



Northern Passenger Transportation Service Fund

Annual Report

April 1, 2022 – March 31, 2023

Published April 30, 2023

*This report is for the 2023 fiscal year, beginning April 1, 2022 and ending March 31, 2023.
All references to 2023 are for the 2023 fiscal year, unless otherwise indicated.*

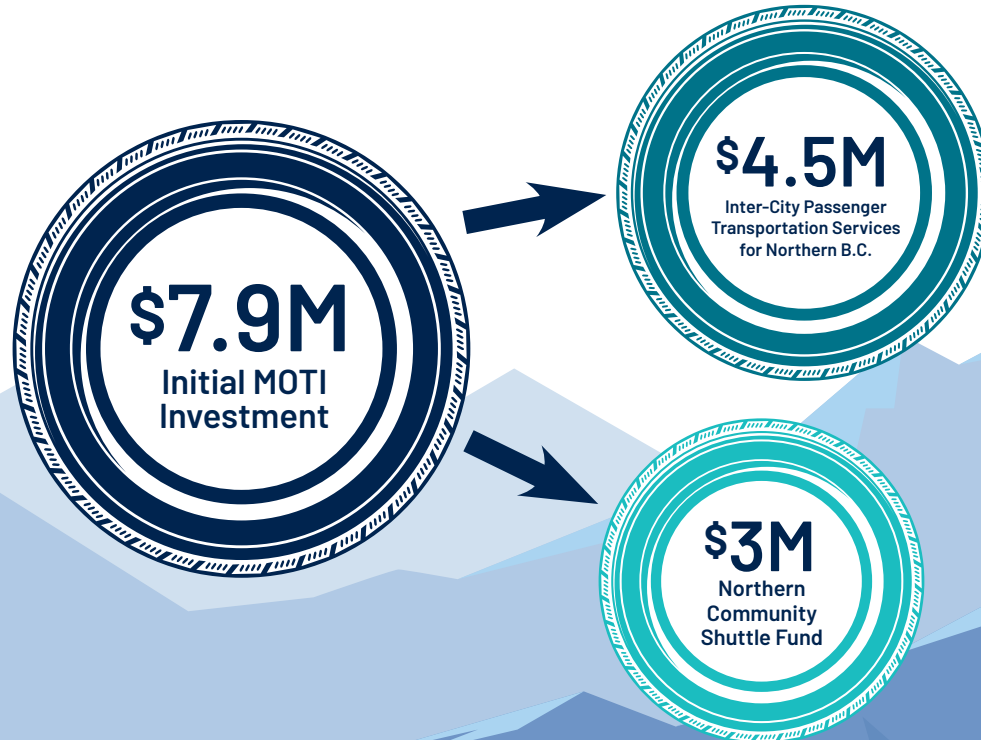


Overview

The Northern Passenger Transportation Service Fund program (NPTS) was created after the Ministry of Transportation and Infrastructure (MOTI) approached Northern Development Initiative Trust in March 2021 to administer a \$7.9 million fund to improve passenger transportation in Northern B.C. This three-year fund is the result of both organizations taking action to address the continued challenges northerners face in accessing safe, reliable and affordable transportation options and the obstacles that exist in connecting between existing services to travel further distances.

In March 2023, MOTI provided over \$6 million in additional funding to Northern Development to extend support for passenger transportation efforts in Northern B.C. Funds are earmarked for three categories:

- \$5 million** to extend NPTS by two years to March 31, 2027
- \$833,333** for engagement, analysis and related initiatives
- \$250,000** for Connected Network Initiative



Background

Photo: Northern Development

Federal, provincial and municipal governments have established a variety of programs with the objective of providing interregional transportation services in the void created by Greyhound's 2018 departure from western Canada. Private operators have also emerged to provide inter-city services on certain routes. Indigenous, municipal and regional district governments are also supporting intra-city and limited inter-city transportation services through partnerships with BC Transit or funding of community buses.

Prior to 2021, MOTI offered two programs that provided funding for transportation services. Both programs ended on March 31, 2022.

