Makers Society were able to access \$17,060 to remove and replace flooring and subfloor throughout their space. With shiny new laminate flooring, the Music Makers Theatre is set to be used for decades to come. During intermissions, theatre volunteers encourage audiences to look down at the floor and give a round of applause to the support of Northern Development.

CARIBOO- CHILCOTIN/ LILLOOET REGION

PROJECTS OVERVIEW

Total projects
approved in
region in 2018

73

\$1,712,682

invested into projects in 2018

Total projects approved
in region to date

366

Dollars approved by program
in the Cariboo-Chilcotin/
Lillooet region

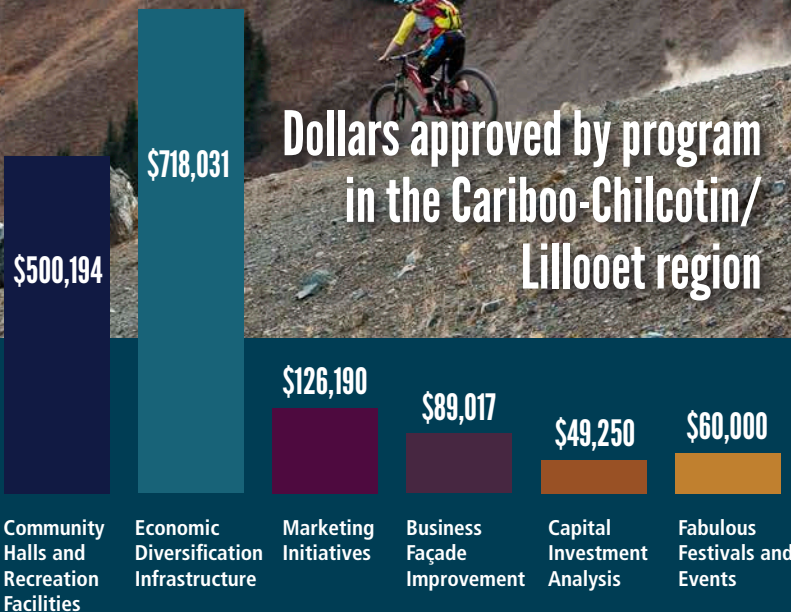


Photo: Bridge River Valley / Blake Jorgenson

\$15,111,622

invested into projects since 2005

Photo: Barkerville Historic Town and Park

Dawn Leroy, Anne Laing (Wells Historical Society President), Lenord Doherty (Carpentry, Lead) and Barkerville Gold Mines underground rescue team.

BARKERVILLE DIGS DEEP TO OFFER ENHANCED VISITOR EXPERIENCE WITH MINING PROJECT

Barkerville Historic Town and Park is making a move underground to further enhance its visitor experience and provide experiential learning at the same time.

The Shamrock Claim Underground Mining Interpretation Centre is an exhibit that will allow guests to engage in a hands-on mining experience and learn about the enormous effort required to realize the riches located deep beneath the surface of the ground.

This expansive development is being brought to fruition, thanks in part to funding from Northern Development. A total of \$250,000 was approved for the project from the Economic Diversification Infrastructure program.

"This is a very exciting project for us," said Barkerville Historic Town and Park general manager Dawn Leroy. "The tunnel will represent a research and evidence-based vision of historic deep lead mining in the Barkerville area."

The goal is to re-create a tunnel, blasted into the side of Barkerville Mountain, approximately 3.5 metres wide and 3.5 meters high, for 70 horizontal meters. The adit (horizontal passage from the surface in a mine) would then be lined with historically accurate timbering to represent the type of

underground construction used in the Barkerville area. At the end of the tunnel, an underground room with tiered seating would be constructed, where groups of visitors would be treated to educational interpretive presentations about deep lead mining.

"This presentation, along with the immersive experience of being underground is expected to create a powerful experience," added Leroy. "The underground experience is something that visitors to Barkerville have been asking for since Barkerville began interpreting B.C. mining history more than 50 years ago."

This tourism opportunity is expected to encourage more visitation and offer something new to people who have frequented Barkerville in the past. Tourism is a major contributor to the local and regional economy and increasing the number of activities is expected to positively impact local businesses.

In 2016, Barkerville saw 60,000 visitors, which boosted the regional economy by an estimated \$20-25 million. Providing new and exciting experiences can lead to more multi-day visits, positively impacting local businesses in the hospitality, retail and service sectors.



ARTSWELLS

Over 1,300 art-lovers flock to 15th Annual ArtsWells Festival of All Things Art

The ArtsWells Festival of All Things Art is an annual celebration located in Wells and Barkerville, B.C. 2018 was the 15th year for the festival and featured 116 diverse arts experiences over four days, on 10 unique stages. Approximately 1,333 festival-goers, as well as 905 artists, volunteers, guests and vendors descended on a community with a population of only 250. Island Mountain Arts Society, the organization that hosts ArtsWells, estimates that 90 per cent of festival participants come from B.C.

ArtsWells has proven to be a cornerstone in establishing a strong standard for interdisciplinary arts performance and outreach in the central interior of British Columbia. The festival is constantly expanding, reaching new audiences and drawing more visitors each year. Festival attendance has grown steadily since inception and is highly thought of by artists from far and wide. The event has helped the Cariboo to be revered as a creative destination for artists and art enthusiasts.

Many of the acts and artists were music-based, however, the festival also presented many interdisciplinary artists that helped engage and educate the audience in a wide range of artistic mediums, including visual arts, film, theatre, roving performance and Indigenous culture.

A grant of \$5,000 from the Fabulous Festivals and Events program was used to increase production value for the various programming throughout the festival. With this funding, improvements were made to artists' performance spaces, allowing them to be more comfortable and confident bringing their craft to audiences and thus enriching the overall experience.

BUSINESS DEVELOPMENT



Photo: Love Northern BC

MASON & DALY MAKE 21ST CENTURY CHANGES

Mason & Daly General Merchants in Barkerville were approved for \$12,375 through the Competitiveness Consulting Wildfire Recovery Rebate program to help them develop an e-commerce platform.

Having the ability to sell their products online diversified their business and allowed them to continue earning revenue, even when highways are closed and tourists are prevented from visiting.

The new inventory system that is required for e-commerce will also make their ordering practices more efficient.

In response to the impact the 2017 wildfires had on businesses in central B.C., Northern Development and Community Futures partnered to offer a rebate program to help businesses offset the costs of their recovery efforts by supporting third party consulting.

DESOSUS MOUNTAIN RECREATION SITE

Mountain bike tourism helps Cariboo pedal to economic success

The Desosus Mountain Recreation site, just west of Williams Lake, is home to some truly amazing free riding. Boasting descents of 350 feet from the top of Desosus Mountain all the way to the Fraser River, this trail network is appealing to advanced mountain bikers from across the Cariboo region and beyond.

In 2017, the Cariboo Mountain Biking Consortium Society (CMBC) received funding from Northern Development to assist in the construction of a new 12 kilometre, two-way, multi-use trail on the back side of Desosus Mountain. This project was part one of a two phase revitalization project with the second phase being the construction of several multi-use trails – nearly 10 additional kilometres – that will improve trail variety and connectivity at the site.

In 2018, the CMBC successfully applied for, and received, \$15,000 from Northern Development's Community Halls and Recreation Facilities program to assist in the creation of these additional trails.

"Desosus has long been a popular mountain biking area in the central Cariboo region due to the unique terrain, large vertical drop and stunning views that it provides," said



Photo: Cariboo Mountain Bike Consortium Society

Thomas Schoen, president and chair of the CMBC. "This new project will only serve to strengthen mountain biking tourism opportunities in the area and improve the visitor experience."

In addition to providing added economic benefit for Williams Lake through retail, restaurant and hospitality dollars, improvements to the Desosus Mountain Recreation Site could further enhance the community's ability to host high profile and local events that attract visitors from outside the region.

