

- 2019 -

ANNUAL REPORT

Table of Contents

2. Guiding Statements
3. Message from the Chair and CEO
4. 2019 Statistics
5. Applications and Approvals
6. Funding Programs for Communities
8. Funding for First Nations
9. Primary Investment Areas
10. Economic Diversification Infrastructure: Williams Lake Indian Band
11. Strategic Initiatives Fund: Charge North improves EV landscape
12. Northern Industries Innovation Fund
14. Focus on Forestry Affected Business (FAB) Program
16. Northwest Region Overview
20. Northeast Region Overview
24. Prince George Region Overview
28. Cariboo-Chilcotin/Lillooet Region Overview
32. Internships Program
34. Third-party Fund Administration
36. New and improved Love Northern BC
37. Best Practices: Governance
40. Best Practices: Fund Management
42. Operations
43. Northern Development Staff

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

2019 was another fun and impactful year as the Trust continued to find innovative ways to support rural development in Northern British Columbia. It was a year when our team performed significant outreach to our regional advisors, small business owners, non-profit and community leaders throughout the region to identify ways we could continue to support economic development in a rapidly shifting environment. It was a year of continuing to deliver the programs we've come to be known for, while also launching new initiatives and continuing to strengthen our relationship with government to provide broad-based benefit for rural residents.

In 2019, we approved \$31.3 million into new projects - \$12.0 million of which was Northern Development funds and \$19.3 million from third-party accounts. For the first time ever, we funded more than 500 projects in a single year, reflecting the strong demand for our funds in the region and our continued alignment between our programs and community priorities. Since 2005, the Trust has administered more than \$235 million into projects throughout the north, \$149 million of it stemming from Trust funds and the rest from funds we manage on behalf of other levels of government or organizations. Those commitments have leveraged \$1.6 billion in investment in 14 years – evidence that a strong, responsive and sustainable Trust can generate incredible benefit for the region through persistent, reliable investment streams over many years.

But what are those dollars going into? Well, it looks like a lot of different things. Last year, there was significant demand for our community development programs as communities charted destination enhancement initiatives to support tourism development, following two aggressive years of wildfires. In Williams Lake, we supported the community's goal to develop a digital asset inventory and marketing plan for local mountain biking trails through our Marketing Initiatives program. In Mackenzie, our Community Halls and Recreation Facilities program was utilized for several initiatives, including two projects to improve infrastructure at the Little Mac Ski Hill to promote winter recreation and tourism. On Haida Gwaii, we funded much needed current regulators to control the lighting system at the Masset Municipal Airport. And in Fort Nelson, we partnered with the Northern Rockies Regional Municipality to support tourism marketing through the development of new video assets.

2019 also saw continued uptake in our capacity building programs. Our Economic Development Capacity Building program was utilized by more than 40 local governments, supporting more than 20 economic development positions throughout the north. Our grant writing program supported 54 grant writer positions throughout Northern B.C. to help shake the money tree for our communities.

And our internships program supported career placement for 10 recent university graduates in communities stretching from Port Clements to Williams Lake and north to Fort Nelson.

It was also a year of new initiatives. At the direction of the board, our staff team launched three new housing programs in 2019 to help address the continued challenges northern communities face attracting and retaining residents. These programs provided funding for more than a dozen housing needs assessments in communities through the region, supported four one-year paid planning positions focused on housing in local governments and saw Williams Lake take advantage of a new incentive to attract a developer.

Through our partner programs, the Connecting BC program expanded significantly in 2019 with an additional \$50 million infusion of funding from the Province of B.C. to launch a third phase of the rural broadband initiative. The program continues to be well subscribed by telecommunications companies, and in the past four years has helped connect more than 40,000 homes with broadband internet and significantly upgrade fibre optic infrastructure along major transportation corridors throughout rural B.C.

The BC Hydro Peace Agricultural Compensation Fund also had its first ever funding intake in 2019, with the board of that fund, in partnership with the Trust and BC Hydro, committing more than \$200,000 to seven projects that will improve agricultural productivity in the Peace Region.

It was an exciting year at the Trust in 2019 as our board, regional advisors and staff continued to work together to strengthen the organization and ensure it continues to responsibly manage the region's funds, while being responsive to the region's needs. That's how we believe Northern Development can build a stronger north, each year, every year, into the future.



Margo Wagner
Board Chair



Joel McKay
CEO

2019 STATISTICS

\$149 million

of Trust funding invested into projects since inception

\$86.1 million

of third-party funding approvals administered since inception

\$12.0 million

of Trust funding invested into projects in 2019

\$19.3 million

of third-party funding approvals administered in 2019

\$1.6 billion

of investments leveraged by all funds since inception

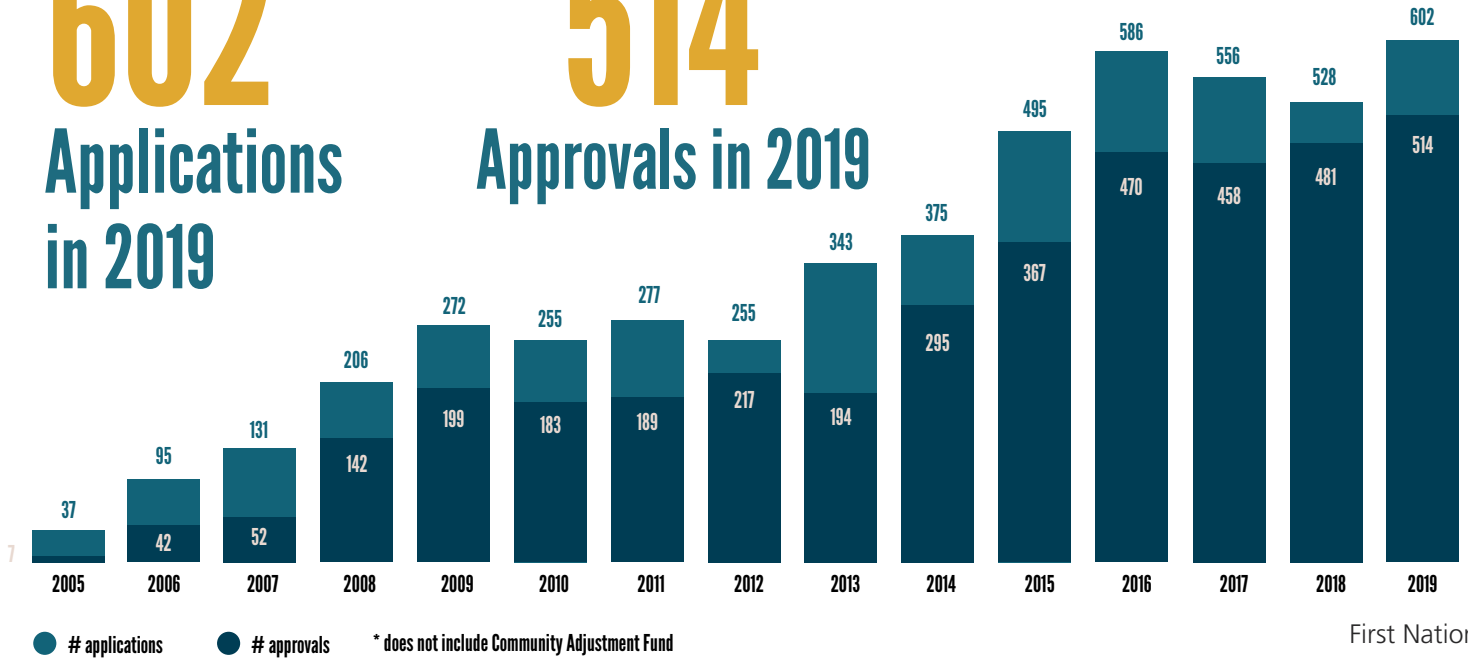
240

third-party
projects since
inception

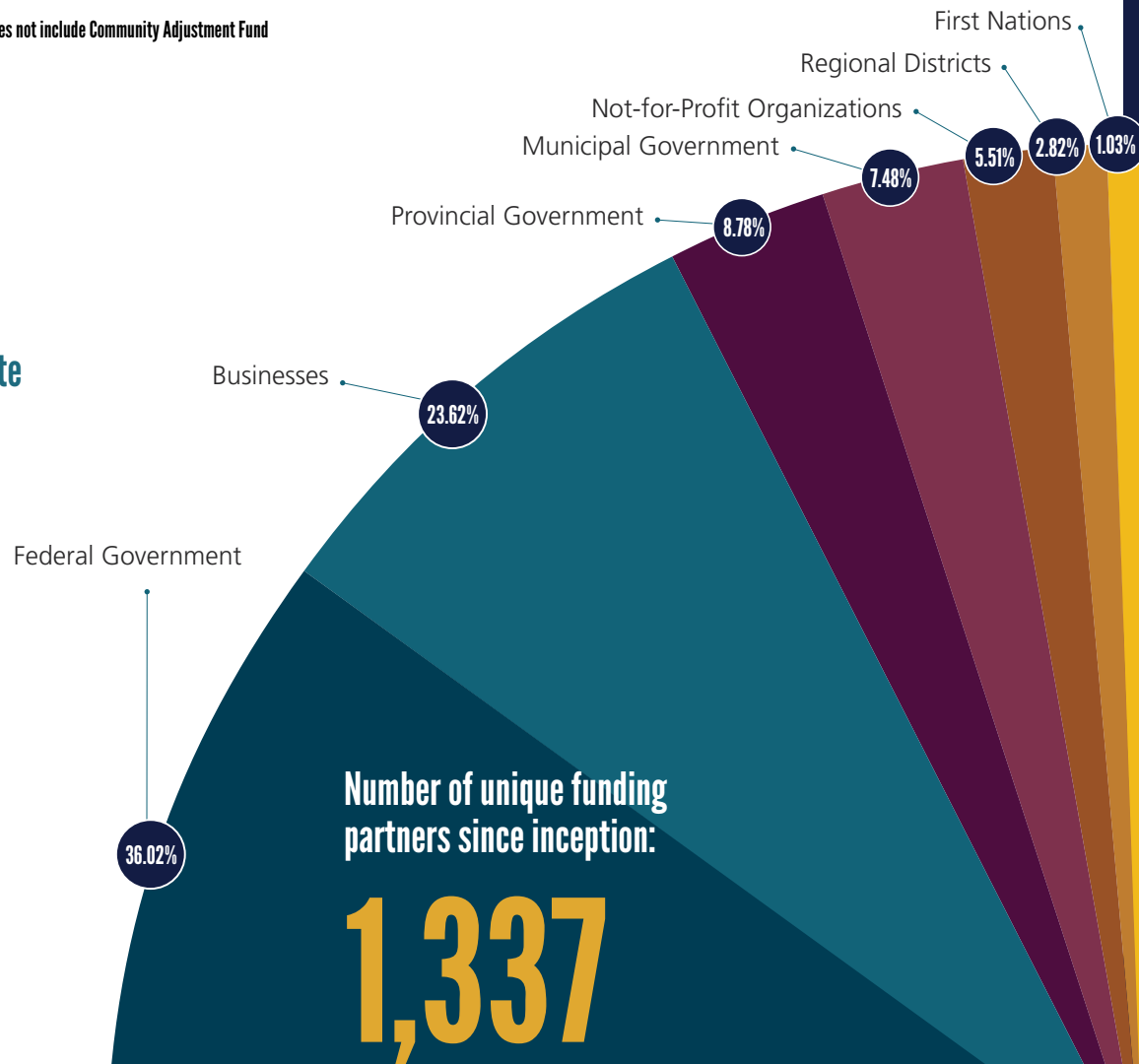
Applications and Approvals

602
Applications
in 2019

514
Approvals in 2019



3,738
Projects administered to date



* Northern Development is responsible for the other 14.74%

FUNDING PROGRAMS FOR COMMUNITIES

Northern Development recognizes that communities have a variety of needs that often need outside funding to be completed without financially burdening residents. 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.

“As always, we are deeply grateful for the support from Northern Development. Our community is stronger and more resilient because of the services we are able to provide with funding from NDIIT.”

“Without the help and support that Northern Development offers, many rural organizations would not be able to continue. They are a lifeline to small rural communities.”

\$97.5 million

invested into community development projects since 2005

1,559 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 GRANTS

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.

NEW HOUSING PROGRAMS ASSIST NORTHERN COMMUNITIES WITH RESIDENTIAL DEVELOPMENT

In April of 2019, Northern Development Initiative Trust launched a suite of Housing Programs to support local governments in the creation of new, market-based housing units across Northern B.C.

The Housing Needs Assessment Program, the Community Planning for Housing Program and the Northern Housing Incentive Program are designed as a step-by-step process that will assist local governments in many aspects of new residential development.

HOUSING NEEDS ASSESSMENT PROGRAM

This program provides one-time grant funding to local governments for the development of a comprehensive housing needs assessment that covers the entire community and meets the requirements of the Local Government Statutes (Housing Needs Reports) Amendment Act.

Up to \$200,000 will be accessible on a yearly basis between 2019 and 2021, with one-time funding available to eligible local governments up to \$10,000 to a maximum of 50 per cent of the project budget.

COMMUNITY PLANNING FOR HOUSING PROGRAM

This program provides grant funding for municipalities and regional districts to assist with the cost of hiring a contract staff position to assess, and support the development of, the community's housing needs over a 12-month period.

The Trust commits to one placement per regional development area for a total of \$160,000 annually, with local governments eligible to receive up to \$40,000 from Northern Development to assist with the cost of the hire.

NORTHERN HOUSING INCENTIVE PROGRAM

This program provides grant funding to local governments to create a "Dollars to the Door" program by incentivizing private sector housing developments. Local governments are eligible to receive a grant up to \$10,000 per dwelling, created in a multi-unit housing project to a maximum contribution of \$200,000.