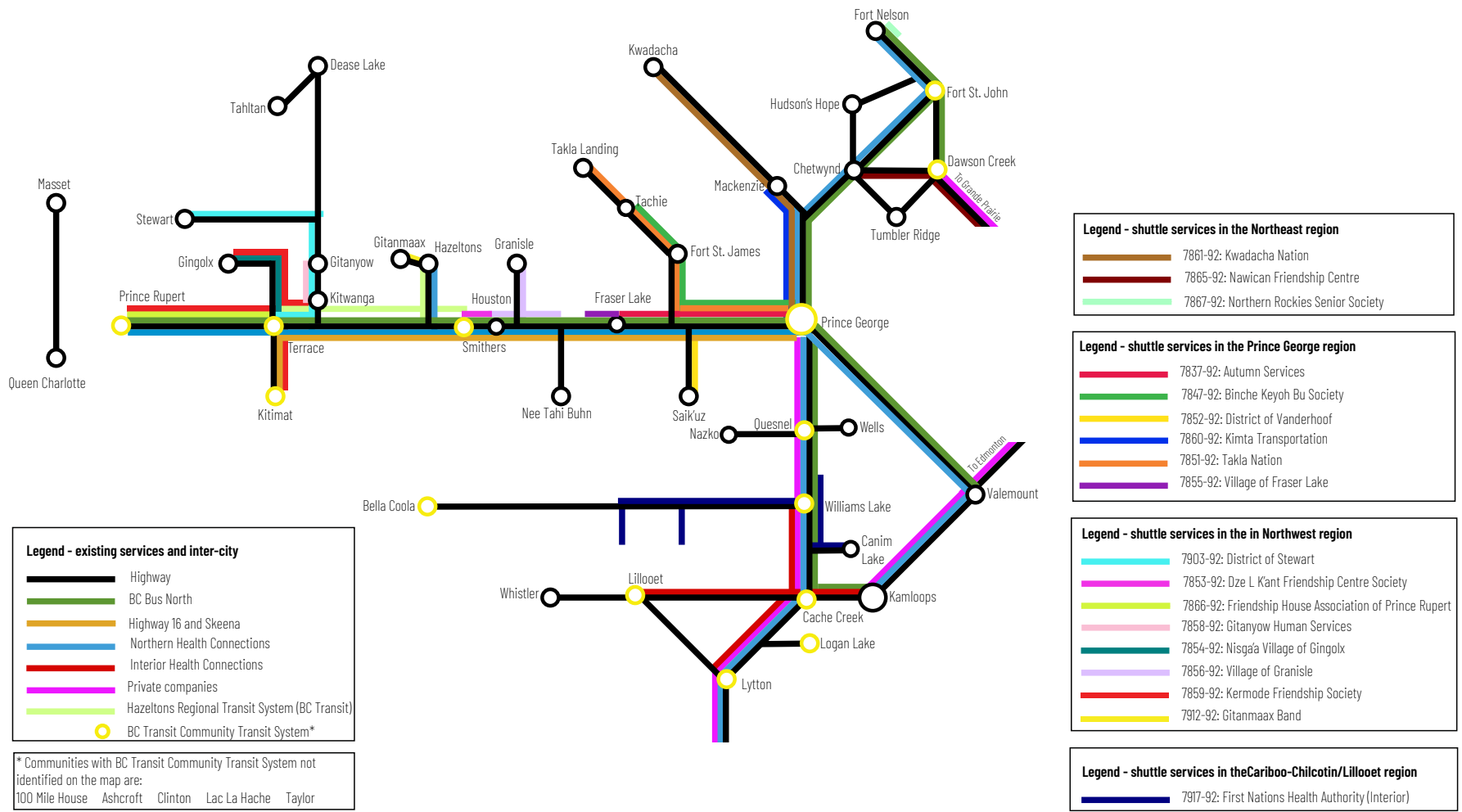
- BC Bus North, which provided inter-city / long-haul service
- Highway 16 Community Transportation Grant Program which provided funding for short-haul shuttle operators



FNHA will soon provide shuttle service to 12 Indigenous communities along Highway 20, pictured.



Passenger Transportation Services in Northern B.C.