"The Cariboo region, and Williams Lake in particular, is quickly earning a reputation as a mountain biking travel destination," said Schoen. "Mountain bike tourism will only continue to create positive, indirect economic benefit for businesses in the Williams Lake area."



Photo: Cariboo Mountain Bike Consortium Society

LOVE NORTHERN BC BUSINESS SEWS SUCCESS IN 100 MILE HOUSE

Northern Development Initiative Trust's shop local program, Love Northern BC, represents more than 1,400 participating businesses from 63 communities that are all locally owned and operated. The program is powered by community champions around the region who provide support for the program and its businesses at a local level.

The program provides participating businesses with a prominent digital presence and community-based marketing support to showcase their region's shops, their owners and the diverse array of products and services they offer. Not only does the platform create an easy way for locals and visitors to search for and find locally-owned businesses in the area, it also showcases some of the incredibly unique and eclectic businesses that characterize one of Canada's most colourful regions.

For Faith Andre, owner of Dancing Quilts, her inspiration to dive into quilting entrepreneurship came after many years as a loyal participant in the former owner's classroom. She really got to know the creative community inside and out, loving every aspect of being a member herself. With Andre motivated to create an exceptionally welcoming space for newcomers and inquisitive browsers, it was an easy decision to take over the business in 2016.

In 2018, Andre joined Love 100 Mile House. Without having a website of her own, Andre appreciated the online presence Love Northern BC offered her. Dancing Quilts is one of the 354 businesses participating in the Cariboo-Chilcotin region.

"It's nice to know your information is out there and shoppers and potential quilting students can find me," she said.

When the Trust originally took over the Small Town Love website in 2016, the site was designed to support one community and 50 businesses. Since then, extensive work has gone into creating a website that accommodates the growing



Photo: Love 100 Mile House

needs of member businesses, community champions, writers and photographers.

Efforts to drive customers to view the online profiles of businesses and ultimately to visit storefronts are supported through community events, advertisements and branded products. The Trust provides continuous support in the development of tools to assist businesses and community champions to promote the program.

In the past year, visitor traffic to the Love Northern BC websites has increased by 16.4 per cent. With a large-scale marketing campaign set for the summer of 2019, the Trust hopes to see that traffic increase.



Photo: Love 100 Mile House

INVESTING IN INTERNS

Northern Development strives to equip people and communities with the capacity and skills to grow and strengthen the local economy. One of the ways the Trust achieves this goal is through the Local Government and First Nations Internship programs. The internship program supports host governments by providing them with increased capacity and keeps recent graduates to accomplish many tasks. It benefits the interns by providing them with a 12-month, paid position that helps them develop leadership and management skills while exposing them to many aspects of government.



Photo: Kendra Kinsley

“I really have nothing but great things to say about the internship program,” said Kendra Kinsley, former intern with the Regional District of Bulkley-Nechako. “Most importantly, it provides youth with pathways to meaningful careers in the north. Working in a wide variety of departments during my time with the Regional District of Bulkley-Nechako enabled me to develop both practical skills and meaningful relationships to grow professionally and advance in local government in the north. I participated in a diverse range of projects, including emergency operations centre training, updating the solid waste management plan and carrying out a connectivity study for the entire region. I also spent some time in policy and bylaw drafting, which I now do in Vanderhoof. I see a lot of value in staying in the north.”

Kinsley graduated from the University of Northern British Columbia with a bachelor’s degree in political science in 2017. After graduating, Kinsley became an intern with the Regional District of Bulkley-Nechako where she experienced first-hand the rewarding experience that accompanies working in local government. Early in 2018, she wrapped up her internship and subsequently began working with the District of Vanderhoof as the deputy corporate officer. Less than one year after moving to Vanderhoof, Kendra was promoted to corporate officer.

Kinsley sincerely credits the internship program for being the foundation of her career in local government and initiating many meaningful relationships that continue to benefit her in her current role. The hands-on experience that new graduates gain from this experience prepares them for success and creates a legacy of capacity to help build a stronger north.

Communities approved to host interns in 2018

- Williams Lake
- Telkwa
- Fort St James
- Lytton
- Mackenzie
- Stewart

First Nations approved to host interns in 2018

- Lheidli T’enneh First Nation
- Nisga’a Nation
- Nuxalk Nation
- Takla Lake First Nation

83 Total number of internship placements since program inception

Percentage of interns who found careers in the north following their internship

- 51% – local government
- 22% – private sector
- 8% – education
- 8% – other government
- 7% – economic development
- 4% – not-for-profit

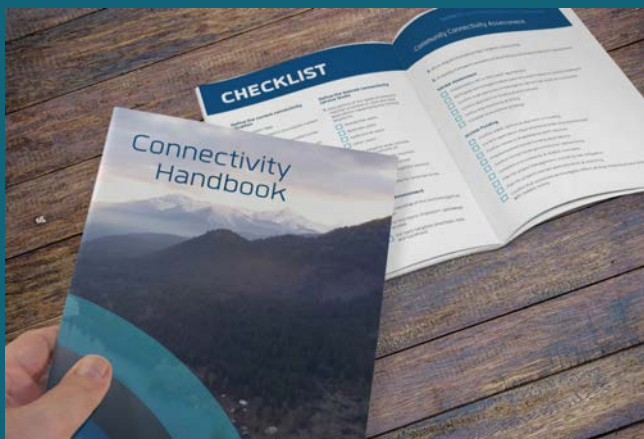
CONNECTING BRITISH COLUMBIA

Northern Development continued to administer the Connecting British Columbia program through 2018 in partnership with the Province of British Columbia.

Overall nine projects were approved in 2018 for a total of **\$23,244,678**

2018 APPROVED PROJECTS

- Operation Connect - Haida Gwaii FTTP
- Connected Coast - Strathcona Regional District
- Connected Regional District of Bulkley-Nechako
- Connecting Canadian Communities - Whistler to Cache Creek
- Connecting Canadian Communities - Prince George to Dawson Creek
- Connected Coast - City West Cable and Telephone Corp
- Wells LTE A
- Clinton FTTH
- Deka Lake LTE A



In 2018, the Trust also participated in updating the Connectivity Handbook. The handbook, first developed in 2015, is a tool to help local governments and community organizations develop practical plans for affordable broadband solutions. In August of 2018, the Trust released its second report on Benchmarking Connectivity in BC in partnership with the Province and KPMG.

Finally, in further promotion of the program, the Trust participated in Connectivity presentations at UBCM in the fall of 2018, promoting the second intake of Connecting BC Phase 2.

“ Without connectivity, we cannot operate. Connectivity means more businesses, more taxes paid, more growth, more employment. ”

- Shadi Al-Hawari,
Pharmacist and entrepreneur

THIRD-PARTY FUND ADMINISTRATION

The Trust’s balanced approach to fund management and prioritization of best practices has earned it a reputation as a responsible and effective partner for delivering funding on behalf of senior levels of government and other organizations.

2018: \$24.8 Million
30 projects

All-time: \$67.2 Million for 209 projects

Northern Development’s portfolio of third-party fund management:

Prince George Agricultural Fund

2015 Canada Winter Games Legacy Fund

Northwest Readiness

BC Hydro GO Fund

BC Hydro Peace Agricultural Compensation Fund

Connecting British Columbia

BCIC Young Innovators Fund

Indigenous Services Canada - First Nations
Government Internship Program

THIRD-PARTY FUND ADMINISTRATION:

BC HYDRO PEACE AGRICULTURAL FUND

In August 2018, Northern Development was appointed as the financial administrator of the BC Hydro Peace Agricultural Compensation Fund.

The Trust participated in a competitive procurement process before being awarded this responsibility. In this role, Northern Development has many responsibilities, including managing the fund, acting as a secretariat to the regional decision-making board and providing all other services that are necessary to set-up, manage and administer the fund.

The Peace Agricultural Compensation Fund is a \$20 million fund that supports agricultural priorities in the Peace Region. It was created in recognition of the role agriculture plays in the area and the potential effects of the Site C Clean Energy on the agricultural industry. The creation of the Peace Agricultural Compensation Fund is a key mitigation measure in Site C's Agricultural Mitigation and Compensation Plan (AMCP).