Community Planning for Housing:

\$160,000 approved for **4** projects

Housing Needs Assessment:

\$124,230 approved for **13** projects

Northern Housing Incentive:

\$40,000 approved for **1** project

2019	\$410,000 in funding for 21 communities
All-time	\$2,250,980 for 142 communities
2019	\$37,925 in funding for 4 projects
All-time	\$1,859,313 for 96 projects
2019	\$0 in funding for 0 projects
All-time	\$1,905,764 for 47 projects
2019	\$2,771,206 in funding for 109 projects
All-time	\$18,026,025 for 615 projects
2019	\$2,756,301 in funding for 20 projects
All-time	\$68,468,623 for 237 projects
2019	\$214,523 in funding for 63 projects
All-time	\$713,668 for 242 projects
2019	\$497,267 in funding for 31 projects
All-time	\$2,196,269 for 170 projects
2019	\$788,680 in funding for 5 projects
All-time	\$2,046,549 for 10 projects

FUNDING FOR FIRST NATIONS

12% of the Trust's approved projects in 2019 were for, or connected to, First Nations projects

\$1.5 Million invested into First Nations communities in 2019

16 grant writers

8 economic diversification infrastructure projects

6 community halls and recreation facilities

6 festivals



Photos: West Chilcotin Forest Products

In February 2019, Northern Development approved \$8,250 to West Chilcotin Forest Products, a company wholly owned by Ulkatcho First Nations. The funding was used by West Chilcotin Forest Products to hire a professional consultant to research the export market for Pine Mushrooms and to create a business plan to guide this new business initiative. Funding for the successful project came from the Trust's Competitiveness Consulting Wildfire Recovery Rebate program.



Photo: Stellat'en First Nation

In June 2019, Stellat'en First Nation became another step closer to realizing their vision of developing world-class single track trails with the approval of a \$30,000 grant from Northern Development for trail building. The negative impacts of the 2018 wildfires inspired the Nation to renew their commitment to developing sustainable development through their lands. The trail construction project is a partnership between Stellat'en First Nation, Aboriginal Youth Mountain Bike Program, Northern Development and the Nechako-Kitimaat Development Fund.

Photo: Gitga'at First Nation



In a strategic effort to better support their members, Gitga'at First Nation is renovating a 10,000 square-foot building in downtown Prince Rupert. The renovations will increase the building's appeal and usefulness as a community gathering space to Gitga'at members and the broader community. The building includes rentable meeting spaces and gathering areas that can be utilized for a variety of community events including elder gatherings, community meetings, skills training and cultural education programs. In 2019, Gitga'at First Nation was approved for a \$30,000 grant to assist with the \$142,000 renovation.

The Northern Development Initiative Trust service region covers more than 70 per cent of the province, from Lytton to Fort Nelson and from Valemount to Haida Gwaii. It includes 88 First Nations communities, 39 incorporated communities, nine regional districts and one regional municipality.



By legislated mandate, Northern Development project investments must fall within one of the following 10 primary investment areas:



These icons are used throughout the report to indicate the different primary investment areas each project supported.

WILLIAMS LAKE INDIAN BAND DIVERSIFIES WITH CANNABIS CULTIVATION FACILITY



After devastating wildfires during the summers of 2017 and 2018 in the Cariboo-Chilcotin/Lillooet area, the economy experienced a downturn in the forestry industry and the overall loss of approximately 520 jobs.

In response to the impact of the fires, the Williams Lake Indian Band (WLIB) examined different opportunities to diversify the local economy. In March 2019, WLIB opened a cannabis retail location – Indigenous Bloom. Based on the immediate success of this business, the Band opted to pursue the construction and operation of a craft cannabis cultivation facility on WLIB IR#6 in Williams Lake. This cultivation facility is the next step of WLIB's involvement in the cannabis industry.

“Cannabis retail is already something we’re pursuing, so the logical extension of this initiative is cannabis cultivation,” said Kirk Dressler, economic development officer for WLIB. “There are few industries which offer similar opportunities for economic return and employment.”

In 2019, WLIB successfully applied to Northern Development for a \$250,000 grant under the Economic Diversification Infrastructure funding program, which provides funding to support major infrastructure projects in order to strengthen the local economy. The project has an overall budget of approximately \$1.1 million and is expected to be complete by the spring of 2020.

“WLIB made the decision to construct this facility because it is a key component of our strategy for economic development/economic diversification,” said Dressler. “Historically, WLIB has been reliant on forestry and other



resource-based activities. It’s clear that if WLIB is to survive and thrive, we need to have new industries and revenue streams, and we need to broaden the opportunities for employment and capacity development.”

This operation will be a “micro cultivation” facility, which allows the producer to grow up to 650-kilograms of cannabis a year. WLIB will also be promoting a new form of “cannabis tourism” where consumers can visit facilities where their products are produced, similar to wine production or craft brewing.

This project falls directly in line with WLIB's Comprehensive Community Plan. In the plan, the Band committed to an agricultural plan including agricultural zoning, skills training and development, a community garden, branding and marketing, viability assessment and others. The construction of the greenhouse for production of cannabis falls in line with the community's goal to create diverse employment and business opportunities to ensure band members have access to jobs.

“The economics of the cannabis cultivation facility are very strong and the potential for long term employment is excellent,” said Dressler. “During the construction phase, there will be a core crew of six that will be employed full-time for approximately six months. Subcontracts will employ as many as 12 others on a part-time basis during this construction phase.”

When operational, Dressler says the cultivation facility will employ seven to nine people full-time. There will be a master grower, plus personnel in harvesting, quality control and administration.

This facility will serve as the central ‘campus’ for cultivation, with expansion of cultivation facilities expected to occur in subsequent phases. In the future, there will be additional employment and opportunities generated by creating this initial engine of cannabis production.

CHARGE NORTH TO IMPROVE EV LANDSCAPE IN CENTRAL AND NORTHERN B.C.



Tourism, economic gains and climate-action are just a few of the benefits that can be reaped by offering electric vehicle (EV) charging stations in communities throughout central and northern B.C.

Those benefits and others were top of mind when Charge North – a partnership involving 23 regional districts, municipalities and First Nations – approached Northern Development for a grant to assist in the purchase of 47 Level 2 EV charging stations.

“The Regional District of Fraser-Fort George has identified climate action as a core strategic priority. Advancing the development of an electric vehicle charging network in Northern B.C. will go a long way in reducing CO2 emissions,” said Lara Beckett, vice-chair, Regional District Fraser Fort George.

In October of 2019, under the Strategic Initiatives Fund (SIF) program, Charge North was approved for a \$192,000 grant toward the purchase of the EV charging station network to be located in 26 local government and First Nation communities.

The Charge North Project fits the parameters of a SIF project in that the program is designed to be broad in nature, allowing flexibility for communities when submitting proposals.



Photo: Northern Development



Photo: Northern Development

“The Strategic Initiatives Fund program is designed to encourage communities to think outside the box and look for those unique opportunities that will strengthen the economy,” said Joel McKay, CEO of Northern Development Initiative Trust.

The Regional District of Fraser-Fort George (RDFFG) submitted the application and are working with the other local governments and First Nations. The Community Energy Association – an independent organization that supports local governments in developing and implementing community energy and emissions plans – is managing the overall project.

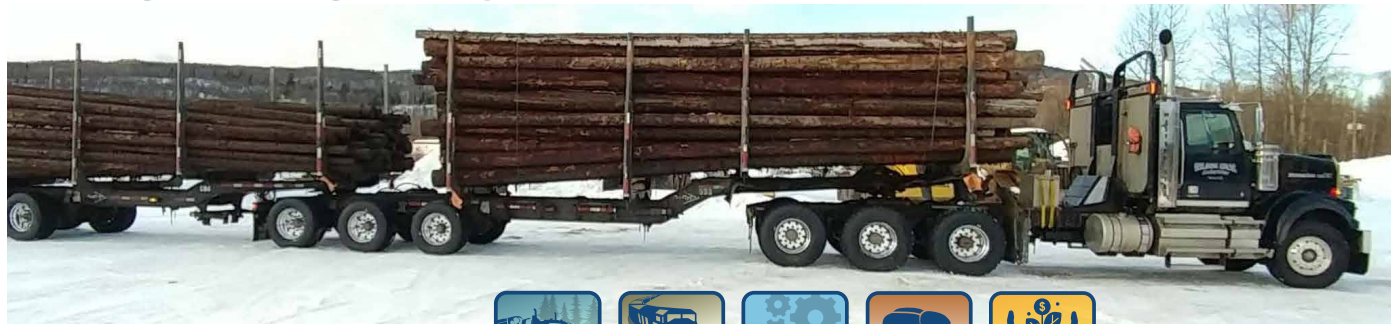
“The number of British Columbians switching to electric vehicles is growing exponentially. There are more than 20,000 new EVs on B.C.’s roads, with more diverse models coming to the market. This project recognizes that growth and the potential it provides,” said Janice Keyes, senior manager, Community Energy Engagement, Community Energy Association.

Once fully developed, this network will further open up central and northern B.C. to EV drivers and improve accessibility for existing drivers, bringing more people to communities throughout the region and increasing the profile of local attractions. Key tourism markets are seeing increasing EV adoption, particularly along the west coast of the U.S. and in Alberta. Providing a network of EV infrastructure and reducing range anxiety will also provide an improved market for car dealers to sell and service EVs locally.

Once purchased, Charge North will work toward the installation of all 47 stations.

“This isn’t a ‘one and done’ project. As the number of EVs increase, so does the need for charging stations and I look forward to committing more grant dollars in the future. Thank you to our partners and everyone who made this a reality – the north isn’t going to wait to go green,” said McKay.

NORTHERN INDUSTRIES INNOVATION FUND



Reinventing the wheel



Photo: FPIinnovations

In November 2019, Wilson Bros. Enterprises Ltd. (Wilson Bros.) successfully applied to Northern Development's Northern Industries Innovation Fund for \$19,675 to conduct a trial aimed to improve safety, production and revenue while reducing fuel and greenhouse gases. To do this, Wilson Bros. will install wide-based tires on on-highway/off-highway log hauling nine-axle trucks, replacing the traditional dual tires that are common on logging trucks for one season, including spring breakup.

Already, the advantages of wide-based tires have been proven for on-highway applications through fuel consumption tests conducted by FPIinnovations, a partner with Wilson Bros. in this new trial. In FPIinnovations' prior test, they found that there was up to a 9.7 per cent improvement in fuel economy for a tractor-trailer combination equipped with wide-base tires instead of dual tires. In addition, wide-base tires cost less, weigh less and have lower rolling resistance than their dual tire counterparts.

"Wilson Bros. is eager to complete this testing and to hopefully implement wide-base tires on more of our logging trucks," said Steve Wilson, owner and president of Wilson Bros. "One of the exciting aspects of wide-base tires is that they weigh less than the dual tires they replace. This means that the truck's tare weight will be less which subsequently allows for more payload and more revenue for our company. Also, wide-base tires have increased flotation which may extend our hauling season by allowing us to continue transporting logs as the ground softens."

The project has many outcomes, including: determining the impact that single wide tires have on fuel consumption for on/off highway log transport; evaluating the wear characteristics, durability and puncture resistance of wide-base tires; qualitatively evaluate the tires' handling through

driver interviews; provide an economic cost benefit analysis and safety to the public from less rock throw; and to justify or not the use of wide-base tires on more logging truck configurations.

"FPIinnovations is pleased to be partnering with Wilson Bros. to discover the benefits of using wide-base tires in on- and off-highway log hauling," said Dave Belyea, FPIinnovations' industry advisor to the northern interior. "This builds upon the work that we've done regarding the performance of wide-base tires on highways in regards to reduced tare weights, reduced fuel usage and safety. We're eager to learn more about the wide base tires and their performance in this new environment. This project will benefit other transportation companies besides log transportation in Northern B.C. as FPIinnovations will be making the trial's results public once the process is complete."

Incorporated in 1973, by current owner Steve Wilson's father and grandfather, Wilson Bros. has experienced changes in the forestry industry and now they are actively taking steps to research new ways to increase safety and productivity while reducing costs and greenhouse gas emissions. Wilson Bros. harvests and transports 550,000m3 of timber annually and builds approximately 70 kilometres of roads each year.

Photo: FPIinnovations

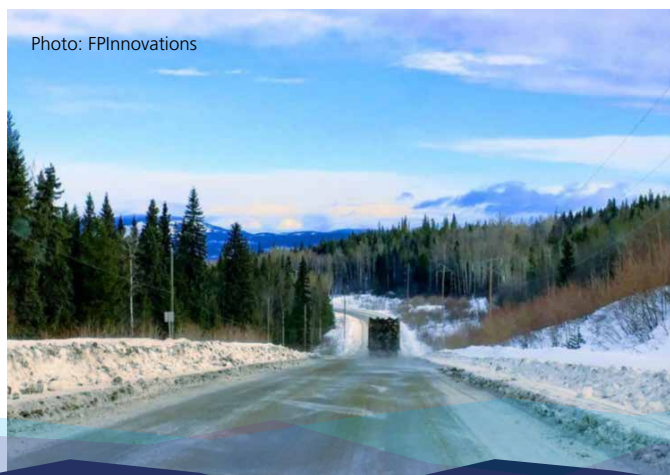




Photo: A.L. Sims and Son Ltd.



Adapting forestry equipment for drilling

A well-established Prince George-based business is developing a drill slide hammer adaption that will use a Rottne forwarder, a machine built for transporting logs from the stump to the road, as a carrier for a mobile drill. A.L. Sims and Son Ltd. has a research and development team that developed a conceptual idea of how the drill will be attached to the forwarder and how it will be moved. To assist with the engineering and fabrication costs, A.L. Sims and Son successfully applied to Northern Development's Northern Industries Innovation Fund for \$50,000, the maximum amount available through the program to a project.

"Thanks to innovative thinking from our research and development team and financial support from Northern Development, A.L. Sims and Son is exploring ways to repurpose machinery typically used in the forestry industry," said John Irving, chief financial officer at A.L. Sims and Son. "With the recent downturn in forestry, it is economical and efficient to use existing equipment for new purposes. This specific project will allow A.L. Sims and Son to better serve clients in a cost-effective way while supporting other local businesses instead of relying on foreign markets for drill related products. The drill slide hammer adaption will allow the drills to be used in many different industrial sectors, including pipeline, power line and mining projects."

By attaching a drill to a Rottne log forwarder, experienced drill operators will experience greater mobility on the drilling site and they will be able to drill both vertically and horizontally. These factors will provide A.L. Sims and Son with a competitive advantage in a demanding market.

Part of A.L. Sims and Son's rationale for conducting this project is the realization that the slide drill will create manufacturing opportunities for Prince George-based businesses once the

concept is proven, bringing work to Northern B.C. instead of relying on imported products for similar jobs. The company also sees value in providing an alternate use for surplus forestry equipment as the annual allowable cut in the central interior is reduced.