2023 Highlights

4,900 kilometers travelled by Trust staff for community consultation



Kamloops added as destination through BC Bus North



First Nations Health Authority shuttle completed preparations to connect 12 remote Indigenous communities along Highway 20

\$5 million from the Province of BC committed to extending BC Bus North

\$250,000 committed from the Province of BC for Connected Network

\$833,333 from the Province of BC for engagement, analysis and related initiatives



2023 Key Statistics

1 project approved

\$2,490,000 committed

765,713 kilometres travelled

26,761 passengers

NPTS Lifetime Statistics

March 2021 – March 2023

31 applications received

20 projects approved

\$7,045,274 total funds approved

"I would like to thank Dze L K'ant Friendship Centre for their ongoing support as I deal with chronic obstructive pulmonary disease (COPD) and all that goes with it and thank you to TAP Shuttle to Houston for my emergency dental appointment. I felt safe, got there safe, I was in pain for months and was ready to hitchhike out of desperation, thankfully I didn't have to!"

- email from NCS passenger

Photos: Northern Development



Inter-City Passenger Transportation Services for Northern BC

The Inter-City Passenger Transportation Services for Northern BC (IPTS) is one of two funding streams in NPTS. It is designed to provide grant assistance to financially support the delivery of a consistent passenger service to connect communities across Northern B.C. and offer a hub system that smaller community shuttle providers can connect to and access for long distance travel.

On April 1, 2022 BC Bus North, operated by Diversified Transportation Ltd., seamlessly continued operating with funding through IPTS. This

followed a one-year contract extension that was established in 2021 to ensure the reliable service continued without interruption as Northern Development assumed responsibility for NPTS from MOTI's previous transportation grant program.

The 2022 funding agreement introduced a second round-trip weekly to Fort Nelson and was reoriented to ensure smooth connections to private charter operators in Dawson Creek, Valemount and Prince George for connections to Grand Prairie, Jasper and Kamloops, respectively.

"A family member travels from Prince George to Dawson Creek to visit, she says the driver is very nice and helpful, it's cheap enough that she can afford it, and she's on a pension. Also, the bus has always been on time when we pick her up!"

- online review for BC Bus North



Photo: Pacific Western Group of Companies



Total funds approved through IPTS

\$4,010,000

5,254
passengers

402,553
kilometers travelled

\$234,599
total fare
revenue collected

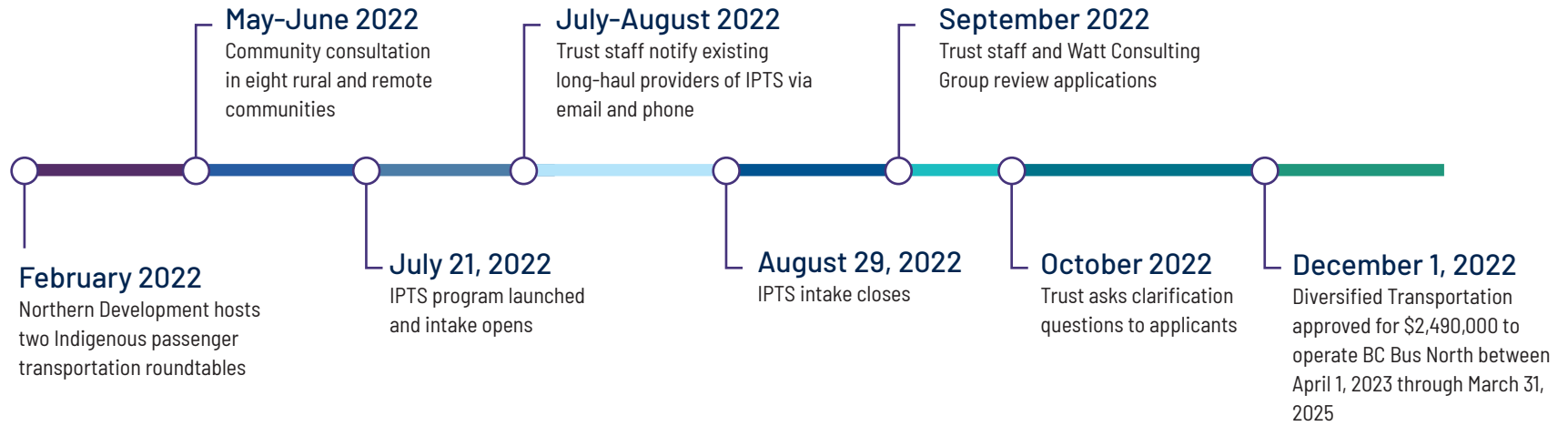
4
busses

39
communities
connected

\$0.089 cost per kilometre to travel between Prince George and
Prince Rupert (\$63.81 before taxes and fees)