Northern Development and the regional decision-making board worked together to develop a strategic five-year plan, financial management plan and fund application packages and evaluation criteria through the fall of 2018. The fund is expected to host its first grant funding intake in 2019.

BC HYDRO GO FUND

For two years, Northern Development has been administering the BC Hydro Generating Opportunities (GO) Fund. This fund was established in 2016 with \$800,000 to be distributed over eight years to organizations that provide services to vulnerable populations in B.C.'s northeast including children, families and seniors.

To date, \$287,145 of the GO Fund's \$800,000 has been committed to 31 unique projects in Fort St. John, Hudson's Hope, Taylor, Chetwynd and the residents of the Peace River Regional District in Electoral Areas B, C and E.

In 2018, Northern Development administered \$138,000 to 14 projects through the BC Hydro GO Fund. Successful proponents provided much needed support to vulnerable populations in their area, ranging from a Let's Art! program to increasing care and comfort for vulnerable seniors. The wide range of community services benefiting from the GO Fund align well with both the objectives of the fund and the Trust's vision to have growing and energetic communities in Northern B.C.

**Since 2016: \$286,927 in BC Hydro GO Funding
31 projects**

 **BC Hydro**
Power smart

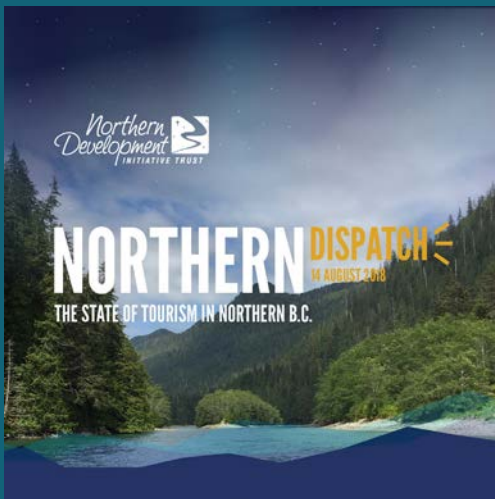
Photo: Northern Development Initiative Trust



State OF THE North REPORT

ECONOMIC REPORT ON NORTHERN B.C. HIGHLIGHTING REGIONAL AND INDUSTRY TRENDS JANUARY 2018

NORTHERNDEVELOPMENT.BC.CA/STATE-OF-THE-NORTH



To delve deeper into the portions of the State of the North report, Northern Development connected with industry experts to add context and share insight on specific topics. The Trust combined this knowledge and more data into the Northern Dispatch.

In 2018, Northern Development produced two editions of Northern Dispatch: The State of Small Business in Northern B.C. and The State of Tourism in Northern B.C.

Read both reports in their entirety at northerndevelopment.bc.ca/northern-dispatch

2018 STATE OF THE NORTH REPORT

In January of 2018, Northern Development released the first ever State of the North Report. This multi-faceted report provides sector-specific and regional data to help inform investment decisions and highlight opportunities for communities and business leaders.

Northern Development designed the report to be a tool that communities, businesses and non-profit organizations can use as they develop and deploy strategies to create jobs, generate new wealth and advance northern communities.

Highlights of the 2018 report include:

- Although the short-term outlook for the regional economy remained uncertain, economic conditions largely stabilized following the decline in commodity prices in 2014 that resulted in shutdowns and project delays;
- More recent improvements in global commodity prices supported increased investment in traditional sectors, notably mining and oil and gas;
- Employment levels remain stable, yet the unemployment rate in the region is higher than the B.C. average;
- While building permits and housing starts have decreased in recent years, the forecast was for near-term stabilization;
- While the number of business formations declined below the region's three-year average, the number of business bankruptcies remained consistent suggesting that economic conditions stabilized. The scale of businesses in Northern B.C. remains relatively small, with approximately 75 per cent of business having fewer than ten employees, and 87 per cent having fewer than 20 employees.

GOVERNANCE

Northern Development Initiative Trust is governed by a 13-member board of directors. Board members are appointed in two ways: five are regional business leaders appointed by the Province of British Columbia and eight are appointed by the four regional advisory committees. Every director must reside in the Trust's service region.

The board meets quarterly and when required. They are responsible for setting and maintaining the Trust's strategic priorities, making decisions based on policy and being an effective team to stimulate economic development in Northern B.C.

Each year, the composition of the board changes slightly as various terms end, elections are held in local governments and regional advisory committees change. As a result, some directors that served in 2017 are no longer on the board. In 2018, Northern Development's board of directors included:



Gerry Thiessen
board chair
District of Vanderhoof
Prince George Region



Thomas Hoffman
vice-chair
provincial appointee
Cariboo-Chilcotin/Lillooet Region



Wendy Benyk
finance committee chair
provincial appointee
Northwest Region



Lori Ackerman
City of Fort St. John
Northeast Region



Lyn Hall
City of Prince George
Prince George Region



Alice Maitland
Village of Hazelton
Northwest Region



Michael Racz
North Coast Regional District
Northwest Region



Evan Saugstad
provincial appointee
Northeast Region



Gerald Wesley
provincial appointee
Northwest Region



Mark Rogers
City of Dawson Creek
Northeast Region



Danny Schildts
provincial appointee
Northeast Region



Margo Wagner
Cariboo Regional District
Cariboo-Chilcotin/Lillooet Region



Sally Watson
Thompson-Nicola Regional District
Cariboo-Chilcotin/Lillooet Region

REGIONAL ADVISORY COMMITTEES

Northern Development's board is advised by four regional advisory committees. These four committees are comprised of 67 locally elected leaders and each committee elects a chair, vice chair and two members to join the board. This method ensures that local knowledge from the Trust's diverse communities is incorporated into all decisions.

The regional advisory committees meet every quarter to review funding applications, policy recommendations, strategic plans and to discuss economic challenges that the region may be facing.

2018 Cariboo-Chilcotin/Lillooet Regional Advisory Committee (RAC) Members

Mayor Mitch Campsall

District of 100 Mile House
RAC chair

Councillor Craig Smith

City of Williams Lake

Mayor Jessoa Lightfoot

Village of Lytton

Director Steve Rice

Thompson-Nicola Regional District

Mayor Bob Simpson

City of Quesnel

Councillor Garry Youd

District of Logan Lake

Jackie Tegart

Fraser Nicola MLA

Director Margo Wagner

Cariboo Regional District
RAC vice-chair

Director Debra Demare

Squamish-Lillooet Regional District

Director Mickey Macri

Squamish-Lillooet Regional District

Mayor Jim Rivett

Village of Clinton

Councillor Alf Trill

Village of Ashcroft

Donna Barnett

Cariboo South MLA

Thomas Hoffman

Northern Development Initiative Trust
Provincial Appointee (CCL)