"In addition to growing and diversifying our company, once the concept is proven this project will benefit other businesses that are engaged in research and development and manufacturing," Irving explained. "For this prototype alone, A.L. Sims and Son is spending more than \$100,000 between four Northern B.C. businesses for drafting, engineering and fabrication of prototypes. We're pleased to be supporting other small businesses because we know that together we can grow stronger through the unpredictability of the natural resources sector."

Launched in January 2018, the Northern Industries Innovation Fund supports innovative projects across a variety of industries. Up to \$50,000 to a maximum of 50 per cent of a project's eligible budget is available to small and medium enterprises. This program helps Northern B.C. businesses improve their competitiveness while generating incremental revenue and new jobs.



Photo: A.L. Sims and Son Ltd.

FOCUS ON FAB



Photo: Northern Development

In response to the impact the 2019 permanent mill closures, curtailments and reduced shifts had on businesses in central and northern B.C., Northern Development developed the Forestry Affected Business (FAB) Consulting Rebate program.

This program is designed to help businesses recover the costs of third-party consulting projects. These types of projects must focus on ways to sustain businesses during the economic downturn in the forestry industry.

The FAB Consulting Rebate reimburses small and medium sized businesses for contracted consulting services.

Businesses that are affected by mill closures/curtailments in Northern Development's service region are eligible to apply. A rebate of up to 75 per cent, to a maximum of \$15,000, can be recovered for the cost of hiring a consultant to assist with business efforts.

Novatone Consulting **\$15,000**



Novatone Consulting Ltd. is a Prince George business that works with companies to uncover challenges and inefficiencies in workflow management.

After the downturn in the forestry industry in 2019, Novatone made the decision to take a hard look at their client base and implement some changes.

"Approximately 50 per cent of our business comes from the forestry industry," said co-owner Helena Trudel. "The current forestry climate is very concerning to us and affects our short-to-medium term viability. While the forestry industry will always be an important part of our client base, it's even more important for us to diversify."

Though the FAB program, Novatone secured a creative marketing agency to conduct market research to identify Novatone's target clients and to develop a marketing strategy Novatone can implement to clearly and consistently communicate business services to potential customers.

Diversifying their client base from a scale and geographic perspective will allow Novatone to grow while offering the stability and security of not being dependent on a particular industry or community.

"This would not have been possible without the support of NDIT. Programs like this help to level the playing field so we can compete internationally," said co-owner Melanie Mogus. "We're excellent at what we do, we just needed a way to get the word out there. NDIT gave us the megaphone!"

108 Golf Resort

\$15,000



The impacts of the shutdown of two mills in the Cariboo region in 2019 were felt far and wide. The 108 Golf Resort, for example, noticed a decline in sales and revenue as many of their members were also mill employees.

“This has been difficult for us, and we are concerned it will only get worse,” said Andrew Cuthbertson, general manager of 108 Golf Resort. “This is already affecting our dining and restaurant sales and revenues and will be very noticeable come Christmas time.”

In order to mitigate the decline in revenue, 108 Golf Resort engaged the services of a consultant to assist with developing new potential markets, products, services and experiences and to identify potential land development opportunities on site. The objective is to reach new clients outside the current market that has been heavily affected by the downturn in forestry.

This project will allow the company to access market research to determine target markets and new services and experiences for promotion. Upon successful completion, the company will be left with a strategy and action plan for reaching a new core audience. Through the process the consultant will also assist 108 Golf Resort to establish better financial controls for measuring success.

Azu Health Ltd.

\$13,309



Azu Health is a multi-disciplinary health care clinic in Mackenzie offering physiotherapy, kinesiology and nutrition services.

The downturn in the forestry sector resulted in a significant revenue loss compared to the previous year and the director of Azu Health, Hardeep Kandola, realized the business would need to diversify to remain viable.

“With no work, people leave town in search of employment, which means a smaller population for us to draw business from,” said Kandola. “In addition, when people are out of work they no longer receive extended medical benefits, which are important and help make our services financially accessible for many people.”

Azu Health made the decision to offer online nutrition counselling services to help cope with the downturn. The company is currently limited by the small population in its geographical location. By adding online nutrition counselling to the services offered, Azu Health will increase the geographic area of potential clients.

Azu Health will work with a consultant to design a comprehensive website that includes the brand extension for nutrition services, develop marketing collateral materials consistent with the company brand and develop a strategy for marketing the company online through social media and search.

“The project will allow us to unify our marketing materials and branding and launch an online nutrition counselling service,” said Kandola. “The project is well underway and we anticipate completion within the next two to three months. Without the grant it would not have been feasible for us.”

NORTHWEST REGION

PROJECTS OVERVIEW



Total projects approved in region in 2019 **59**

\$1,667,615
invested into projects in region in 2019

Total projects approved in region to date **383**

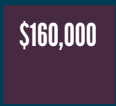
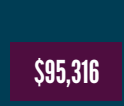
Photo: Northern Development

\$19,905,207
invested into projects since 2005

Numbers above are based on grants from the Trust's Northwest Regional Development account and do not include grants from other accounts.



Dollars approved by program in the Northwest region in 2019



Community Halls and Recreation Facilities

Economic Diversification Infrastructure

Marketing Initiatives

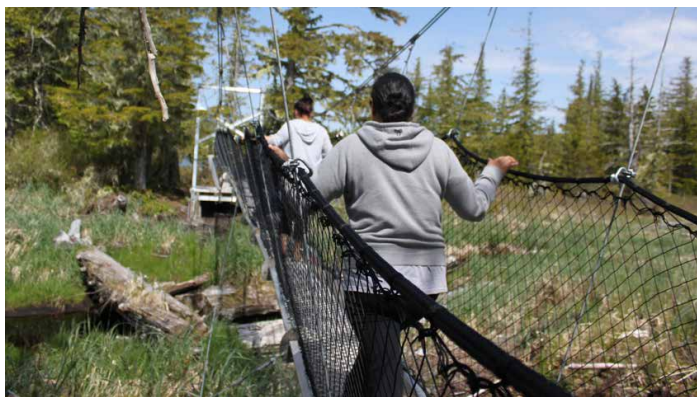
Business Façade Improvement

Capital Investment Analysis

Fabulous Festivals and Events

BUILDING BRIDGES OVER SALTWATER

Metlakatla First Nation approved for \$79,094 to complete upgrades and re-open trail



Photos: Metlakatla First Nation

Metlakatla's history can be experienced through the semi-remote nature that encompasses the 10-kilometre Metlakatla Wilderness Trail on the Tsimshian Peninsula as the trail follows the forested shoreline of the Pacific Ocean. "Metlakatla" is derived from the Tsimshian word "Maxlaxaala", meaning "saltwater pass".

In 2012, Metlakatla First Nation opened the Metlakatla Wilderness Trail to the public, complete with three suspension bridges spanning up to 38 metres, lookout towers raised 22 metres above the forest floor and boardwalks. That same year, the Metlakatla First Nation was honoured with a Business Excellence Award under the Green Business category from the Prince Rupert and District Chamber of Commerce. Following its opening, the Metlakatla Wilderness Trail attracted more than 1,000 people to visit the site and enjoy the beautiful coastal environment.

However, after two years of successful operations, the strong winter winds of the North Coast took a toll on the structures' integrity and the trail had to be closed.



In 2019, the Metlakatla First Nation successfully applied to Northern Development for \$79,094 for trail rehabilitation. The ultimate goal of the rehabilitation project is to once again make the trail safe for hikers and re-open to the public in summer 2020. Once re-opened, recreationalists can enjoy the trail through Metlakatla reserve lands, spot wildlife around the trail or on the beaches and in the water.

Metlakatla members will be hired directly to monitor the trail.

Partial funding for the trail rehabilitation project comes from Northern Development's Economic Diversification Infrastructure program. This funding program supports public facilities or capital investments that drive revenue and job creation while providing a long-term asset for communities in the Trust's service region.

MOO-BILE DAIRY PROCESSING FACILITY CONSIDERED IN BULKLEY VALLEY

Dairy producer in business for 40 years explores developing processing facility for the North



Photo: Vandenberg Dairy

In Telkwa, Vandenberg Dairy is a wholesale milk producer that provides milk to the BC Milk Marketing Board to be processed in the Lower Mainland. In 2019, Vandenberg Dairy approached Northern Development for a \$23,225 rebate to help them create a thorough business plan to change where their milk is processed. Their plan is to develop a mobile processing facility to process dairy in Northern B.C.

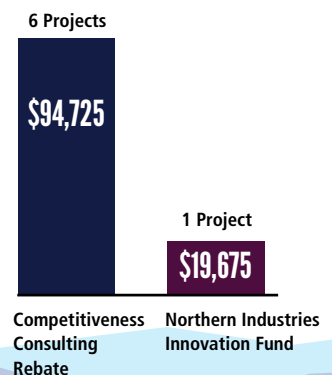
Through the Trust's Competitiveness Consulting Rebate, they were approved and a professional consultant was contracted to assist with the development of a business plan and operations/quality plan for licensing their proposed mobile processing facility with the BC Milk Marketing Board and BC Centre for Disease Control.

"By developing a mobile processing facility we're able to produce dairy products in Northern B.C. to be sold in the northern region," said Rick Vandenberg, owner of Vandenberg Dairy. "This will support the northern dairy industry by reducing the raw product being transported to the Lower Mainland, which in turn lowers transportation costs to dairy farmers and allows more volume of milk to be produced locally. There is also the environmental benefit of reducing the carbon footprint of transporting additional raw milk to the Lower Mainland."

In B.C., there are no fluid milk processing plants located outside of the Lower Mainland and Vancouver Island area. If Vandenberg Dairy is successful in developing their mobile processing facility, they will be well-equipped to serve the local markets with a product that is not currently available, and hope to provide environmentally friendly packaging for northern consumers.

The proposed mobile processing facility is expected to create two new jobs and increase revenue for Vandenberg Dairy, both of which are goals of the Trust's Competitiveness Consulting Rebate program. Companies located in Northern Development's service region that are privately owned, have less than 500 employees and have less than \$100 million in revenues may be eligible to apply for a maximum \$30,000 rebate to assist with the costs of external business consulting projects.

Projects approved through business development programs in the Northwest Region in 2019



LIGHTING UP MASSET'S RUNWAY



On Haida Gwaii, Northern Development invested in the long-term viability of the Masset Municipal Airport by disbursing a \$30,000 grant to help install constant current regulators to control the new runway lighting improvements. Upgrading the lighting system was necessary after the circuit boards

were damaged following a catastrophic failure that resulted in the airport's night operations being temporarily curtailed.

"Receiving grants to make unexpected repairs to Masset Municipal Airport eased the burden on the Village of Masset and its residents while ensuring that this crucial transportation option can resume its full services as quickly as possible," said Mayor Barry Pages, Village of Masset.



Photo: Village of Masset

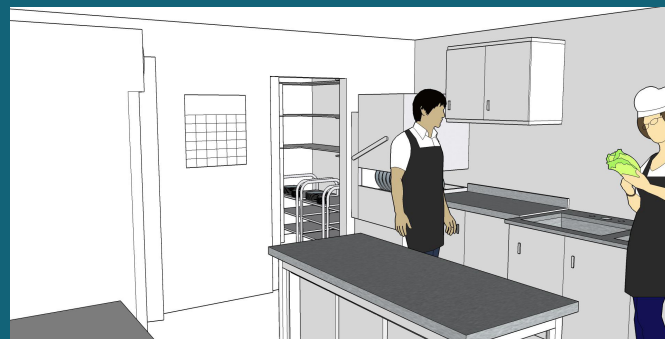
“ Airports are key pieces of infrastructure that support local economic development, human connections are a lifeline in the event of an emergency. ”

HUNGRY FOR IMPROVEMENTS ATLIN ADDS COMMERCIAL KITCHEN



A new commercial kitchen is being added to a recreation centre in B.C.'s northwestern corner. Northern Development has approved a \$30,000 grant to assist the Atlin Recreation Centre create a clean, safe and modern commercial-grade food handling and storage facility. This project will more than double the size of food preparation space that currently exists in the recreation centre.

"The community of Atlin has been missing a well-equipped kitchen for a long time," said Stuart Simpson, president of the Atlin Recreation Centre. "Being able to provide home-cooked, nutritious and comforting food to local residents and travelers alike will bring the community together in a new way, improve standard of living for locals and provide increased opportunity for revenue. We look forward to having a modern facility to prepare food in for weddings, funerals, public consultations and for our daily concession."



Photos: Atlin Recreation Centre

NORTHEAST REGION

PROJECTS OVERVIEW



Dollars approved by program in the Northeast region in 2019

Total projects approved in region in 2019 **52**

\$2,020,121 invested into projects in region in 2019

Total projects approved in region to date **258**

\$13,628,459 invested into projects in region since 2005

Photo: Northern Development

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

Numbers above are based on grants from the Trust's Northeast Regional Development account and do not include grants from other accounts.



Photo: North Peace Airport Society

REHABILITATING THE RUNWAY



North Peace Airport Society receives \$250,000 grant for \$15M project

In 2019, Northern Development approved a \$250,000 grant for the North Peace Airport Society (owners of the North Peace Regional Airport - 'YXJ') to financially support them as they seek to upgrade the runway. The project's \$15 million budget makes it the fourth largest project ever approved through the Trust's Economic Diversification Infrastructure program since the organization's inception in 2005.

Upgrading the runway is part of the North Peace Airport Society's five-year capital plan as the existing runway has not been significantly rehabilitated in approximately two decades. Upgrading the runway is a considerable undertaking as it includes narrowing the runway by 15 metres, moving edgelifting and signs in accordingly, adding a new sub-drain system and resurfacing the runway.

"YXJ is a significant socio-economic driver for the Peace Region and positively enables businesses and people in the region to thrive," said Miranda V. Flury, director of strategy, capital, and planning with North Peace Airport Society.

In 2014, an economic impact study was completed which demonstrated the airport's total economic impact at more than 300 jobs resulting in \$24 million in GDP, \$18 million in household income and more than \$8 million in taxes.