IPTS TIMELINE



IPTS Approved Projects

| Project # | Proponent | Project Name | Committed Funds | Approved Date |
|--------------|---------------------------------|---------------------------------|-----------------------|---------------|
| 7835-92 | Diversified Transportation Ltd. | BC Bus North | \$1,520,000.00 | 2/15/2022 |
| 8244-92 | Diversified Transportation Ltd. | BC Bus North Inter-City Service | \$2,490,000.00 | 12/1/2022 |
| Total | | | \$4,010,000.00 | |



39 communities connected through Diversified

In February 2022, Diversified Transportation Ltd, a subsidiary of Pacific Western Group of Companies, was approved for a \$1,520,000 operating grant through the Inter-City Passenger Transportation Services for Northern B.C. funding stream of the Northern Passenger Transportation Service (NPTS). This funding enabled Diversified to continue operating the BC Bus North service routes, which have been in operation since June 2018. Prior to the introduction of NPTS, the Province of British Columbia and Government of Canada supported BC Bus North through Western Economic Diversification.

The funding responded to changing needs by allowing Diversified to add a second weekly trip to Fort Nelson. The approved budget also included provisions for increased advertising, which has led to more awareness of the service and ultimately more passengers.

In 2023, 5,254 passengers boarded BC Bus North. December 2022 and March 2023 were the busiest months, with 633 and 495 passengers hopping on board each month, respectively.



Photo: Diversified Transportation Ltd.

“Pacific Western Transportation believes that the long-term sustainability of passenger transportation service in Northern B.C. is dependent upon access and seamless connectivity,” said Greg Nichols, vice president, Pacific Western Group of Companies. “PWT has established relationships with both Northern Health and Interior Health as well as many regional service providers. We actively work and communicate with other regional service providers and all stakeholders to ensure we are meeting the public’s need for safe, reliable and affordable transportation options.”

“This bus is vital to the north, especially with the rising cost of living for families.”

- Anonymous survey respondent



Northern Community Shuttle

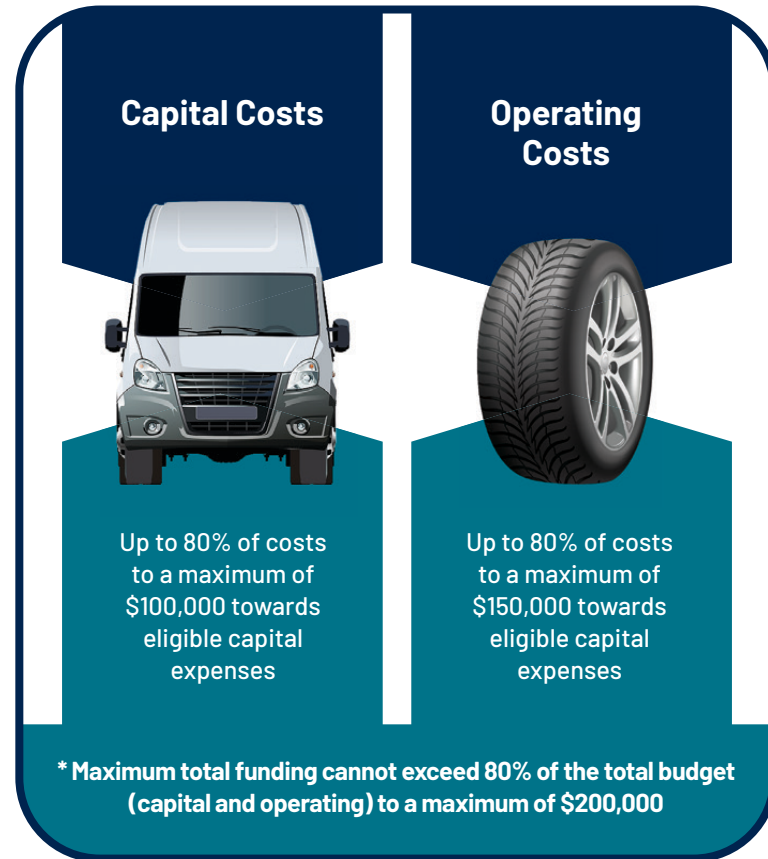
The Northern Community Shuttle (NCS) funding program is the successor to MOTI's Highway 16 Community Transportation Grant Program. Expanded by Northern Development to benefit all communities in its service region, NCS made \$3 million available to introduce or improve passenger transportation options on routes that are less than 300 kilometres. A priority of these shuttle services is to bring passengers to or from larger centres where they can connect with BC Bus North.