Director Betty Anderson

Cariboo Regional District

Mayor Margaret Lampman

District of Lillooet

Mayor John Ranta

Village of Cache Creek

Mayor Robin Sharpe

District of Wells

Director Sally Watson

Thompson Nicola Regional District

Coralee Oakes

Cariboo North MLA

2018 Northeast Regional Advisory Committee (RAC) Members

Mayor Lori Ackerman

City of Fort St. John
RAC chair

Mayor Rob Fraser

District of Taylor

Mayor Gwen Johansson

District of Hudson's Hope

Chair Bradley Sperling

Peace River Regional District

Mike Bernier

Peace River South MLA

Danny Schilds

Northern Development Initiative Trust
Provincial Appointee to Board

Councillor Mark Rogers

City of Dawson Creek
RAC vice-chair

Director Karen Goodings

Peace River Regional District

Mayor Lorraine Michetti

Village of Pouce Coupe

Mayor Bill Streeper

Northern Rockies Regional Municipality

Dan Davies

Peace River North MLA

Councillor Mike Caisley

District of Tumbler Ridge

Director Leonard Hiebert

Peace River Regional District

Director Dan Rose

Peace River Regional District

Councillor Laura Weisgerber

District of Chetwynd

Evan Saugstad

Northern Development Initiative Trust
Provincial Appointee to Board

2018 Northwest Regional Advisory Committee (RAC) Members

Mayor Taylor Bachrach

Town of Smithers
RAC chair

Mayor Galina Durant

District of Stewart

Mayor Gail Lowry

District of New Hazelton

Mayor Greg Martin

Village of Queen Charlotte

Councillor Annette Morgan

Village of Telkwa

Director Michael Racz

North Coast Regional District

Councillor Kelly Holliday

Village of Burns Lake

Jennifer Rice

North Coast MLA

Mayor Carol Leclerc

City of Terrace
RAC vice-chair

Councillor Mario Feldhoff

District of Kitimat

Mayor Dave MacDonald

District of Port Edward

Mayor Linda McGuire

Village of Granisle

**Councillor Charleen O'Brien
Anderson**

Village of Port Clements

Director Ted Ramsey

Regional District of Kitimat-Stikine

Ellis Ross

Skeena MLA

Wendy Benyk

Northern Development Initiative Trust
Provincial Appointee to Board (NW)

Councillor Tim Anderson

District of Houston

Director Mark Fisher

Regional District of Bulkley-Nechako

Mayor Alice Maitland

Village of Hazelton

Councillor Blair Mirau

City of Prince Rupert

Councillor Barry Pages

Village of Masset

Director Alison Sayers

Central Coast Regional District

Doug Donaldson

Stikine MLA

Gerald Wesley

Northern Development Initiative Trust
Provincial Appointee to Board (NW)

2018 Prince George Regional Advisory Committee (RAC) Members

Mayor Gerry Thiessen

District of Vanderhoof
RAC chair

Councillor Judy Greenaway

District of Fort St. James

Mayor Lorraine Martin

Village of McBride

Shirley Bond

Prince George-Valemount MLA

Chair Bill Miller

Regional District of Bulkley-Nechako
RAC vice-chair

Mayor Lyn Hall

City of Prince George

Chair Art Kaehn

Regional District of Fraser Fort-George

Mike Morris

Prince George-Mackenzie MLA

Mayor Pat Crook

District of Mackenzie

Mayor Dwayne Lindstrom

Village of Fraser Lake

Mayor Jeannette Townsend

Village of Valemount

John Rustad

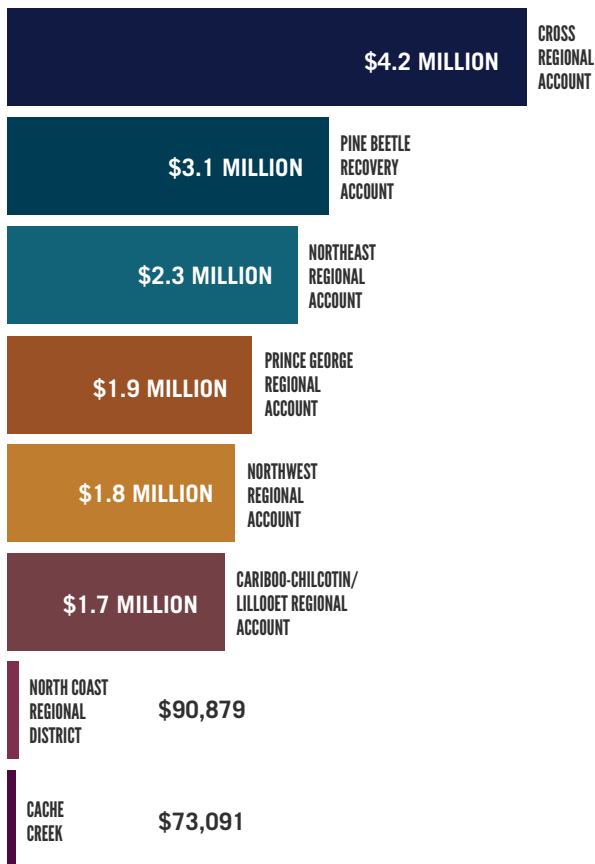
Nechako Lakes MLA

Photo: Matthew Massa / Destination BC

BEST PRACTICES IN FUND MANAGEMENT

Managing the Trust's funds in a sustainable manner for perpetuity is vital to the economic well-being of Northern B.C. By preserving the original capital infusion into the Trust of \$185 million, the capital investment will continue to benefit the region long into the future.

2018 granting allocation by account



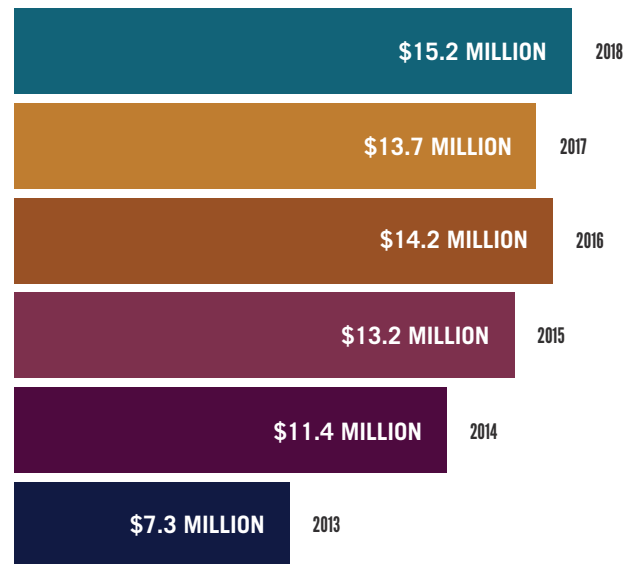
RETURN ON INVESTMENT

Northern Development has a Statement of Investment Policies and Procedures to guide investing decisions, asset management and set goals for the performance of assets. The Trust's accounts are invested with Mawer Investments Inc. into a balanced portfolio and fixed income investments. These investments generate an annual return on the capital base which is then re-invested into the region.

GRANTING ALLOCATION

The amount of funds made available through grants is decided by Northern Development's staff and board on an annual basis. Each year, the team reviews the balance in each funding account and existing commitments before deciding how much money will be available to grant applicants. This process ensures accurate and sustainable disbursements while protecting the capital base to guarantee longevity.