Well-maintained facilities are crucial to YXJ's ability to welcome record passenger numbers to the Peace Region. In 2019, YXJ had 278,720 passengers, up more than 10,000 people from the previous year and an increase of more than 150,000 passengers since 2011.

"The North Peace Regional Airport provides significant economic benefit to industry and community," said Lori Ackerman, mayor of Fort St. John. "The ability to access direct flights with international airlines to major centres not only benefits businesses but adds to the livability of our community and provides endless travel options. The significant upgrades supported by Northern Development Initiative Trust have allowed the North Peace Regional Airport to enhance service and manage dramatic increases in air travel."

Since 2013, Northern Development has committed \$908,547 to the North Peace Airport Society through the Economic Diversification Infrastructure funding program to support six projects with an estimated combined project budget of \$19,116,533.

ALL AGES ATTEND NORTH PEACE FALL FAIR



Photo: North Peace Fall Fair Society

Over more than seven decades, the North Peace Fall Fair has earned a reputation as a high-quality celebration of agriculture and sincere recognition of the way things used to be when the agricultural industry was developing its roots in B.C.'s Peace Region.

To ensure that everyone can attend the old-time country fair, event organizers have relied on grant funding from Northern Development for the past three years to hire a shuttle to transport people of all ages to the festivities on the fairgrounds.

"Seniors are an integral part of our Fort St. John and agricultural communities, and we want to help them, and other attendees, with transportation so that they can safely arrive at the fairgrounds and enjoy the nostalgic activities," said Bruce Christensen, president, North Peace Fall Fair Society. "The shuttle helps increase attendance, reduce emissions from vehicles and makes our parking lot safer. We're grateful that we can rely on this grant from Northern Development to make our annual fair more inclusive for our community and visitors."

In 2019, the North Peace Fall Fair Society received a \$5,000 grant through the Trust's Fabulous Festivals and Events program. This is the second consecutive year that the society received a \$5,000 grant through the funding program.

FORT ST JOHN BUSINESS INVESTS IN HEALTH AND SAFETY



Shortly after their business incorporation, Exceed Projects Corp. utilized Northern Development's Competitiveness Consulting Rebate program to hire a professional consultant to develop a Compliant Health and Safety Program that is up to industry standards.

"With the Health and Safety Program, Exceed Projects can attract larger clients that new businesses usually struggle to compete for," says a co-owner at Exceed Projects Corp. "Meeting clients' standards opens more doors for us to have more jobs and larger projects. Together, this will help our company grow and succeed."

After completing the consultant completed their work, Exceed Projects is now an ISN recognized business and has COR Certification. These elements ensure that the company is staying current with safety policies and procedures and satisfies the insurance requirements that their clients have. Being up to date with health and safety practices also helps the Fort St John-based business attract new employees as they expect to welcome additional people to their team in the future.

Exceed Projects received \$8,215 through the Competitiveness Consulting Rebate to assist with the costs of hiring a professional consultant to help their company grow. The rebate program provides eligible businesses with a rebate of 50 per cent of the project's cost, up to \$30,000.

Projects approved through business development programs in the Northeast Region in 2019

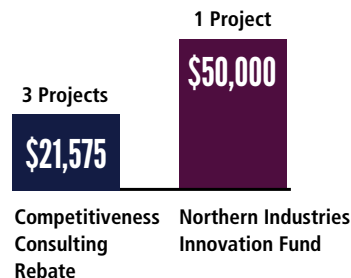




Photo: Northern Development

TERRAIN PARK SUPPORTS SKILL DEVELOPMENT



Bear Mountain Nordic Ski Association was busy in 2019. Following the approval of a \$47,568 grant from Northern Development in January 2019, the association got to work and in September Northern Development disbursed funds for the completed project. Funding for this grant came from the Trust's Community Halls and Recreation Facilities program.

"Thanks to all the individuals and businesses who supported the terrain park development through donations of time, equipment and expertise," said Cathy Clement, director, Bear Mountain Nordic Ski Association. "We're grateful for the support we received to complete this project in a timely manner and we're happy to see skiers gaining skills while using the new feature."

The funding was used to develop a terrain park to encourage the skiers to develop and enhance their skills guided by gentle slopes and minor obstacles. The addition of a terrain park provides coaches with additional opportunities to teach athletes skills and all skiers can enjoy the varied terrain. The new feature is strategically located close to heated shelters, washrooms and the stadium so skiers can gain experience in the area before heading out on the trails.

“ Thanks to all the individuals and businesses who supported the terrain park development through donations of time, equipment and expertise. ”

MOTOCROSS CLUB REVS UP ITS TRACK



Photo: Fort Nelson Motocross Club

In 2019, the Fort Nelson Motocross Club celebrated their ninth year as a society bringing together motocross athletes and families to participate in and spectate the thrilling sport. As a member of the Peace Motocross Association, the Fort Nelson Motocross Club hosts an annual race that has grown to attract approximately 165 riders, up from 80 a few years prior. In an effort to join the provincial race circuit, the club successfully applied to Northern Development for \$49,846 to assist with \$72,389 worth of upgrades.

The club is undertaking significant improvements to their facility and constructing new structures, including flagger houses, a start house and timekeepers' booth. They are also assessing and upgrading the track to allow for smoother races. These investments will contribute to a better experience for local motocross racers and while attracting competitors from a broader area.

“ The Fort Nelson Motocross Club is excited to develop its facility so we can welcome motocross racers from all of B.C. to our friendly community. Beyond the thrill of welcoming talented competitors to our track and the entertainment the races will provide, we look forward to the positive economic impact that bigger races will have on Fort Nelson businesses. ”

Don Brown, president
Fort Nelson Motocross Club

PRINCE GEORGE REGION

PROJECTS OVERVIEW



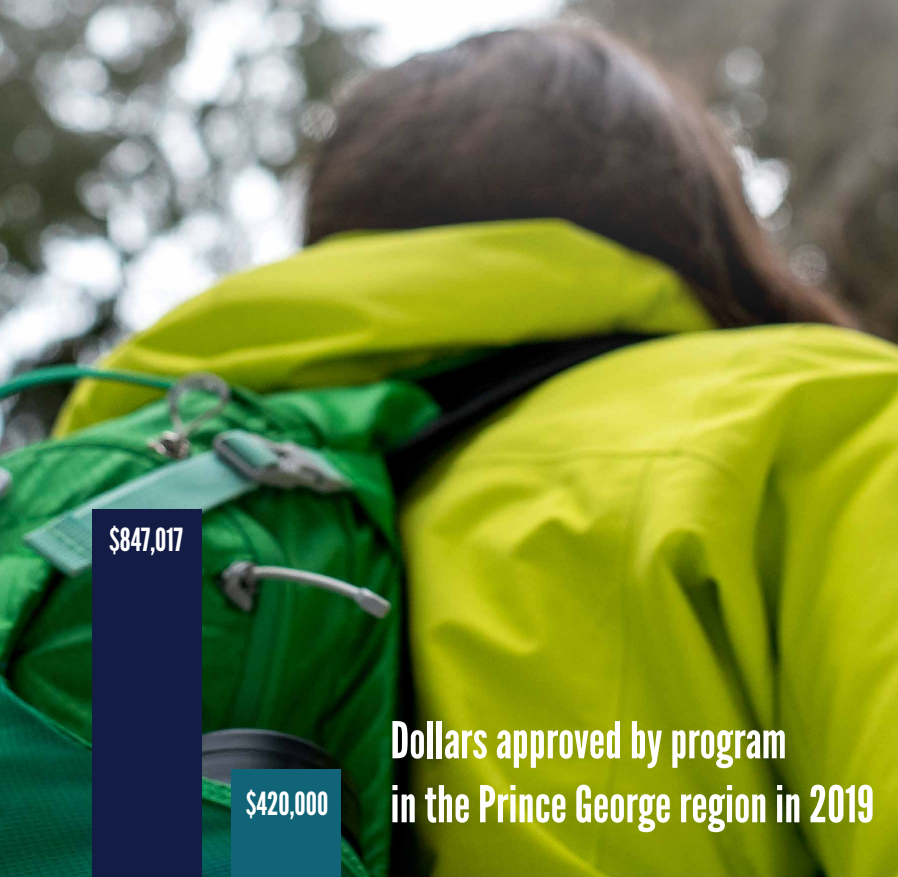
Total projects approved in region in 2019 **76**

\$1,584,541
invested into projects in region in 2019

Total projects approved in region to date **389**

\$23,957,852
invested into projects in region since 2005

Numbers above are based on grants from the Trust's Prince George Regional Development account and do not include grants from other accounts.



Dollars approved by program in the Prince George region in 2019

Community Halls and Recreation Facilities

Economic Diversification Infrastructure

Marketing Initiatives

Business Façade Improvement

Capital Investment Analysis

Fabulous Festivals and Events

Photo: Northern Development

FINANCIAL PLANNING BENEFITS FORT ST. JAMES BUSINESS



Rapid growth for a Fort St. James-based forestry company, while welcome, made management realize that existing procedures had a lot of room for improvement. To help them with their financial planning, Accumax Forest Services Ltd. hired a professional consultant and received a \$30,000 rebate from Northern Development to alleviate some of the incurred costs.

The current downturn in forestry means that financial information about processes and their efficiency is more valuable than ever to companies. With the consultant's

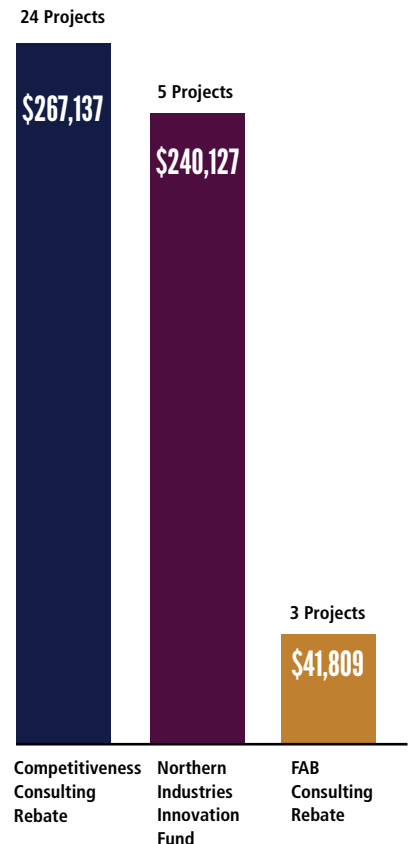
“I should have done this project a year ago,” said Matt Barg, owner, Accumax Forest Services Ltd. “Working with the consultant gave me great value and helped me see the big picture of the business while adding structure to my decision making. The cash flow forecasting takes away an incredible amount of stress from managing costs and vendors.”

help, Accumax Forest Services was able to implement costing procedure, intelligently project manage, accurately forecast cash flow and generate job and equipment cost reports.

“We can now focus on making smart decisions while knowing when vendors would be paid and how much money we had available,” Barg continued. “We saw immediate improvement in monthly profitability because we had the data in front of us every day to make operations efficient. The business was too complex, and we felt we would have to sell equipment and layoff people because we never knew what was happening. This project changed all that and we were able to keep going and make money doing it.”

Funding for this financial processes improvement project came from the Trust's Competitiveness Consulting Rebate program. With a goal of supporting Northern B.C. manufacturers, innovators, processors and their first line suppliers to grow their business, implement quality practices and become more competitive in the global market, this project's success will be felt in Fort St. James and beyond.

Projects approved through business development programs in the Prince George Region in 2019



ENGAGING CONSULTANT A BRIGHT IDEA



After nine years of successful operations in Prince George, Primus Electric is working with a professional consultant to review their current business structure and processes to identify areas that can be improved. Primus Electric specializes in residential, commercial and light industrial electrical contracting and employs 19 full-time staff.

“The consultants will review our current business structure and processes and help us to determine areas for improvement and a mode for the improvement,” said Christopher Wiebe, managing partner, Primus Electric. “Through this process we expect to be able to restructure our business to be more efficient and to build a model that can facilitate new growth that is sustainable and efficient.”

By improving their efficiency and productivity, the owners of Primus Electric will focus their attention on securing new job opportunities by completing more project bids and further developing their business. The owners also hope to have increased capacity for pursuing projects that will benefit their community and build moral.

Primus Electric demonstrated their business and financial savvy by applying to Northern Development's Competitiveness Consulting Rebate Program in September 2019 for a \$8,235 grant to assist with the costs of the \$16,470 project.

RODEO ROPES IN COMPETITORS AND SPECTATORS



Photo: Nechako Valley Rodeo Association

In 2019, the Nechako Valley Rodeo added a Bull Riders Canada event to their seventh annual rodeo. The addition of this bull-riding competition drew competitors from around B.C. and Alberta, with the top three competitors coming from Kamloops, Quesnel and Williams Lake to earn their portion of the prize money.

“By adding the Bull Riders Canada event to the rodeo weekend, we added a lot to the rodeo,” said Sandra Ferguson, treasurer, Nechako Valley Rodeo Association. “Without Northern Development’s support this would not happen.”

Nechako Valley Rodeo Association received a \$5,000 grant through Northern Development’s Fabulous Festivals and Events program to make the rodeo weekend even more exciting for the 250 participants and 3,000 attendees. Rodeo organizers estimate that 60 per cent of spectators and more than 200 athletes came from outside Vanderhoof – meaning that hundreds of out-of-town visitors were spending money on food, accommodations and other necessities during the rodeo weekend.

LIVESTREAM BROADCASTING SHOWCASES INTERNATIONAL COMPETITION IN NORTHERN B.C.

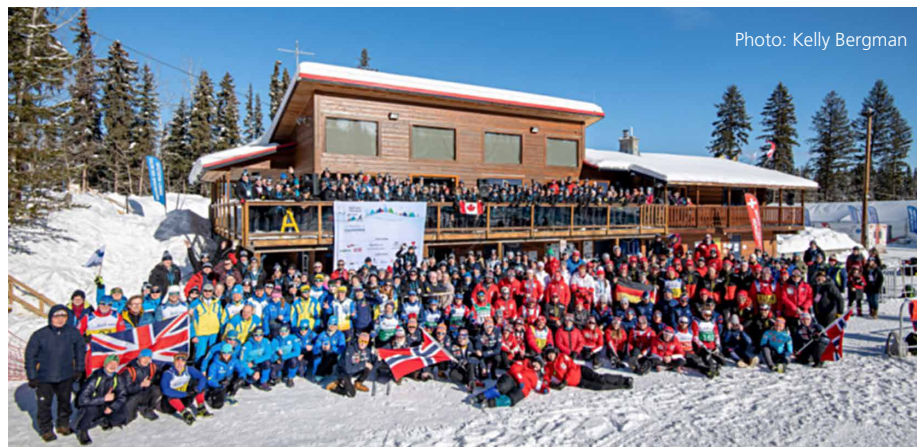


Photo: Kelly Bergman

In 2019, Caledonia Nordic Ski Club welcomed the world to Northern B.C. during the 2019 World Para Nordic Skiing Championships. This highly successful event, featuring the incredible talents of para athletes, was livestreamed around the world during the 10 days of competition.