Beginning on April 1, 2022, organizations approved for funding through NCS began offering passenger transportation services to their communities and surrounding areas. Through NCS, all grant recipients have three years of guaranteed funding to subsidize their services and keep them affordable for passengers.

Recognizing the variety of costs that make up a transportation service, funding for both capital and operational expenses was available.

As of March 31, 2023, 15 of the 18 approved service providers have been operating shuttles. The others have been impacted by supply chain delays and other challenges that have prevented them from being fully operational. First Nations Health Authority will begin operating in April 2023 after receiving their new shuttle vehicle.

Each NCS provider is responsible for the marketing and advertisement of their shuttle service. Proponents adopt the best method(s) of communication for their operations and communities. The most common advertising methods include proponents' websites and social



media channels, with Facebook being the most popular social media platform. Other methods include word-of-mouth referrals, poster advertisements, referrals from other agencies and brochures within the community.



Total funds approved through NCS

\$3,035,274

21,507
passengers

363,160
kilometers travelled

\$61,637
total fare
revenue collected

19
vehicles

39
communities
connected



NCS Timeline



Approved Northern Community Shuttle Projects

| Project # | Proponent | Project Name | Committed Funds | Approved Date |
|-----------|---------------------------------------|--|--|---------------|
| 7837-92 | Autumn Services Society | Fraser Lake Get Up and Go Program for Senior Support | Capital: \$80,000.00 Operating: \$60,160.00 Total: \$140,160.00 | 2/23/2022 |
| 7847-92 | Binche Keyoh Bu Society | TEAM Bus | Operating: \$150,000.00 | 2/23/2022 |
| 7851-92 | Takla Nation | Bus Service | Capital: \$86,400.00 Operating: \$100,000.00 Total: \$186,400.00 | 2/23/2022 |
| 7852-92 | District of Vanderhoof | Community Transportation | Operating: \$150,000.00 | 2/23/2022 |
| 7853-92 | Dze L K'ant Friendship Centre Society | Community Connections | Operating: \$150,000.00 | 2/23/2022 |
| 7854-92 | Nisga'a Village of Gingolx | Spirit of Gingolx Shuttle | Capital: \$98,707.20 Operating: \$101,292.80 Total: \$200,000.00 | 2/23/2022 |
| 7855-92 | Village of Fraser Lake | Community Transportation Service | Operating: \$150,000.00 | 2/23/2022 |
| 7856-92 | Village of Granisle | Community Transportation | Capital: \$54,575.00 Operating: \$117,476.00 Total: \$172,051.00 | 2/23/2022 |
| 7858-92 | Gitanyow Human Services | Gitanyow Connections Program | Operating: \$128,640.00 | 2/23/2022 |
| 7859-92 | Kermode Friendship Society | Transportation | Capital: \$38,400.00 Operating: \$87,936.00 Total: \$126,336.00 | 3/23/2022 |





Photos: Northern Development

| Project # | Proponent | Project Name | Committed Funds | Approved Date |
|-----------|---|--|---|---------------|
| 7860-92 | Kimta Transportation Society | Shuttle | Capital: \$48,990.00 Operating: \$150,000.00 Total: \$198,990.00 | 2/23/2022 |
| 7861-92 | Kwadacha First Nation | Community Shuttle | Capital: \$77,500.00 Operating: \$105,350.00 Total: \$182,850.00 | 2/23/2022 |
| 7865-92 | Nawican Friendship Centre | Shuttle Service | Capital: \$69,407.00 Operating: \$130,593.00 Total: \$200,000.00 | 2/23/2022 |
| 7866-92 | Friendship House Association of Prince Rupert | Friendship Ending Violence Against Women | Capital: \$100,000.00 Operating: \$100,000.00 Total: \$200,000.00 | 2/23/2022 |
| 7867-92 | Northern Rockies Seniors Society | Seniors Bus | Operating: \$150,000.00 | 2/23/2022 |
| 7903-92 | District of Stewart | Shuttle | Capital: \$80,000.00 Operating: \$120,000.00 Total: \$200,000.00 | 2/23/2022 |
| 7912-92 | Gitanmaax Band | Transportation | Operating: \$150,000.00 | 2/23/2022 |
| 7917-92 | First Nations Health Authority | Wellness Centre Shuttle Program | Capital: \$75,000.00 Operating: \$125,000.00 Total: \$200,000.00 | 2/23/2022 |