Total grant allocation by year



2018 1.38% ROI

\$3.6 million in interest income

Since 2005

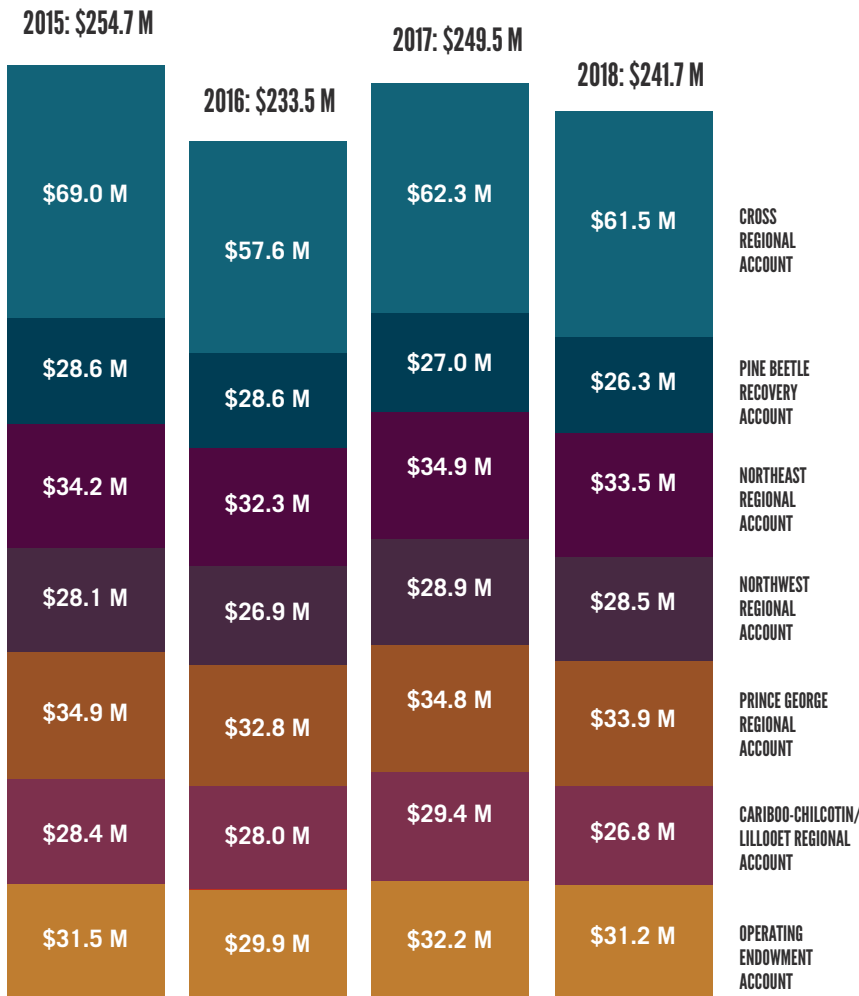
6.52% average ROI

ACCOUNT BALANCES

When Northern Development received its first capital infusion of \$185 million, the money was divided into seven strategic accounts: \$20 million was disbursed to each of the Trust’s four regional development accounts, \$50 million was earmarked for cross regional initiatives, \$30 million was to support the recovery from the mountain pine beetle epidemic and \$25 million went into an operating endowment account. All of these accounts are guided by the Trust’s financial management plan and ensure that the funds are sustainably managed so they can be relied on by the region for decades to come.

Account balances

as of December 31, 2018



OPERATIONS

PUBLIC ACCOUNTABILITY AND REPORTING

Each quarter, Northern Development makes detailed quarterly reports available to local governments and posts summary reports on their website. These reports share up-to-date information on account balances, year-to-date approvals, success stories and program commitments by region. Stakeholder feedback continues to provide direction for enhancing this reporting.

The Trust strives to be known as a friendly and approachable organization that serves central and northern B.C., a distinct difference from the impersonal and stringent reputation that most funding agencies have. Annually, the Trust touches base with clients to further understand their interactions with the Northern Development team and to identify areas of improvement. From the annual survey for 2018, 98 per cent of respondents said that their overall experience with Northern Development has been positive and 95 per cent found the staff to be knowledgeable and helpful through the application process.

“ We get exceptional service across the full spectrum from Northern Development, and the staff is uniformly responsive and terrific. The applications are always acknowledged quickly, often within hours. ”

“ We are very grateful for the support for Northern B.C. projects – with Northern Development’s existence and support in this region we are a better place in which to live. ”



Photo: Mike Seehägel / Destination BC

CONTINUOUS IMPROVEMENT

Northern Development embodies a culture of continuous improvement through board governance education, modern financial operations and other intentional habits. This commitment to up-to-date best practices alleviates risk and facilitates quality interactions with clients and stakeholders.

LOW ADMINISTRATIVE COSTS

The Trust’s operating budget comes from a separate account as mandated by legislation. This is just one of the policies that ensures ongoing operation of the Trust in perpetuity. In 2018, our operating budget was 5.94 per cent of the capital base. Actual costs for the year came in under budget at 5.8 per cent of the capital base.

“ NDIIT believed in us as much as our community believed in themselves! ”

OUR GRANTING PROCESS

- 1 APPLICATION SUBMITTED
- 2 STAFF REVIEW & DUE DILIGENCE
- 3 RAC REVIEW & SUPPORT
- 4 PROJECT APPROVAL (by board or CEO’s delegated authority)
- 5 PROJECT IMPLEMENTED
- 6 PROJECT REPORTING SUBMITTED
- 7 GRANT/LOAN DISBURSED

THE TEAM

Northern Development's staff team is a small, dedicated group of high-performing individuals that work in harmony to stimulate the economy in Northern B.C. through efficient and exceptional client services.

Together, the team manages all aspects of project management, financial management, client relationships, governance liaison, community liaison, communications, marketing and more.

With 481 projects approved through 15 funding programs in 2018, the staff oversee 1,837 active projects, administer millions of dollars in third-party administration, complete due diligence reports, manage day-to-day operations and review annual reporting from hundreds of completed projects.



Photo: Northern Development Initiative Trust

2018 STAFF TEAM



Joel McKay
chief executive officer



Brenda Gendron
chief financial officer



Renata King
director of business development



Derek Baker
director of economic development



Kim Hayhurst
director of communications and marketing



Lori Moseley
executive coordinator



Tess Elo
senior financial analyst



Emily-Anne Therrien
finance coordinator



Christine Gagne
corporate services coordinator



Felicia Magee
business development coordinator



Jordan Hammond
funding programs coordinator



Katherine Benny
communications officer (Love Northern BC)



Anna Duff
communications officer



ABOUT NORTHERN DEVELOPMENT

Northern Development Initiative Trust combines smart thinking and funding to stimulate the economy in Northern B.C. The Trust was created for the north and is led by the people of the north. Together with communities and partners, Northern Development finds ways to say “yes” to economic diversification throughout Northern B.C.

www.northerndevelopment.bc.ca

Financial Statements of

**NORTHERN DEVELOPMENT
INITIATIVE TRUST**

Year ended December 31, 2018



KPMG LLP
177 Victoria Street, Suite 400
Prince George BC V2L 5R8
Canada
Tel (250) 563-7151
Fax (250) 563-5693

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Northern Development Initiative Trust

Opinion

We have audited the financial statements of Northern Development Initiative Trust (the Trust), which comprise:

- the statement of financial position as at December 31, 2018
- the statement of operations and fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2018 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged With Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Trust's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Trust's to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Prince George, Canada