To help showcase the talents of the athletes and the world-class facility, Northern Development committed \$20,000 through the Marketing Initiatives funding program to assist with the costs of livestream broadcasting. This includes a mobile production studio, cabling, cameras, producers, camera operators and commentators.

“Hosting the 2019 World Para Nordic Championships was an incredible opportunity for Prince George and having live broadcasting created a valuable platform to share parts of our community with the world while celebrating the athletic talents at our facility,” said Kevin Pettersen, past president, Caledonia Nordic Ski Club and chair, 2019 World Para Nordic Skiing Championships Local Organizing Committee. “This was the first time Northern B.C. hosted any type of world championships and it was prudent to leverage the exposure as much as possible – livestream broadcasting helped achieve this.”

Preparing the facility for quality livestream broadcasting required more than three kilometres of cable connecting 17 unique camera positions. Alan March, a play-by-play commentator, and Steven Jamieson, an interviewer, were on-site to share their insights and observations of the championships with the world.

“It’s been absolutely phenomenal – I’ve traveled the world for the last eight or nine years doing various events and the levels of organization here are off the scale,” said March in an interview with the Prince George Citizen during the Championships. “I’ve done two Olympics and Paralympics and other major world events and everything has been top-drawer.”

DISTRICT OF MACKENZIE BRINGS COMMUNITY PARTNERS TOGETHER TO IMPROVE HOUSING



Photos: District of Mackenzie

In Mackenzie, innovative thinking and strategic partnerships are coming together to revitalize five houses owned by Centerra Gold (Mount Milligan). Together, the District of Mackenzie, Centerra Gold, College of New Caledonia, Province of BC, Community Development Institute and a soon-to-be-formed non-profit society will assess, repair, renovate and landscape the five Centerra Gold properties before listing them for sale. Northern Development committed \$200,000 through its Strategic Initiatives Fund to ease the financial burden of this partnership on all parties.

“2019 was a challenging year for Mackenzie and I’m thrilled to see a variety of community organizations coming together to strengthen our community,” said Joan Atkinson, mayor, District of Mackenzie. “They are pooling their resources and skills to make home-ownership in Mackenzie more attractive to address existing recruitment and retention challenges. This project provides direct temporary employment and training for displaced workers, improved housing stock and increased accessible houses.”

Students in the College of New Caledonia’s Residential Building Maintenance Worker program will gain valuable and practical experience by working on dwellings that have been predominantly empty over the past number of years while upgrading many of the features, including installing high efficiency windows, lighting, appliances, furnaces and hot water tanks.

Northern Development is pleased to support this unique project that provides learning opportunities, direct temporary employment, accessible housing and an improved housing stock in Mackenzie. Funding for the \$300,000 project comes from the Strategic Initiatives Fund, a proposal-based grant program that supports large-scale projects that result in positive regional impact. The goal of this program is to support community-based projects that focus on long-term economic transformation and sustainability.



CARIBOO- CHILCOTIN/ LILLOOET REGION

PROJECTS OVERVIEW



Total projects
approved in
region in 2019

66

\$1,554,029

invested into projects in region in 2019

Total projects approved
in region to date

429

Photo: Northern Development

\$16,511,390

invested into projects in region since 2005

Numbers above are based on grants from the Trust's Cariboo-Chilcotin/Lillooet Regional Development account and do not include grants from other accounts.

\$693,528

Dollars approved by program
in the Cariboo-Chilcotin/
Lillooet region in 2019

\$422,146

Community
Halls and
Recreation
Facilities

Economic
Diversification
Infrastructure

\$130,940

Marketing
Initiatives

\$135,000

Business
Façade
Improvement

\$20,000

Capital
Investment
Analysis

\$62,500

Fabulous
Festivals and
Events

COMMUNITY COLLABORATION LEADS TO HOUSING PLANNER HIRE

City of Quesnel and Cariboo Regional District receive funding to increase planning capacity



In May 2019, Northern Development approved \$40,000 for the City of Quesnel and Cariboo Regional District through the brand-new Community Planning for Housing program. This funding allows the two local governments to work together to effectively and promptly address the housing needs that exist in the North Cariboo by hiring a housing planner.

The housing planner will work in collaboration with the development departments at the City of Quesnel and the Cariboo Regional District, local real estate agents and agencies, developers and landowners to lead and implement the North Cariboo Housing Assessment, Gap Analysis and Action Plan. As a result of this collaboration, the housing planner will help the North Cariboo Region respond to current housing demands, develop and revitalize housing units and also look to future market demands.

“Hiring a housing planner to help the City of Quesnel and Cariboo Regional District better understand the current housing market and what type of housing stock is available is a valuable investment,” said Bob Simpson, mayor, City of

Quesnel. “This knowledge allows both local governments to strategically prepare for the future by assessing opportunities and creating actionable steps that will result in the North Cariboo having more appealing, attractive and affordable housing to potential new residents. The City of Quesnel, with the financial support of Northern Development, has been investing in numerous community amenities. Now, focusing on housing is a crucial step in making Quesnel a desirable place to call home.”

Over the duration of the housing planner’s one-year contract with the City of Quesnel, they will encourage communication with key players, including the public, to gain support for housing development projects and to keep them updated on the progress of housing projects. The housing planner will also conduct research to discover potential developers and land for potential development. Their duties include identifying funding streams to support the development of housing and fostering healthy working relationships with various levels of government to ensure that community housing developments continue to progress.

Funding for the City of Quesnel and Cariboo Regional District to hire a housing planner came from Northern Development’s Community Planning for Housing program. Launched in April 2019, this program provides \$40,000 to local governments to assist with the cost of hiring a planner for a one-year period. The host community is required to provide at least \$10,000 toward a minimum base salary of \$50,000, including statutory benefits and vacation. The Trust gives preference to collaborative applications, such as this one from the City of Quesnel and Cariboo Regional District, in which multiple communities have equal access to the planner.



Renderings: City of Quesnel



ULTRASOUND ADDITION BENEFITS VETERINARY HOSPITAL



Photo: Dragon Lake Veterinary Hospital

Following the 2017 wildfires in the Cariboo, Northern Development temporarily opened up its Competitiveness Consulting Rebate program to include more industries – allowing the Trust to support an array of small businesses that were negatively impacted by the wildfires.

Dragon Lake Veterinary Hospital, based in Quesnel, received a \$14,902 rebate through the program to help them diversify their offerings and serve their patients better. To do this, Dragon Lake Veterinary Hospital invested in an ultrasound machine that aids veterinarians in completing a full diagnosis of animals.

“Our new ultrasound equipment and training is a valuable addition to our hospital that we use daily,” said Dr. Ginger Langan, owner, Dragon Lake Veterinary Hospital. “It provides another avenue of diagnosis that will help in finding the answers to what is bothering the animal and allows us to monitor ongoing conditions and treatment recommendations. It has also reduced the amount of potentially stressful travel that the patient would otherwise have to undergo to find help and decreases the overall cost to the client for out of town appointments.”

The rebate received from Northern Development helped cover some of the costs associated with having an ultrasound training consultant coach the hospital’s employees. The consultant was an enthusiastic person that shared a lot of knowledge with the staff, resulting in everyone being comfortable using the machine.

“Having up to date equipment and protocols with new technology makes us an attractive option to potential veterinarians and veterinary technicians, which otherwise would be moving to larger centers,” continued Dr. Langan. “I also love the layer of challenge and diversity of finding answers for people and helping their pets.”

GRAFFITI DAYS A SMOKING SUCCESS



Photo: Village of Cache Creek

In June 2019, hundreds of people travelled to Cache Creek to take part in Graffiti Days, a 1950s themed weekend filled with hot rods . The festivities included a drive-in movie, dance with live music, drag show, smoke show, show n’ shine and geo-caching poker run. All events were well-attended and the show n’ shine featured more than 125 classic cars.

Graffiti Days received a \$2,500 grant from Northern Development. Organizers used the money to pay for a live band for an evening dance and a live DJ to keep the crowd enthused during the Show n’ Shine. Adding live entertainment to various parts of the weekend encourages people to spend more time in Cache Creek, exploring what it has to offer and supporting local businesses.

“Graffiti Days is an incredible time for our community,” said Martin Dalsin, chief administrative officer, Village of Cache Creek. “We had approximately 1,200 people participate in the festivities and we estimate that 40 per cent of those travelled more than 100 kilometres to attend. Businesses throughout Cache Creek feel the positive economic impacts of the weekend and the Cache Creek Visitor Centre’s statistics show an increase of over 500 per cent over other weekends in the same month.”

Projects approved through business development programs in the Cariboo-Chilcotin/Lillooet Region in 2019

2 Projects

\$44,700

Competitiveness Consulting Rebate

2 Projects

\$30,000

FAB Consulting Rebate

11 Projects

\$21,575

Wildfire Recovery Consulting Rebate

WILLIAMS LAKE INDIAN BAND INVESTS IN FACILITIES FOLLOWING 2017 WILDFIRES



Photo: Williams Lake Indian Band

Two years after the disastrous wildfires in the Cariboo during the summer of 2017, the economic, social, environmental and mental impacts continue to be felt by those who returned to the area after the 10-week provincial state of emergency. The Williams Lake Indian Band is intentionally investing in their community to ensure that Nation members have the facilities, resources and amenities required to enjoy life in the region.

“The Elizabeth Grouse Gymnasium is so much more than a gym – a vital cultural and community centre where numerous community events and activities take place year-round,” said Chief William Sellars, Williams Lake Indian Band. “It is a welcoming facility where children and youth participate in after-school programs while their parents work. It’s allowing us to take a positive step in that balance of a healthy community. Members are proud to gather here and participate in the many gatherings that we host, for our community and the surrounding community. We’re blessed to have this facility and we’re grateful for the contributions from NDIIT.”

This crucial facility is outdated, and the Williams Lake Indian Band has identified the need for upgrades to allow

current services to continue and the introduction of new programming. To assist with the costs of the \$138,424 renovation project, they successfully applied for \$76,760 through Northern Development’s Economic Diversification Infrastructure program.

“This project supports the community’s goals to rebuild the Nation in the aftermath of the fires,” continued Chief Sellars. “We want to do our part to ensure that Williams Lake and the surrounding region is a desirable place to live and work. We have a registered population of 804 people, 235 of which are currently living on reserve. These improvements will support our members that are already living here and might also help others decide to join us on reserve.”

The renovations make use of an existing, structurally-sound building while expanding its capacity to host more people and ensuring that its amenities are accessible to all members. The list for the renovations is long, but the new gym floors, temperature control systems, kitchen appliances, bathroom appliances and upgraded electrical will ensure the centre will be enjoyed by all for many years to come.

DUGOUT REBUILD A HOMERUN



Baseball is at the heart of Bralorne. Each year seven teams travel to the remote community to compete in the annual Bralorne Ball Tournament – one of the most anticipated summer events in the Bridge River Valley. To maintain their reputation as a quality host community, the Bridge River Valley Community Association identified the need to replace the dugout.

“The Bralorne Baseball Diamond is critical to the local economy,” said Roger Greeves, chair, Bralorne Ball Diamond Committee. “It is the only recreational facility in Bralorne with the capacity to generate revenue for sustainability and growth.”

Improving the diamond’s facilities will lead to increased revenue from baseball and create opportunity for income from event rentals. Nearly \$6,000 for this \$8,292 project comes from Northern Development’s Community Halls and Recreation Facilities funding program.



Photo: Lisa Wagner

INTERNSHIPS PROGRAM GENERATES MYRIAD OF BENEFITS



To support Northern B.C. local and First Nations governments, Northern Development offers opportunities through its local government internship program and First Nations government internship program. These valued programs connect recent post-secondary graduates from across Canada to host governments in the Trust's service region.

In 2019, 10 talented and keen interns were placed with three First Nations governments and seven local governments from Fort Nelson to Williams Lake and many places between. Interns receive a real-world opportunity to practice what they learned in school and hosts governments benefit from new ideas, enthusiasm and increased capacity to serve their constituents.

"I majored in Policy Studies at Mount Royal University, which gave me a foundational level knowledge of public policy, government-relations, project management as well as research and analysis," said Valerie Caden-Baptiste, local government intern with Northern Rockies Regional Municipality. "I spent the past few years learning about the policy process and I have been able to apply that knowledge to developing policies and coordinating a bylaw review because of this internship."

Caden-Baptiste has a Bachelor of Arts with a major in Policy Studies and minor in Business and has been able to put what she learned in the classroom into practice during her time as an intern. The one-year internship term is ending April 2020 and after that Caden-Baptiste plans to stay in local government, ideally in an economic development role.