Total

\$3,035,274.00



Connected Network

Connected Network is a new integrated booking platform for ground transportation services in Northern B.C. Implemented and owned by Pacific Western Transportation (PWT), Connected Network will be the first of its kind in Canada using technology that has already been proven in many European applications.

The platform provides travellers with an easy-to-use system for travel planning, reservations and customer service. By having all the passenger transportation service providers included on the platform, users will be able to seamlessly connect with other providers, increasing the distance they can travel in a single booking and removing uncertainty regarding scheduling.

In March 2023, the Province of BC committed \$250,000 to the development and implementation of Connected Network. Other funding for the \$1,030,000 project comes from Northern Development and PWT.

For service providers, Connected Network will be a crucial platform to be represented on, raising awareness about routes and schedules, resulting in increased ridership and related revenues. Each transit operator can load their service information, schedule and relevant booking information into the Connected Network database.



All transportation service providers who have received grant funding from Northern Development may join the Connected Network for no cost. Private charter companies will be able to join the platform for a fee.



Program Governance and Structure



Northern Development received funding from the Province of BC to develop and launch NPTS, providing grant funding to service providers for safe, reliable and affordable passenger transportation. The Northern Passenger Transportation Service Fund Advisory Committee was established to provide guidance for the program, help with design and eligibility requirements and make recommendations to the Trust.

Northern Development is responsible for the administrative duties associated with the Fund and provides administrative support to the advisory committee. The Trust is responsible for the design and administration of the program, including application intake management, client service, project approval decisions, contracts and reporting. All project approvals that exceed \$100,000 in funding are ratified by the Trust's Board of Directors.

Funding recipients provide monthly reporting to the Trust. With that information, Northern Development provides quarterly and annual reporting to the Province of BC that includes project status updates, program metrics, full account reconciliations and other relevant information.



Grant Disbursements

Recipients of Northern Community Shuttle funding receive monthly grant disbursements after providing monthly reporting. Through the NCS funding agreement, organizations can receive a maximum of \$200,000 over three years, to a maximum of 80 per cent of their eligible budget.

Monthly grant disbursements help the proponent maintain healthy cash flow as they operate shuttles. Upon entering the funding agreement, Northern Development divided the total grant committed by the number of months the service will be operating with NCS support and the proponent receives the same disbursement amount monthly for the duration of their agreement. Northern Development is aware that in some months, the amount being disbursed through NCS exceeds what the service provider expended in the month.

Northern Development considers this acceptable as organizations spent 2022 setting up the service and adjusting to its implications on their operations. Near the end of the 2023 fiscal year, Northern Development will evaluate what has been disbursed and what has been spent and will adjust disbursements accordingly in the 2024 fiscal year.



Highway 26





Financial Management

The Trust operates on a January to December fiscal year. Per policy, the Trust has the financial statements and annual report posted on their website and submitted to the Province of BC by April 30 of every year.

The statements for 2022 are attached at the end of this report. Funds that have not yet been distributed are held at the Royal Bank

of Canada and disbursed as completed. Finance staff at Northern Development must complete reviews to determine that the applicants have met the obligations of the project as set out in their contribution agreements.

Northern Development's financial statement can be found in Appendix A. Refer to Appendix B for proponent financials.