April 24, 2019

Northern Development Initiative Trust
Statement of Financial Position

As at December 31, 2018, with comparative information for 2017

	Unrestricted and Endowment	Restricted									Total		
		Operating and Endowment Account	Invested in Tangible Capital Assets	Cross Regional	Pine Beetle Recovery	Cariboo-Chilcotin Lillooet Regional Development	Northwest Regional Development	Northeast Regional Development	Prince George Regional Development	Other Trust Funds	Province of BC	2018	2017 Recast (Note 11)
ASSETS													
Current Assets													
Cash	\$ 236,770	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,623,436	\$ 44,856,279	\$ 46,716,485	\$ 26,728,899
Miscellaneous receivables	4,325	-	-	-	-	-	-	-	-	83,964	-	88,289	139,278
Prepaid expenses	41,588	-	-	-	-	-	-	-	-	-	-	41,588	42,184
Current portion of loans receivable (Note 2)	-	-	1,078,000	-	11,795	15,271	99,801	296,449	-	-	-	1,501,316	2,292,406
Total Current Assets	282,683	-	1,078,000	-	11,795	15,271	99,801	296,449	1,707,400	44,856,279	48,347,678	29,202,767	
Other Non-Current Assets													
Loans receivable (Note 2)	-	-	7,224,958	-	37,776	7,450	489,168	1,367,812	-	-	-	9,127,164	10,654,776
Investments (Note 3)	31,152,705	-	61,483,444	26,335,976	26,778,307	28,480,225	33,509,252	33,879,407	20,640,437	-	-	262,259,753	250,231,695
Tangible capital assets (Note 4)	-	132,240	-	-	-	-	-	-	-	-	-	132,240	121,575
TOTAL ASSETS	\$ 31,435,388	\$ 132,240	\$ 69,786,402	\$ 26,335,976	\$ 26,827,878	\$ 28,502,946	\$ 34,098,221	\$ 35,543,668	\$ 22,347,837	\$ 44,856,279	\$ 319,866,835	\$ 290,210,813	
LIABILITIES AND EQUITY													
Current Liabilities													
Accounts payable & accrued liabilities (Note 5)	64,294	-	48,444	19,154	19,475	20,712	24,365	24,640	1,376	-	-	222,460	388,790
Deferred revenue	706,957	-	-	-	-	-	-	-	-	-	-	706,957	333,587
Funds administered for others (Note 6)	-	-	-	-	-	-	-	-	21,777,202	-	-	21,777,202	680,510
Total Current Liabilities	771,251	-	48,444	19,154	19,475	20,712	24,365	24,640	21,778,578	-	-	22,706,619	1,402,887
Due to North Central Local Government Association	-	-	-	-	-	-	-	-	340,015	-	-	340,015	373,482
TOTAL LIABILITIES	771,251	-	48,444	19,154	19,475	20,712	24,365	24,640	22,118,593	-	-	23,046,634	1,776,369
Fund Balances													
Endowment fund (Note 7)	25,000,000	-	-	-	-	-	-	-	-	-	-	25,000,000	25,000,000
Externally Restricted - uncommitted	-	-	65,959,850	22,583,176	24,705,045	25,602,520	32,252,208	27,400,665	145,280	16,912,177	-	215,560,921	226,383,893
Externally Restricted - committed (Schedule 1)	-	-	3,778,108	3,733,646	2,103,358	2,879,714	1,821,648	8,118,363	83,964	27,944,102	-	50,462,903	29,979,385
Invested in tangible capital assets (Note 8)	-	132,240	-	-	-	-	-	-	-	-	-	132,240	121,575
Unrestricted	5,664,137	-	-	-	-	-	-	-	-	-	-	5,664,137	6,949,591
TOTAL EQUITY	30,664,137	132,240	69,737,958	26,316,822	26,808,403	28,482,234	34,073,856	35,519,028	229,244	44,856,279	296,820,201	288,434,444	
Contingencies (Note 9)													
Commitments (Note 10)													
Recast (Note 11)													
TOTAL LIABILITIES AND EQUITY	\$ 31,435,388	\$ 132,240	\$ 69,786,402	\$ 26,335,976	\$ 26,827,878	\$ 28,502,946	\$ 34,098,221	\$ 35,543,668	\$ 22,347,837	\$ 44,856,279	\$ 319,866,835	\$ 290,210,813	

Approved by the Board:

Director

Director

Northern Development Initiative Trust
Statement of Operations and Fund Balances

As at December 31, 2018, with comparative information for 2017

	Unrestricted and Endowment	Restricted									Total	
		Operating and Endowment Account	Invested in Capital Assets	Cross Regional	Pine Beetle Recovery	Cariboo-Chilcotin Lillooet Regional Development	Northwest Regional Development	Northeast Regional Development	Prince George Regional Development	Other Trust Funds	Province of BC	2018
REVENUE												
Investment income, net of fees (Note 3)	\$ 1,118,289	\$ -	\$ 2,177,208	\$ 939,749	\$ 949,266	\$ 1,020,788	\$ 1,195,468	\$ 1,207,912	\$ 5,147	\$ -	\$ 8,613,827	\$ 7,560,235
Interest income - projects	4,560	-	326,237	-	1,693	545	13,848	-	-	560,542	907,425	510,331
Contributions	-	-	-	-	-	-	-	-	80,000	19,600,000	19,680,000	19,660,000
Net unrealized gains (losses)	(701,223)	-	(1,370,815)	(574,285)	(539,358)	(652,815)	(753,092)	(756,874)	(3,266)	-	(5,351,728)	17,869,913
Gain on sale of tangible capital assets	-	-	-	-	-	-	-	-	-	-	-	20,296
Financial services revenue	22,220	-	-	-	-	-	-	-	-	-	22,220	68,414
Third party revenue	76,629	-	-	-	-	-	-	-	-	-	76,629	-
TOTAL REVENUE	520,475	-	1,132,630	365,464	411,601	368,518	456,224	451,038	81,881	20,160,542	23,948,373	45,689,189
EXPENSE												
ADMINISTRATION EXPENSES												
Amortization	-	59,074	-	-	-	-	-	-	-	-	59,074	47,874
Direct project expenses	-	-	6,563	6,562	-	-	-	-	-	-	13,125	13,215
General administration	130,707	-	-	-	-	-	-	-	-	-	130,707	139,960
S/C, fees, dues, licences	6,955	-	-	-	-	-	-	-	-	21	6,976	5,646
Office expense	140,231	-	-	-	-	-	-	-	-	-	140,231	197,522
Professional services	96,576	-	-	-	-	-	-	-	-	-	96,576	128,593
Rentals and maintenance	38,473	-	-	-	-	-	-	-	-	-	38,473	44,596
Office supplies	20,504	-	-	-	-	-	-	-	-	-	20,504	25,503
Salaries and benefits	1,132,917	-	-	-	-	-	-	-	-	-	1,132,917	1,019,723
Third party expenses	76,629	-	-	-	-	-	-	-	-	-	76,629	-
TOTAL ADMINISTRATION EXPENSES	1,642,992	59,074	6,563	6,562	-	-	-	-	-	21	1,715,212	1,622,632
BOARD & RAC EXPENSES												
Board Costs	63,894	-	-	-	-	-	-	-	-	-	63,894	64,004
RAC - Northeast	2,578	-	-	-	-	-	-	-	-	-	2,578	4,728
RAC - Prince George	5,817	-	-	-	-	-	-	-	-	-	5,817	6,632
RAC - Cariboo-Chilcotin/Lillooet	10,145	-	-	-	-	-	-	-	-	-	10,145	12,293
RAC - Northwest	10,764	-	-	-	-	-	-	-	-	-	10,764	15,030
TOTAL BOARD & RAC EXPENSES	93,198	-	-	-	-	-	-	-	-	-	93,198	102,687
TOTAL ADMINISTRATION COSTS	1,736,190	59,074	6,563	6,562	-	-	-	-	-	21	1,808,410	1,725,319
Grants and loans (Schedule 1)	-	-	3,274,812	1,845,550	3,053,135	930,477	1,902,025	1,681,802	56,037	1,180,498	13,924,336	12,813,846
Less: repayable portion	-	-	-	-	-	-	-	(170,130)	-	-	(170,130)	(219,486)
Write down of loan receivable	-	-	-	-	-	-	-	-	-	-	-	50,000
NET GRANTS	-	-	3,274,812	1,845,550	3,053,135	930,477	1,902,025	1,511,672	56,037	1,180,498	13,754,206	12,644,360
TOTAL EXPENSES	1,736,190	59,074	3,281,375	1,852,112	3,053,135	930,477	1,902,025	1,511,672	56,037	1,180,519	15,562,616	14,369,679
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(1,215,715)	(59,074)	(2,148,745)	(1,486,648)	(2,641,534)	(561,959)	(1,445,801)	(1,060,634)	25,844	18,980,023	8,385,757	31,319,510
FUND BALANCES, BEGINNING OF YEAR												
Investment in capital assets (Note 8)	31,949,591	121,575	71,886,703	27,803,470	29,449,937	29,044,193	35,519,657	36,579,662	203,400	25,876,256	288,434,444	257,114,934
	(69,739)	69,739	-	-	-	-	-	-	-	-	-	-
FUND BALANCES, END OF YEAR	\$ 30,664,137	\$ 132,240	\$ 69,737,958	\$ 26,316,822	\$ 26,808,403	\$ 28,482,234	\$ 34,073,856	\$ 35,519,028	\$ 229,244	\$ 44,856,279	\$ 296,820,201	\$ 288,434,444

NORTHERN DEVELOPMENT INITIATIVE TRUST

Statement of Cash Flows

Year ended December 31, 2018, with comparative figures for 2017

	2018	2017 Recast (Note 11)
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenditures	\$ 8,385,757	\$ 31,319,510
Items not involving cash:		
Amortization	59,074	47,874
Net unrealized losses (gains)	5,351,728	(17,869,913)
Gain on sale of tangible capital assets	-	(20,296)
Accrued interest on loans receivable	(342,322)	(357,399)
Write down of loan receivable	-	50,000
	<u>13,454,237</u>	<u>13,169,776</u>
Change in non-cash operating working capital:		
Accounts receivables	50,989	168,429
Prepaid expenses	596	(5,446)
Funds administered for others	21,096,692	(137,679)
Accounts payable and accrued liabilities	(166,603)	(106,039)
Deferred revenue	373,370	333,587
	<u>34,809,281</u>	<u>13,422,628</u>
Investing:		
Investments	(17,379,786)	1,796,052
Repayment of loans receivable	2,831,155	2,337,626
Advance on loans receivable	(170,130)	(169,486)
Acquisition of tangible capital assets	(69,739)	(109,870)
Proceeds on sale of tangible capital assets	-	43,500
Due to North Central Local Government Association	(33,194)	66,406
	<u>(14,821,694)</u>	<u>3,964,228</u>
Increase in cash	19,987,587	17,386,856
Cash, beginning of year	26,728,899	9,342,043
Cash, end of year	<u>\$ 46,716,486</u>	<u>\$ 26,728,899</u>

See accompanying notes to financial statements.