"My greatest success as an intern was leading the Northern Rockies Regional Connectivity Strategy," said Caden-Baptiste when asked about a highlight of her internship. "It was an honour to help develop a roadmap to improve telecommunications in a rural and remote community and



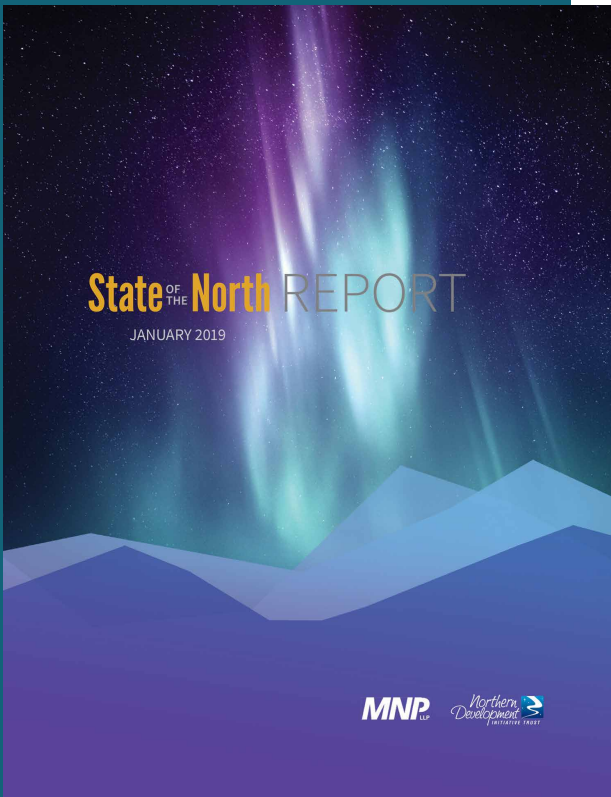
Photo: Northern Development

Valerie Caden-Baptiste

I learned a great deal of transferrable skills throughout the project. I was able to see the entire project through from start to finish with the support of the regional municipality staff. I applied for funding, led a RFP (Request for Proposals) process, coordinated with telecommunications consultants, gathered input from community stakeholders and helped deliver a completed strategy to Regional Council."

With interns across the region gaining valuable experience during their time with their host government, they are gaining a wide range of professional skills that they will further develop during their careers. Another benefit is the quality relationships they are building with people from other organizations. These personal connections can help them when they enter the workforce after their internship ends.

“More folks should seriously consider working for local government; it is incredibly rewarding and every day is unique,” Caden-Baptiste enthused. “Also, the North is beautiful!”



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 2019, Northern Development produced two editions of Northern Dispatch: *The State of Forestry in Northern B.C.* and *The State of Agriculture in Northern B.C.*

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

2019 STATE OF THE NORTH REPORT

In January of 2019, Northern Development released its second annual State of the North Report. The State of the North report reviews the previous year and includes traditional economic indicator information, overviews of core economic sectors such as forestry, agriculture, mining and energy and regional profiles for the Northwest, Northeast, North Central and Cariboo-Chilcotin/Lillooet areas.

The State of the North report has been designed to be a tool that communities, businesses and not-profit organizations can use as they develop and deploy strategies to create jobs, generate new wealth and advance northern communities. The State of the North report is an impartial third-party report with data collection and interpretation provided by MNP. The report follows a similar model to the State of the Island report published annually by the Vancouver Island Economic Alliance.

Highlights of the 2019 report include:

- The unemployment rate in Northern B.C. has begun to trend lower, and increases in employment in the North Central, Cariboo-Chilcotin/Lillooet and Northwest regions are increasing. Continued declines in the unemployment rate are anticipated with the construction of the LNG Canada export facility;
- After a period of decline, the first eight months of 2018 revealed the value of residential building permits are up 30 per cent over the same period in 2017. Additionally, housing starts increased in the first nine months of 2018;
- Overall improvements in the oil and gas market conditions in 2017 and 2018 resulted in an investment decision by LNG Canada and its partners to build an export facility in Kitimat. This project has the potential to employ over 7,000 people and inject as much as \$10 billion into the economy;
- A combination of factors including forest fires, which burned approximately 1.2 million hectares of land in 2017, significant fires in the summer of 2018, the historic Mountain Pine Beetle epidemic and export tariffs to the U.S. have placed challenges on the forestry industry. A reduced supply in the future could mean mill closures, job loss and negative economic impacts.

THIRD-PARTY FUND ADMINISTRATION:

BC HYDRO PEACE AGRICULTURAL COMPENSATION FUND

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

The Peace Agricultural Compensation Fund (PACF) 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 Project 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).

The first intake of the PACF opened August 2, 2019 and closed September 30, 2019 with recipients and projects receiving grants totalling \$209,086. Some of the successful projects are:

- B.C. Grain Producers Association – \$100,000 to research the viability of crops in the Peace Region. This project supports the development of varieties of grains and oilseeds suitable to growing conditions in the Peace Region.
- RDR Ventures Ltd. – \$25,209 to expand the irrigation system at Rainey Ranch. Expansion will allow water to reach all areas of the ranch, which will improve grazing and allow the ranch to raise a greater number of livestock.
- Blackbird Environmental Ltd. – \$24,140 to establish a drone field school program to provide agricultural producers with basic drone skill training. Drone systems can be used in a wide range of agricultural applications for monitoring their fields, such as informing producers where problem areas are and where additional management techniques may be required.

BC HYDRO GO FUND

For four 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.

In 2019, 18 projects totalling \$151,046 were approved for worthy projects in the Northeast region. Some of the successful projects are:

- Northern B.C. Volleyball Club Skills Camp in Fort St. John - \$9,844 to allow youth to participate in a volleyball skills camp, including those outside the club, who may not have had a chance to try volleyball due to cost.
- Peace Passage Skating Club 2019/2020 Season in the District of Taylor - \$9,950 to fund registration fees for 20 skaters for the season, which helps each the financial burden on families.
- Chetwynd Student Support Program in the District of Chetwynd - \$10,000 to supply children in need with backpacks and supplies, along with the establishment of a school lunch program.



Photo: Northern Development Initiative Trust

CONNECTING BRITISH COLUMBIA

Northern Development continued to administer the Connecting British Columbia program through 2019 with funding from the Province of British Columbia.

Overall 13 projects were approved in 2019 for a total of **\$18,599,613**

2019 APPROVED PROJECTS

- Williams Lake Indian Band (Williams Lake IR 1) Last Mile
- Regional LTE Upgrades – Cariboo-Chilcotin/Lillooet Region
- Connected Coast – City West Connected Coast Network Corp.
- Northern Rockies Regional Municipality Regional Connectivity Strategy
- South Hazelton Broadband Expansion
- Preliminary Feasibility Assessment for Connectivity Development
- Kitimat-Stikine Regional Connectivity Infrastructure Strategy
- Slocan Valley Fibre
- Roosville Valley Fibre
- Keremeos Last Mile
- North Kootenay Lake Fibre Backhaul and Last Mile
- Hornby and Denman Islands' Connectivity Strategy
- Connected Coast – Strathcona Regional District

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.

2019: \$18.9 million for 39 projects

All-time: \$92.5 Million for 190 projects

Northern Development's active portfolio of third-party fund management:

Prince George Agricultural Fund

2015 Canada Winter Games Legacy Fund

Northwest Readiness

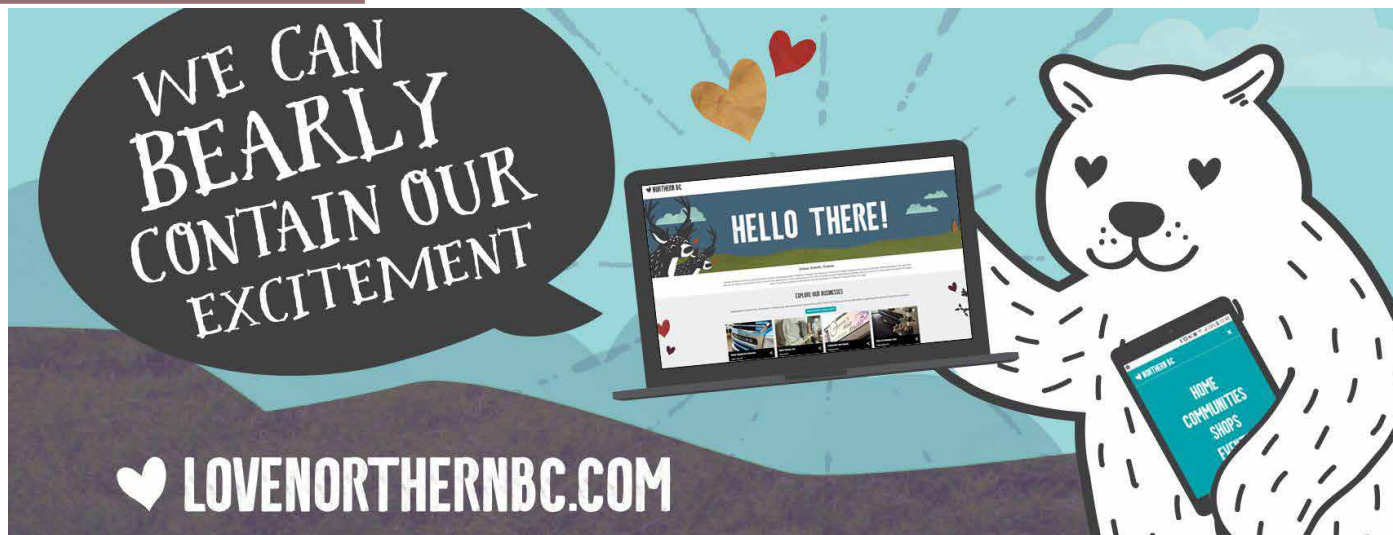
BC Hydro GO Fund

BC Hydro Peace Agricultural Compensation Fund

Connecting British Columbia

BCIC Young Innovators Fund

Indigenous Services Canada - First Nations Government Internship Program



NEW AND IMPROVED LOVE NORTHERN BC



In February of 2019, Northern Development launched a brand-new, mobile-friendly Love Northern BC website to better connect 1,600 businesses with customers.

The original website was designed to be viewed on a desktop to support one community and 50 businesses. However, a 2017 site analysis revealed that nearly 50 per cent of web traffic came from mobile or tablet devices.

The site is now optimized for mobile users and the upgraded platform offers other perks.

Visitors to the site are invited to make an account and can receive email updates about the program, including “new business” notifications. Users can also create “favourite” lists to keep track of places they want to visit. This tool is perfect for someone visiting the area for business or planning a road trip through the region.

In addition, quarterly newsletters are emailed to those who register and monthly updates are sent to community champions.

Love Northern BC began in 2011 as Small Town Love, a Quesnel-based grassroots initiative. Its purpose was to create an online platform to showcase and support local businesses competing against chain stores and online retail. In 2016, Northern Development expanded Small Town Love into a movement including 31 communities and spanning vast distances through ongoing committed funding and support. Through partnerships between the Trust and local community champions, the program has become Love Northern BC – the largest shop local program in Canada.



Graphics: Northern Development

31 Communities
1,459 Businesses
320,305 Site visits
between Feb 5, 2019 to Dec 31, 2019

As of December 31, 2019

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 is 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 2018 are no longer on the board. In 2019, Northern Development's board of directors included:



Tom Hoffman

board chair January - April
provincial appointee
Cariboo-Chilcotin/Lillooet Region



Margo Wagner

board chair
Cariboo Regional District
Cariboo-Chilcotin/Lillooet Region



Lori Ackerman

vice-chair
City of Fort St. John
Northeast Region



Wendy Benyk

finance chair
provincial appointee
Northwest Region



Taylor Bachrach

Town of Smithers
Northwest Region



Lyn Hall

City of Prince George
Prince George Region



Alison Hoskins

provincial appointee
Prince George Region



Carol Leclerc

City of Terrace
Northwest Region



Bev Playfair

District of Fort St. James
Prince George Region



Fred Sam

provincial appointee
Prince George Region



Evan Saugstad

provincial appointee
Northeast Region



Danny Schilds

provincial appointee
Northeast Region



Sally Watson

Thompson-Nicola Regional District
Cariboo-Chilcotin/Lillooet Region



Gerald Wesley

provincial appointee
January - April
Northwest 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.

2019 CARIBOO-CHILCOTIN/LILLOOET REGIONAL ADVISORY COMMITTEE (RAC) MEMBERS

Mayor Mitch Campsall (chair)

District of 100 Mile House

Director Margo Wagner (vice-chair)

Cariboo Regional District

Councillor Marilyn Anderson

Village of Ashcroft

Mayor Santo Talarico

Village of Cache Creek

Director Chad Mernett

Cariboo Regional District

Mayor Susan Swan

Village of Clinton

Mayor Peter Busse

District of Lillooet

Councillor Garry Youd

District of Logan Lake

Councillor Gordon Murray

Village of Lytton

Mayor Bob Simpson

City of Quesnel

Director Steve Oakley

Squamish-Lillooet Regional District

Director Vivian Birch-Jones

Squamish-Lillooet Regional District

Director Sally Watson

Thompson-Nicola Regional District

Director Steve Rice

Thompson-Nicola Regional District

Mayor Gabe Fourchalk

District of Wells

Councillor Craig Smith

City of Williams Lake

Coralee Oakes

MLA - Cariboo North

Donna Barnett

MLA - Cariboo South

Jackie Tegart

MLA – Fraser Nicola

2019 NORTHEAST REGIONAL ADVISORY COMMITTEE (RAC) MEMBERS

Mayor Lori Ackerman (chair)

City of Fort St. John

Director Dan Rose (vice-chair)

Peace River Regional District

Councillor Clay Bassendowski

District of Chetwynd

Councillor Blair Lekstrom

City of Dawson Creek

Councillor Patricia Markin

District of Hudson's Hope

Mayor Gary Foster

Northern Rockies Regional Municipality

Director Karen Goodings

Peace River Regional District

Chair Bradley Sperling

Peace River Regional District

Director Leonard Hiebert

Peace River Regional District

Councillor Barb Smith

Village of Pouce Coupe

Mayor Rob Fraser

District of Taylor

Councillor Joanne Kirby

District of Tumbler Ridge

Dan Davies

MLA – Peace River North

Mike Bernier

MLA – Peace River South

Danny Schilds

Northern Development Initiative Trust
Provincial Appointee to Board

Evan Saugstad

Northern Development Initiative Trust
Provincial Appointee to Board

2019 NORTHWEST REGIONAL ADVISORY COMMITTEE (RAC) MEMBERS

Mayor Taylor Bachrach (chair)
Town of Smithers

Mayor Dolores Funk
Village of Burns Lake

Mayor Dennis Sterritt
Village of Hazelton

Director Eric Nyce
Regional District of Kitimat-Stikine

Councillor Kazamir Falconbridge
Village of Port Clements

Mayor Kris Olsen
Village of Queen Charlotte

Councillor Annette Morgan
Village of Telkwa

Doug Donaldson
MLA – Stikine

Mayor Carol Leclerc (vice-chair)
City of Terrace

Chair Samuel Schooner
Central Coast Regional District

Councillor Tim Anderson
District of Houston

Mayor Barry Pages
Village of Masset

Mayor Knut Bjorndal
District of Port Edward

Director Johanne Young
North Coast Regional District

Jennifer Rice
MLA – North Coast

Wendy Benyk
Northern Development Initiative Trust
Provincial Appointee to Board

Director Mark Fisher
Regional District of Bulkley-Nechako

Mayor Linda McGuire
Village of Granisle

Councillor Rob Goffinet
District of Kitimat

Mayor Gail Lowry
District of New Hazelton

Councillor Reid Skelton-Morven
City of Prince Rupert

Councillor Neal Rowe
District of Stewart

Ellis Ross
MLA – Skeena

2019 PRINCE GEORGE REGIONAL ADVISORY COMMITTEE (RAC) MEMBERS

Mayor Gerry Thiessen (chair)
District of Vanderhoof

Mayor Bev Playfair
District of Fort St. James

Mayor Gene Runtz
Village of McBride

John Rustad
MLA - Nechako Lakes

Fred Sam
Northern Development Initiative Trust
Provincial Appointee to the Board

Chair Art Kaehn (vice-chair)
Regional District of Fraser-Fort George

Mayor Sarrah Storey
Village of Fraser Lake

Mayor Lyn Hall
City of Prince George

Mike Morris
MLA - Prince George-Mackenzie

Director Mark Parker
Regional District of Bulkley-Nechako

Mayor Joan Atkinson
District of Mackenzie

Mayor Owen Torgerson
Village of Valemount

Shirley Bond
MLA - Prince George-Valemount

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.