NORTHERN DEVELOPMENT INITIATIVE TRUST

Notes to Financial Statements

Year ended December 31, 2018

Nature of operations:

Northern Development Initiative Trust (the "Trust"), a not-for-profit organization incorporated under the Northern Development Initiative Trust Act, operates primarily to be a catalyst for Northern B.C. and grow a strong diversified economy by stimulating sustainable economic growth through strategic and leveraged investments.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Trust's significant accounting policies are as follows:

(a) Restricted fund method of accounting:

The Trust follows the restricted fund method of accounting for contributions.

The Operating Fund accounts for the Trust's general activities.

The Restricted Funds are comprised of the Cross Regional Account, Pine Beetle Recovery Account, Cariboo-Chilcotin Lillooet Regional Development Account, Northwest Regional Development Account, Northeast Regional Development Account, Prince George Regional Development Account, Other Trust Funds and Province of British Columbia Account and report contributions restricted to activities outlined in their respective strategic plans. The Other Trust Funds are comprised of the Western Economic Diversification Community Adjustment Fund, Young Innovator Scholarship Fund, New Relationship Trust Fund, Northwest Powerline Fund and Prince George Agriculture Fund, and report contributions restricted to activities outlined in their respective strategic plans.

The Operating Endowment Account reports restricted resources contributed for endowment. Investment income earned on endowment resources is used for purposes prescribed in the Northern Development Initiative Trust Act (Note 7).

(b) Investments:

Investments are recorded at fair value. The difference between historical cost and fair value is recorded as an unrealized gain or loss and recorded in the excess (deficiency) of revenue over expenditures in the period in which the difference occurred. Gains and losses realized during the year are computed using the average cost method and recognized directly in the excess (deficiency) of revenue over expenditures.

NORTHERN DEVELOPMENT INITIATIVE TRUST

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(c) Tangible capital assets:

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution. Assets acquired under capital lease are amortized over the estimated life of the assets or over the lease term, as appropriate. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a tangible capital asset no longer contributes to the Trust's ability to provide services, its carrying amount is written down to its residual value.

Tangible capital assets are amortized on a straight-line basis using the following annual rates:

Asset	Rate
Computer hardware	33%
Computer software	100%
Furniture and fixtures	20%
Leasehold improvements	20%
Vehicles	20%

(d) Externally restricted - uncommitted funds:

Uncommitted externally restricted funds represent funds not committed at year end to specific project proposals.

(e) Externally restricted - committed funds:

Committed externally restricted funds represent funds at year end for specific project proposals that have been approved by the Board of Directors and the cash disbursement will not occur until a future date after year end once the conditions of the signed funding agreement are met.

NORTHERN DEVELOPMENT INITIATIVE TRUST

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(f) Revenue recognition:

Externally restricted contributions received for the Cross Regional Account, Pine Beetle Recovery Account, Cariboo-Chilcotin Lillooet Regional Development Account, Northwest Regional Development Account, Northeast Regional Development Account, Prince George Regional Development Account, Other Trust Funds and Province of British Columbia are recognized as revenue in the year received. All other externally restricted contributions received are recognized in the Operating Fund as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue in the Operating Fund in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted contributions with related expenses are recognized as revenue in the year in which the related expenses are incurred.

Investment income is recognized to the extent received or receivable.

(g) Grants and repayable grants:

Grants and repayable grants awarded by the Trust are recognized when the conditions of the signed funding agreement are met.

(h) Income taxes:

No provision has been made for income taxes in these financial statements as the Trust is exempt under Paragraph 149(1)(c) of the Income Tax Act.

(i) Foreign currency translation:

Monetary assets and liabilities denominated in foreign currencies, and that have not been hedged, are translated into Canadian dollars at the rates of exchange in effect at the statement of financial position date. Other assets, liabilities and items affecting earnings are translated into Canadian dollars at rates of exchange in effect at the date of the transaction. Gains or losses arising from these foreign currency transactions are included in the determination of excess (deficiency) of revenue over expenditures.

NORTHERN DEVELOPMENT INITIATIVE TRUST

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(j) Use of estimates:

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of loans receivable. Actual results could differ from those estimates.

(k) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value.

Management has elected not to record loans receivable in accordance with the policy above. Loans receivable are initially measured at their face value. Management has determined that this departure from generally accepted accounting policies is not material.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Trust determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Trust expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

NORTHERN DEVELOPMENT INITIATIVE TRUST

Notes to Financial Statements (continued)

Year ended December 31, 2018

2. Loans receivable:

	2018	2017
Cross Regional Development Account - Prince George. Repayable in annual installments in the next five years of \$1,566,234 in 2019, \$1,517,167 in 2020, \$1,466,599 in 2021, \$1,416,781 in 2022 and \$1,366,963 in 2023, including interest at bank prime rate (December 31, 2018 - 3.95%).	\$ 8,302,957	\$ 9,564,165
Pine Beetle Recovery Account. Loan was repaid during the year.	-	840,680
Cariboo-Chilcotin Lillooet Regional Development Account. Repayable in annual installments in the next five years of \$13,863 in 2019, \$8,031 in 2020, 2021 and 2022, and \$5,894 in 2023, including interest between 0.0% and 3.7%.	49,572	62,326
Northwest Regional Development Account. Repayable in annual installments in the next two years of \$16,184 in 2019, and \$7,092 in 2020, including interest between 0.0% and 2.7%.	22,721	31,268
Northeast Regional Development Account. Repayable in annual installments in the next four years of \$111,400 in 2019, \$367,200 in 2020, \$87,400 in 2021, and \$47,306 in 2022, including interest between 0.0% and 4.0%.	588,969	686,521
Prince George Regional Development Account. Repayable in annual installments in the next five years of \$266,281 in 2019, \$282,528 in 2020, \$192,528 in 2021 and 2022, and \$189,409 in 2023, non-interest bearing.	1,664,261	1,762,222
	<u>10,628,480</u>	<u>12,947,182</u>
Current portion of loans receivable	(1,501,316)	(2,292,406)
	<u>\$ 9,127,164</u>	<u>\$ 10,654,776</u>

NORTHERN DEVELOPMENT INITIATIVE TRUST

Notes to Financial Statements (continued)

Year ended December 31, 2018

3. Investments:

The Trust's investments are held with Mawer Investment Management Ltd. at fair value.

	2018	2017
Cash equivalents:		
Mawer Canadian Money Market	\$ 12,430,464	\$ 8,296,080
Fixed income balances:		
Mawer Canadian Bond Pooled Fund	81,949,452	74,292,124
Mawer Global Bond Fund	6,260,383	5,762,971
	88,209,835	80,055,095
Equity balances:		
Mawer Canadian Equity Pooled Fund	36,998,965	39,547,467
Mawer Small Cap Fund	17,903,506	18,285,478
Mawer Global Equity Series	106,716,983	104,047,575
	161,619,454	161,880,520
	\$ 262,259,753	\$ 250,231,695

Investment income is presented net of management fees charged for the year ended December 31, 2018 of \$718,624 (2017 - \$705,945).