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 instruments. These investments generate an annual return on the capital base which is then re-invested into the region.

2019 15.53% ROI

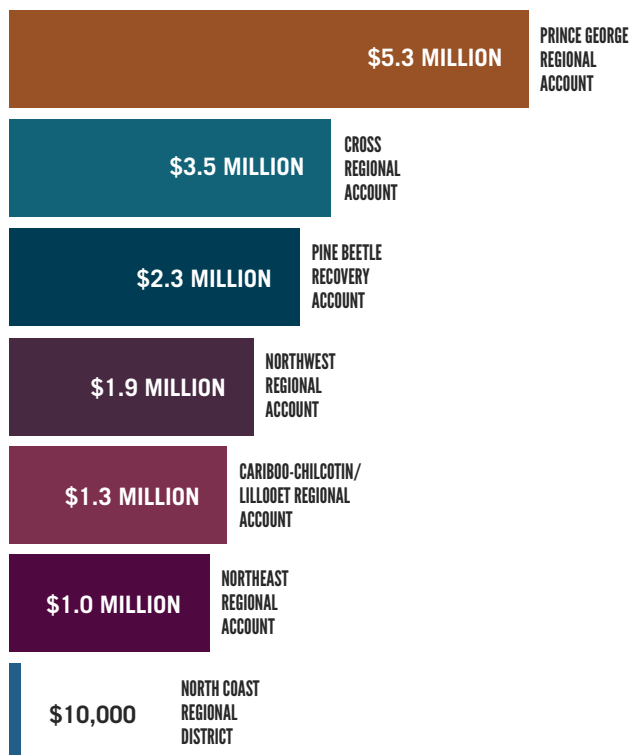
2019 \$40.7 million in investment income

Since 2005 7.13% average ROI

GRANTING ALLOCATION

The amount of funds made available through grants is decided by Northern Development’s staff 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.

2019 granting disbursed by account



2019 total grant allocation

\$14.6 million

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.

Investment Account Balances

as of December 31, 2019

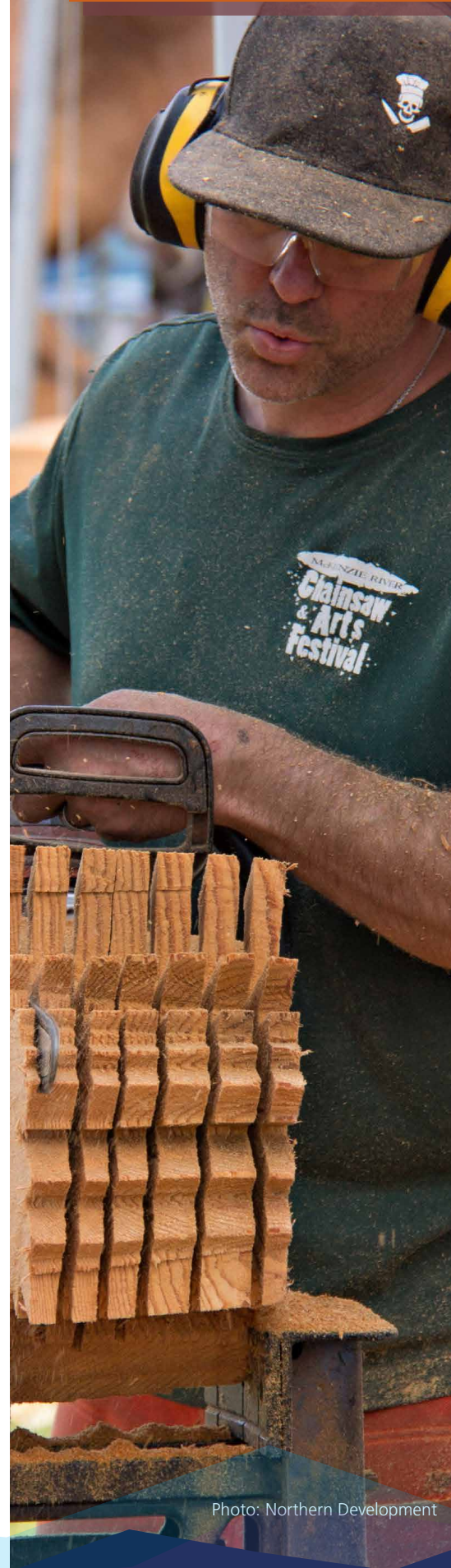
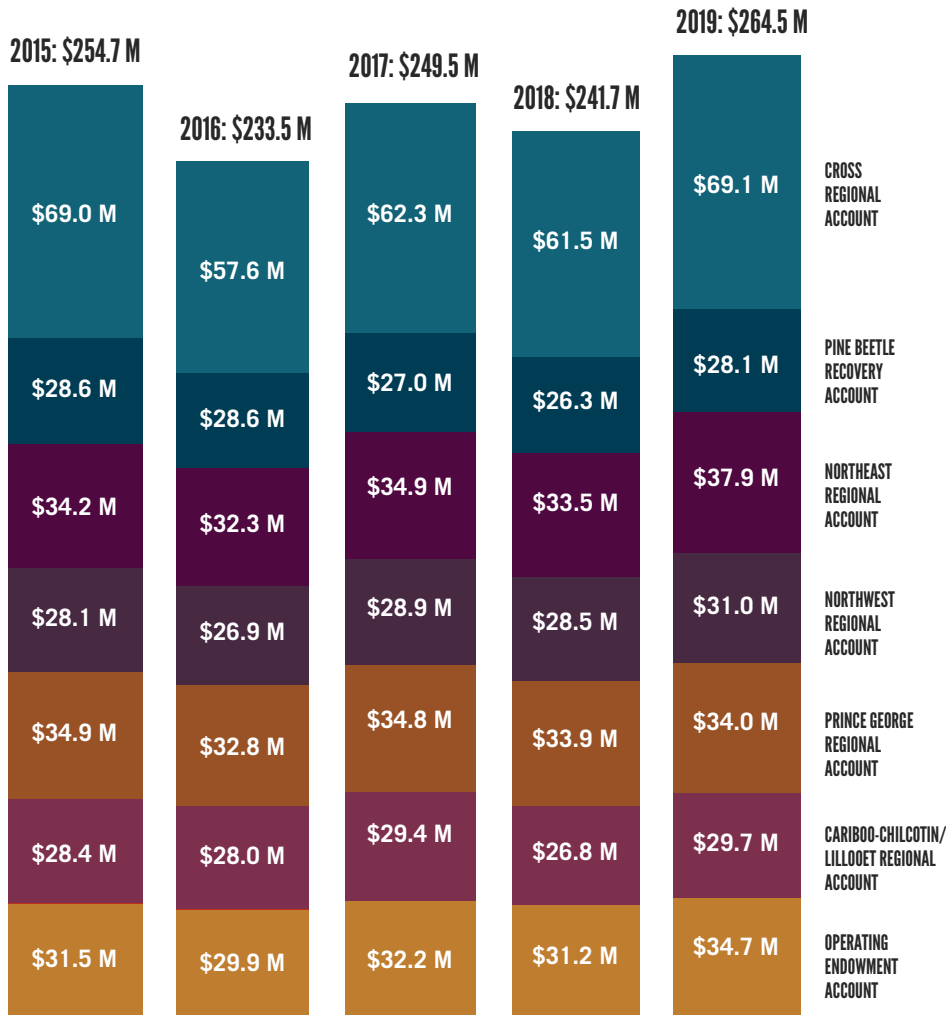


Photo: Northern Development

OPERATIONS

PUBLIC ACCOUNTABILITY AND REPORTING

The Trust strives to be known as a friendly and approachable organization that serves central and northern B.C. 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 2019, 98.9 per cent of respondents said that their overall experience with Northern Development has been positive.

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 2019, Northern Development's 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.



Photo: Mike Seehägel / Destination BC

“ I find the process of interacting with Northern Development tremendously rewarding, this is at least in part because our applications are processed very quickly and we get timely, meaningful feedback from friendly engaged staff who genuinely share our interests in developing this community. ”

“ I really believe that Northern Development is owed a substantial amount of the credit for the strong economic performance of Northern B.C. despite a downturn in forestry and sporadic activity in mining. NDI has been the catalyst which has created investor confidence and diversification. ”

OUR 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 more than 500 projects approved through an array of funding programs in 2019, the staff oversee 1,400 active projects, administer third-party funds, complete due diligence reports, manage day-to-day operations and review annual reporting from hundreds of completed projects.



2019 STAFF TEAM



Joel McKay
chief executive officer



Brenda Gendron
chief financial officer



Renata King
director of business development
January - June
advisor, business development
July - December



Felicia Magee
business development coordinator
director of business development
July - ongoing



Derek Baker
director of economic development



Holly Plato
director of communications and marketing



Lori Moseley
executive coordinator



Tess Elo
senior financial analyst



Taylor Morris
finance coordinator



Jo-Anna Johnston
partner programs manager



Christine Gagne
corporate services coordinator
January - September



Jordan Hammond
funding programs coordinator



Katherine Benny
communications officer
(Love Northern BC)



Anna Duff
communications officer



Krista Metzler
corporate services coordinator
October - ongoing



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.northerndevlopment.bc.ca

Financial Statement of

**NORTHERN DEVELOPMENT
INITIATIVE TRUST**

And Independent Auditors' Report thereon

Year ended December 31, 2019



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, 2019
- 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, 2019 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 22, 2020

Northern Development Initiative Trust

Statement of Financial Position

As at December 31, 2019, with comparative information for 2018

	Unrestricted and Endowment	Restricted									Total	
	Operating and Endowment Account	Invested in Tangible Capital Assets	Cross Regional	Pine Beetle	Cariboo-Chilcotin Lillooet Regional Development	Northwest Regional Development	Northeast Regional Development	Prince George Regional Development	Other Trust Funds	Province of BC	2019	2018
ASSETS												
Current Assets												
Cash	\$ 1,081,892	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 946,857	\$ 96,023,190	\$ 98,051,939	\$ 46,716,486
Accounts receivable	129,869	-	-	-	-	-	-	-	100,000	3,781,626	4,011,495	88,288
Prepaid expenses	38,492	-	-	-	-	-	-	-	-	-	38,492	41,588
Current portion of loans receivable (Note 2)	-	-	1,078,000	-	6,692	13,629	358,692	596,849	-	-	2,053,862	1,501,316
Total Current Assets	1,250,253	-	1,078,000	-	6,692	13,629	358,692	596,849	1,046,857	99,804,816	104,155,788	48,347,678
Other Non-Current Assets												
Loans receivable (Note 2)	-	-	5,963,749	-	30,994	368	129,702	2,877,716	-	-	9,002,529	9,127,164
Investments (Note 3)	34,699,272	-	69,086,101	28,081,357	29,691,460	31,016,305	37,948,846	33,991,547	23,625,334	-	288,140,222	262,259,753
Tangible capital assets (Note 4)	-	78,559	-	-	-	-	-	-	-	-	78,559	132,240
TOTAL ASSETS	\$ 35,949,525	\$ 78,559	\$ 76,127,850	\$ 28,081,357	\$ 29,729,146	\$ 31,030,302	\$ 38,437,240	\$ 37,466,112	\$ 24,672,191	\$ 99,804,816	\$ 401,377,098	\$ 319,866,835
LIABILITIES AND EQUITY												
Liabilities												
Accounts payable and accrued liabilities (Note 5)	127,504	-	92,297	20,256	21,418	50,287	27,370	24,521	122	-	363,775	222,460
Funds administered for others (Note 6)	-	-	-	-	-	-	-	-	24,403,768	-	24,403,768	22,117,217
Unearned Revenue	2,229,654	-	-	-	-	-	-	-	-	-	2,229,654	706,956
	2,357,158	-	92,297	20,256	21,418	50,287	27,370	24,521	24,403,890	-	26,997,197	23,046,633
Equity												
Endowment fund (Note 7)	25,000,000	-	-	-	-	-	-	-	-	-	25,000,000	25,000,000
Externally restricted - uncommitted	-	-	73,339,143	25,002,123	27,467,447	28,414,383	36,067,065	33,107,539	188,301	59,847,788	283,433,789	215,560,921
Externally restricted - committed (Schedule 1)	-	-	2,696,410	3,058,978	2,240,281	2,565,632	2,342,805	4,334,052	80,000	39,957,028	57,275,186	50,462,903
Invested in tangible capital assets (Note 8)	-	78,559	-	-	-	-	-	-	-	-	78,559	132,240
Unrestricted	8,592,367	-	-	-	-	-	-	-	-	-	8,592,367	5,664,138
TOTAL EQUITY	33,592,367	78,559	76,035,553	28,061,101	29,707,728	30,980,015	38,409,870	37,441,591	268,301	99,804,816	374,379,901	296,820,202
Contingencies (Note 9)												
Commitments (Note 10)												
Subsequent event (Note 13)												
TOTAL LIABILITIES AND EQUITY	\$ 35,949,525	\$ 78,559	\$ 76,127,850	\$ 28,081,357	\$ 29,729,146	\$ 31,030,302	\$ 38,437,240	\$ 37,466,112	\$ 24,672,191	\$ 99,804,816	\$ 401,377,098	\$ 319,866,835

Northern Development Initiative Trust approval:



Board Chair


Northern Development Initiative Trust

Statement of Operations and Fund Balances

For the 12 Months ending December 31, 2019

Unrestricted and Endowment	Restricted										Total	
	Operating and Endowment Account	Invested in Tangible Capital Assets	Cross Regional	Pine Beetle	Cariboo-Chilcotin Lillooet Regional Development	Northwest Regional Development	Northeast Regional Development	Prince George Regional Development	Other Trust Funds	Province of BC	2019	2018
REVENUE												
Investment income, net of fees (Note 3)	\$ 1,121,631	\$ -	\$ 2,230,264	\$ 904,272	\$ 960,458	\$ 1,002,874	\$ 1,226,160	\$ 1,096,829	\$ 5,447	\$ -	\$ 8,547,936	\$ 8,613,827
Interest income	8,519	-	305,026	-	1,471	368	10,826	-	-	914,327	1,240,537	907,425
Contributions	-	-	-	-	-	-	-	-	80,000	60,500,000	60,580,000	19,680,000
Net unrealized gains	3,761,525	-	7,350,875	3,154,476	3,200,241	3,400,763	4,058,497	4,002,496	17,573	-	28,946,446	(5,351,728)
Financial services revenue	2,000	-	-	-	-	-	-	-	-	-	2,000	22,220
Third party revenue	166,670	-	-	-	-	-	-	-	-	-	166,670	76,629
TOTAL REVENUE	5,060,345	-	9,886,165	4,058,748	4,162,170	4,404,005	5,295,483	5,099,325	103,020	61,414,327	99,483,589	23,948,374
TOTAL REVENUE												
	5,060,345	-	9,886,165	4,058,748	4,162,170	4,404,005	5,295,483	5,099,325	103,020	61,414,327	99,483,589	23,948,374
EXPENSE												
ADMINISTRATION EXPENSES												
Amortization	-	70,307	-	-	-	-	-	-	-	-	70,307	59,074
Direct project expenses	-	-	3,885	3,885	-	-	-	-	-	-	7,770	13,125
General administration	150,035	-	-	-	-	-	-	-	-	-	150,035	130,707
S/C, fees, dues, licences	7,238	-	-	-	-	-	-	-	-	21	7,259	6,976
Office expense	157,576	-	-	-	-	-	-	-	-	-	157,576	140,231
Professional services	122,179	-	-	-	-	-	-	-	-	-	122,179	96,576
Rentals and maintenance	38,569	-	-	-	-	-	-	-	-	-	38,569	38,473
Office supplies	26,835	-	-	-	-	-	-	-	-	-	26,835	20,504
Salaries and benefits	1,221,231	-	-	-	-	-	-	-	-	-	1,221,231	1,132,917
Third party expenses	166,670	-	-	-	-	-	-	-	-	-	166,670	76,629
TOTAL ADMINISTRATION EXPENSES	1,890,332	70,307	3,885	3,885	-	-	-	-	-	21	1,968,430	1,715,212
BOARD & RAC EXPENSES												
Board costs	95,757	-	-	-	-	-	-	-	-	-	95,757	63,894
RAC - Northeast	5,844	-	-	-	-	-	-	-	-	-	5,844	2,578
RAC - Prince George	7,205	-	-	-	-	-	-	-	-	-	7,205	5,817
RAC - Cariboo-Chilcotin/Lillooet	7,905	-	-	-	-	-	-	-	-	-	7,905	10,145
RAC - Northwest	8,559	-	-	-	-	-	-	-	-	-	8,559	10,764
TOTAL BOARD & RAC EXPENSES	125,270	-	-	-	-	-	-	-	-	-	125,270	93,198
TOTAL ADMINISTRATION COSTS												
	2,015,602	70,307	3,885	3,885	-	-	-	-	-	21	2,093,700	1,808,410
Software upgrades	18,973	-	-	-	-	-	-	-	-	-	18,973	-
Website upgrades and integration	80,914	-	-	-	-	-	-	-	-	-	80,914	-
TOTAL INCREMENTAL PROJECT EXPENSES	99,887	-	-	-	-	-	-	-	-	-	99,887	-
Grants and loans (Schedule 1)	-	-	3,584,686	2,310,584	1,262,846	1,906,224	959,469	5,269,594	63,963	6,465,770	21,823,135	13,924,336
Less: repayable portion	-	-	-	-	-	-	-	(3,004,000)	-	-	(3,004,000)	(170,130)
Fair value adjustment for interest free loans receivable (Note 2)	-	-	-	-	-	-	-	911,168	-	-	911,168	-
	-	-	3,584,686	2,310,584	1,262,846	1,906,224	959,469	3,176,762	63,963	6,465,770	19,730,303	13,754,206
TOTAL EXPENSES	2,115,489	70,307	3,588,571	2,314,469	1,262,846	1,906,224	959,469	3,176,762	63,963	6,465,791	21,923,890	15,562,616
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES												
	2,944,856	(70,307)	6,297,595	1,744,279	2,899,325	2,497,781	4,336,014	1,922,563	39,057	54,948,536	77,559,699	8,385,758
Fund Balances, Beginning 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	44,856,280	296,820,202	288,434,444
Investment in Capital Assets	(16,626)	16,626	-	-	-	-	-	-	-	-	-	-
FUND BALANCES, END OF YEAR	\$ 33,592,367	\$ 78,559	\$ 76,035,553	\$ 28,061,101	\$ 29,707,728	\$ 30,980,015	\$ 38,409,870	\$ 37,441,591	\$ 268,301	\$ 99,804,816	\$ 374,379,901	\$ 296,820,202

Approved by Northern Development Initiative Trust:



Board Chair

NORTHERN DEVELOPMENT INITIATIVE TRUST

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Excess of revenue over expenditures	\$ 77,559,699	\$ 8,385,757
Items not involving cash:		
Amortization	70,307	59,074
Net unrealized (gains) losses	(28,946,446)	5,351,728
Accrued interest on loans receivable	(317,691)	(342,322)
Fair value adjustment for interest free loans receivable	911,168	-
	49,277,037	13,454,237
Change in non-cash operating working capital:		
Accounts receivables	(3,923,206)	50,989
Prepaid expenses	3,096	596
Funds administered for others	2,286,551	21,063,498
Accounts payable and accrued liabilities	141,316	(166,603)
Unearned revenue	1,522,697	373,370
	49,307,491	34,776,087
Investing:		
Investments	3,065,977	(17,379,786)
Repayment of loans receivable	1,982,612	2,831,155
Advances on loans receivable	(3,004,000)	(170,130)
Acquisition of tangible capital assets	(16,627)	(69,739)
	2,027,962	(14,788,500)
Increase in cash	51,335,453	19,987,587
Cash, beginning of year	46,716,486	26,728,899
Cash, end of year	\$ 98,051,939	\$ 46,716,486

See accompanying notes to financial statements.

NORTHERN DEVELOPMENT INITIATIVE TRUST

Notes to Financial Statements

Year ended December 31, 2019

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, 2019

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, 2019

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, 2019

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. 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.

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, 2019

2. Loans receivable:

	2019	2018
Cross Regional Development Account - Prince George. Repayable in annual installments in the next five years of \$1,517,167 in 2020, \$1,466,599 in 2021, \$1,416,781 in 2022, \$1,366,963 in 2023, and \$1,317,350 in 2024, including interest at bank prime rate (December 31, 2019 - 3.95%). Due July 2025.	\$ 7,041,749	\$ 8,302,957
Cariboo-Chilcotin Lillooet Regional Development Account. Repayable in annual installments in the next five years of \$8,031 in 2020, 2021 and 2022, and \$5,894 in 2023 and 2024, including interest between 0.0% and 3.7%. Due September 2025.	37,686	49,572
Northwest Regional Development Account. Repayable December 2020, including interest at 2.7%.	13,997	22,721
Northeast Regional Development Account. Repayable in annual installments in the next three years of \$367,200 in 2020, \$87,400 in 2021, and \$47,306 in 2022, including interest between 0.0% and 4.0%. Due September 2022.	488,395	588,969
Prince George Regional Development Account. Repayable in annual installments in the next five years of \$566,680 in 2020, \$492,928 in 2021 and 2022, \$489,809 in 2023, and \$452,873 in 2024, non-interest bearing. Due July 2029.	4,385,732	1,664,261
	<u>11,967,559</u>	<u>10,628,480</u>
Current portion of loans receivable	(2,053,862)	(1,501,316)
Fair value adjustment for interest free loans receivable	(911,168)	-
	<u>\$ 9,002,529</u>	<u>\$ 9,127,164</u>

NORTHERN DEVELOPMENT INITIATIVE TRUST

Notes to Financial Statements (continued)

Year ended December 31, 2019

3. Investments:

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

	2019	2018
Cash equivalents:		
Mawer Canadian Money Market	\$ 13,243,991	\$ 12,430,464
Fixed income balances:		
Mawer Canadian Bond Pooled Fund	85,835,849	81,949,452
Mawer Global Bond Fund	6,128,359	6,260,383
	91,964,208	88,209,835
Equity balances:		
Mawer Canadian Equity Pooled Fund	42,565,070	36,998,965
Mawer Small Cap Fund	20,259,803	17,903,506
Mawer Global Equity Series	120,107,150	106,716,983
	182,932,023	161,619,454
	\$ 288,140,222	\$ 262,259,753

Investment income is presented net of management fees charged for the year ended December 31, 2019 of \$745,622 (2018 - \$718,624).

4. Tangible capital assets:

	2019		2018	
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware	\$ 356,318	\$ 303,229	\$ 53,089	\$ 77,676
Computer software	161,682	160,622	1,060	928
Furniture and fixtures	152,951	146,862	6,089	4,747
Leasehold improvements	58,743	48,801	9,942	15,372
Vehicles	77,473	69,094	8,379	33,517
	\$ 807,167	\$ 728,608	\$ 78,559	\$ 132,240

NORTHERN DEVELOPMENT INITIATIVE TRUST

Notes to Financial Statements (continued)

Year ended December 31, 2019

5. Accounts payable and accrued liabilities:

	2019	2018
Accounts payable and accrued liabilities	\$ 353,907	\$ 217,475
Payroll and withholding taxes	9,868	4,985
	\$ 363,775	\$ 222,460

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:

	2019	2018
Opening balance	\$ 22,117,217	\$ 1,053,992
Contributions	198,000	21,085,100
Investment income, net of fees	3,279,885	165,332
Administrative fees	(25,000)	(7)
Grants	(1,161,764)	(187,200)
Bank charges	(22)	-
Board travel	(4,548)	-
	\$ 24,403,768	\$ 22,117,217

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 \$1,121,631 (2018 - \$1,118,289) and net unrealized gains of \$3,761,525 (2018 losses - \$701,223) for the year ended December 31, 2019.

NORTHERN DEVELOPMENT INITIATIVE TRUST

Notes to Financial Statements (continued)

Year ended December 31, 2019

8. Invested in tangible capital assets:

Invested in tangible capital assets is calculated as follows:

	2019	2018
Opening balance	\$ 132,239	\$ 121,575
Amortization	(70,307)	(59,074)
Acquisitions of capital assets	16,627	69,739
	\$ 78,559	\$ 132,240

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 \$16,627 (2018 - \$69,739).

9. Contingencies:

The Trust is contingently liable as guarantor of loans with unrelated parties in the amount of \$751,496 (2018 - \$858,516).

The Trust has a demand credit facility for a standby letter 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, 2019, there was one letter of credit issued for a total of \$1,000,000 expiring November 2020.

10. Commitments:

In addition to committed funds disclosed in Schedule 1, the Trust leases premises under a lease which expires May 2022. The minimum lease payments in the next three years are as follows:

2020	\$ 115,962
2021	115,962
2022	48,319
	\$ 280,243

NORTHERN DEVELOPMENT INITIATIVE TRUST

Notes to Financial Statements (continued)

Year ended December 31, 2019

11. 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.

(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 2018.

(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.

NORTHERN DEVELOPMENT INITIATIVE TRUST

Notes to Financial Statements (continued)

Year ended December 31, 2019

12. 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 64,308 active members and 49,546 retired members. Active members include more than 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 \$111,613 (2018 - \$98,277) for employer contributions to the Plan during the year.

13. Subsequent event:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

At the time of approval of these financial statements, the Trust has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic.

- Experienced temporary declines in the fair value of investments and investment income
- Closure of the Trust office based on public health recommendations
- Mandatory working from home requirements for those able to do so

At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

14. Comparative information:

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2019 financial statements. These changes do not affect prior year excess of revenue over expenditures.

Northern Development Initiative Trust
Schedule of Externally Restricted - Committed Funds
Year ended December 31, 2019

SCHEDULE 1

Account	Total Funding Approved (unaudited)	Grants and loans		2019	2018
		2019 Disbursements	2018 Disbursements	Outstanding Commitments	Outstanding Commitments
Cross Regional Account	\$ 43,672,989	\$ 3,584,686	\$ 3,274,812	\$ 2,696,410	\$ 3,778,108
Pine Beetle Recovery Account	31,251,307	2,310,584	1,845,551	3,058,978	3,733,646
Cariboo-Chilcotin/Lillooet Regional Development Account	16,511,390	1,262,846	3,053,135	2,240,281	2,103,358
Northwest Regional Development Account	19,905,207	1,906,224	930,477	2,565,632	2,879,714
Northeast Regional Development Account	13,628,459	959,469	1,902,025	2,342,805	1,821,648
Prince George Regional Development Account	23,957,852	5,269,594	1,681,802	4,334,052	8,118,363
Province of British Columbia	53,752,184	6,465,770	1,180,498	39,957,028	27,944,102
Other Trust Funds	30,532,727	63,963	56,037	80,000	83,963
TOTAL	\$ 233,212,115	\$ 21,823,135	\$ 13,924,336	\$ 57,275,186	\$ 50,462,903