4. Tangible capital assets:

	2018		2017	
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware	\$ 345,314	\$ 267,638	\$ 77,676	\$ 35,671
Computer software	160,091	159,163	928	1,060
Furniture and fixtures	148,920	144,173	4,747	5,164
Leasehold improvements	58,743	43,371	15,372	21,025
Vehicles	77,473	43,956	33,517	58,655
	\$ 790,541	\$ 658,302	\$ 132,240	\$ 121,575

NORTHERN DEVELOPMENT INITIATIVE TRUST

Notes to Financial Statements (continued)

Year ended December 31, 2018

5. Accounts payable and accrued liabilities:

	2018	2017
Accounts payable and accrued liabilities	\$ 217,475	\$ 388,400
Payroll and withholding taxes	4,985	390
	\$ 222,460	\$ 388,790

6. Funds administered for others:

These funds are controlled by other organizations and are pooled for investment purposes with the Trust's cash and investments. Accordingly, these financial statements include assets administered for other organizations with a corresponding liability comprised of the following:

	2018	2017
Opening balance	\$ 680,510	\$ 818,189
Contributions	21,085,100	98,000
Investment income, net of fees	161,099	1,415
Administrative fees	(7)	(15)
Grants	(149,500)	(237,079)
	\$ 21,777,202	\$ 680,510

7. Endowment fund:

The Endowment Fund was established to receive proceeds of \$25,000,000 from the Government of British Columbia pursuant to terms of the Northern Development Initiative Trust Act ("NDIT Act"). Interest or other income earned from the money invested may be used to cover operating expenditures incurred by the directors and officers of the Trust to perform their obligations under the NDIT Act. Income earned on the endowment is recorded fully in the Operating Fund. Included in operations is investment income of \$1,118,289 (2017 - \$977,487) and net unrealized losses of \$701,223 (2017 gains - \$2,310,085) for the year ended December 31, 2018.

NORTHERN DEVELOPMENT INITIATIVE TRUST

Notes to Financial Statements (continued)

Year ended December 31, 2018

8. Invested in tangible capital assets:

Invested in tangible capital assets is calculated as follows:

	2018	2017
Opening balance	\$ 121,575	\$ 82,783
Amortization	(59,074)	(47,874)
Gain on disposal of capital assets	-	20,296
Acquisitions of capital assets	69,739	109,870
Proceeds on sale of tangible capital assets	-	(43,500)
	\$ 132,240	\$ 121,575

During the year, transfers from the Operating Fund to the Invested in Tangible Capital Assets Fund due to the acquisition and proceeds on sale of tangible capital assets amounted to \$69,739 (2017 - \$66,370).

9. Contingencies:

The Trust is contingently liable as guarantor of loans with unrelated parties in the amount of \$858,516 (2017 - \$858,516).

The Trust has a demand credit facility for standby letters of credit authorized to \$15,000,000, secured by a general security agreement placing a first-priority interest in all present and future property of the Trust. As at December 31, 2018, there were two letters of credit issued for a total of \$1,750,000 expiring between May and December 2019.

10. Commitments:

In addition to committed funds disclosed in Schedule 1, the Trust leases premises under a lease which expires May 2019. The minimum lease payments in the next year is \$48,166.

NORTHERN DEVELOPMENT INITIATIVE TRUST

Notes to Financial Statements (continued)

Year ended December 31, 2018

11. Recast:

During the year, the Trust determined that contributions from third parties to be administered only and not controlled by the Trust should be recorded as a liability. In previous years contributions were recorded as restricted revenue and grants as expenses in their respective fund rather than as a liability to the third parties. The impact of this immaterial error has been recorded retrospectively and prior periods have been recast as follows:

	As previously stated	Increase (Decrease)	As recast
Financial position:			
Funds administered for others	\$ -	\$ 680,510	\$ 680,510
Externally restricted - uncommitted	227,038,403	(654,510)	226,383,893
Externally restricted - committed	30,005,385	(26,000)	29,979,385
Operations:			
Contributions	19,758,000	(98,000)	19,660,000
Interest income - projects	511,746	(1,415)	510,331
S/C, fees, dues, licences	5,661	(15)	5,646
Grants and loans	13,050,925	(237,079)	12,813,846

12. Financial risks and concentration of credit risk:

(a) Currency risk:

The Trust is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, the Trust purchases investments denominated in foreign currency. The Trust does not currently enter into forward contracts to mitigate this risk. There has been no change to the risk exposure.

(b) Market risk:

The Trust derives revenue from its cash equivalents, equity and fixed income investments which are subject to market fluctuations. The Trust employs investment diversification to manage this risk.

(c) Credit risk:

The Trust is exposed to credit risk from the possibility that borrowers may default on their obligations. Management attempts to mitigate this risk by ensuring that proper due diligence is performed before loans are extended.

NORTHERN DEVELOPMENT INITIATIVE TRUST

Notes to Financial Statements (continued)

Year ended December 31, 2018

12. Financial risks and concentration of credit risk: (continued):

(d) Liquidity risk:

Liquidity risk is the risk that the Trust will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Trust manages its liquidity risk by monitoring its operating requirements. The Trust prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposure from 2017.

(e) Interest rate risk:

The Trust's fixed income securities and certain loans receivable are subject to interest rate risk. Rising interest rates may cause a decrease in the value of these securities. The Trust employs investment diversification to manage this risk.

13. Employee future benefits:

The Trust, and its employees, contribute to the BC Public Service Pension Plan (the "Plan"), a jointly trustee pension plan. The Board of Trustees, representing Plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of the benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has 61,907 active members and 47,8922 retired members. Active members include approximately 90 contributors from the provincial government, crown corporations, government agencies and not-for-profit organizations.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The most recent valuation was performed as at March 31, 2017. The valuation shows an improvement in the actuarial position for the Basic Account, from a surplus of \$194 million as at March 31, 2014, to a surplus of \$1,896 million as at March 31, 2017. The actuary does not attribute portions of the surplus to individual employers. Consequently, the Trust's share of this surplus cannot be determined. The main reasons for the improvement in the actuarial position are that the investment returns were higher than were assumed and actual salary increases were lower than the long-term assumption offset by an excess investment return transfer to the Inflation Adjustment Account and changes in the economic assumptions. The Trust paid \$98,277 (2017 - \$86,462) for employer contributions to the Plan during the year.

Northern Development Initiative Trust
Schedule of Externally Restricted - Committed Funds
Year ended December 31, 2018

SCHEDULE 1

Account	Total Funding Approved (unaudited)	Grants and loans		2018	2017
		2018 Disbursements	2017 Disbursements Recast (Note 11)	Outstanding Commitments	Outstanding Commitments Recast (Note 11)
Cross Regional Account	\$ 41,208,730	\$ 3,274,812	\$ 2,978,355	\$ 3,778,108	\$ 4,410,654
Pine Beetle Recovery Account	29,615,392	1,845,550	1,924,685	3,733,646	3,302,910
Cariboo-Chilcotin/Lillooet Regional Development Account	15,111,622	3,053,135	1,565,255	2,103,358	3,689,442
Northwest Regional Development Account	18,313,065	930,477	1,167,298	2,879,714	2,183,510
Northeast Regional Development Account	12,147,833	1,902,025	1,100,046	1,821,648	2,287,401
Prince George Regional Development Account	22,472,569	1,681,802	1,838,056	8,118,363	8,333,423
Province of British Columbia	35,273,488	1,180,498	2,220,901	27,944,102	5,737,827
Other Trust Funds	31,900,814	56,037	19,250	83,964	34,218
TOTAL	\$ 206,043,513	\$ 13,924,336	\$ 12,813,846	\$ 50,462,903	\$ 29,979,385