Appendix A

Financial Statement of

NORTHERN DEVELOPMENT INITIATIVE TRUST

And Independant Auditors' Report thereon

Year ended December 31, 2022



KPMG LLP
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Prince George BC V2L 5R8
Canada
Telephone 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, 2022
- 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, 2022 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

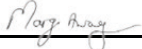
Prince George, Canada

February 22, 2023

Northern Development Initiative Trust
Statement of Financial Position

As at December 31, 2022, with comparative information for 2021

| | Unrestricted and Endowment | | Restricted | | | | | | | Total | | |
|--|----------------------------|----------------------------|----------------------|----------------------|---|--------------------------------|--------------------------------|------------------------------------|----------------------|------------------------------|-----------------------|-----------------------|
| | Operating | Invested in 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 British Columbia | 2022 | 2021 |
| ASSETS | | | | | | | | | | | | |
| Current Assets | | | | | | | | | | | | |
| Cash | \$ 2,491,007 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 706,996 | \$ 194,774,433 | \$ 197,972,436 | \$ 215,510,980 |
| Short-term investments (Note 2) | 2,534,442 | - | - | - | - | - | - | - | - | - | 2,534,442 | - |
| Accounts receivable and accrued interest | 17,173 | - | - | - | - | - | - | - | 6,282 | 1,293,691 | 1,317,146 | - |
| Prepaid expenses | 182,150 | - | - | - | - | - | - | - | - | - | 182,150 | 65,978 |
| Due from other funds | 43,112 | - | 132,047 | - | - | - | - | - | - | - | 175,159 | 116,042 |
| Current portion of loans receivable (Note 3) | - | - | 1,261,209 | - | 7,692 | - | - | 388,404 | - | - | 1,657,305 | 1,748,405 |
| Total Current Assets | 5,267,884 | - | 1,393,256 | - | 7,692 | - | - | 388,404 | 713,278 | 196,068,124 | 203,838,638 | 217,441,405 |
| Other Non-Current Assets | | | | | | | | | | | | |
| Loans receivable (Note 3) | - | - | 3,968,167 | - | 11,164 | - | - | 1,787,660 | - | - | 5,766,991 | 7,686,939 |
| Investments (Note 4) | 30,707,011 | - | 69,351,661 | 27,413,217 | 28,871,113 | 29,645,859 | 38,363,180 | 34,104,036 | 24,520,767 | - | 282,976,844 | 333,137,482 |
| Tangible capital assets (Note 5) | - | 168,590 | - | - | - | - | - | - | - | - | 168,590 | 219,004 |
| TOTAL ASSETS | \$ 35,974,895 | \$ 168,590 | \$ 74,713,084 | \$ 27,413,217 | \$ 28,889,969 | \$ 29,645,859 | \$ 38,363,180 | \$ 36,280,100 | \$ 25,234,045 | \$ 196,068,124 | \$ 492,751,063 | \$ 558,484,830 |
| LIABILITIES AND EQUITY | | | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | | | |
| Accounts payable and accrued liabilities (Note 6) | 157,058 | - | 49,998 | 19,810 | 20,958 | 21,472 | 27,774 | 24,737 | 247 | 30 | 322,084 | 1,435,411 |
| Due to other funds | 132,047 | - | 40,371 | - | - | - | - | - | - | 2,741 | 175,159 | 116,042 |
| Funds administered for others (Note 7) | - | - | - | - | - | - | - | - | 24,889,260 | - | 24,889,260 | 28,912,203 |
| Unearned revenue (Note 8) | 3,532,520 | - | - | - | - | - | - | - | - | - | 3,532,520 | 3,872,184 |
| Current portion of obligation under capital lease (Note 9) | - | 6,234 | - | - | - | - | - | - | - | - | 6,234 | 6,084 |
| Total Current Liabilities | 3,821,625 | 6,234 | 90,369 | 19,810 | 20,958 | 21,472 | 27,774 | 24,737 | 24,889,507 | 2,771 | 28,925,257 | 34,341,924 |
| Other Non-current Liabilities | | | | | | | | | | | | |
| Obligation under capital lease (Note 9) | - | 19,642 | - | - | - | - | - | - | - | - | 19,642 | 25,876 |
| TOTAL LIABILITIES | 3,821,625 | 25,876 | 90,369 | 19,810 | 20,958 | 21,472 | 27,774 | 24,737 | 24,889,507 | 2,771 | 28,944,899 | 34,367,800 |
| Equity | | | | | | | | | | | | |
| Endowment fund (Note 10) | 25,000,000 | - | - | - | - | - | - | - | - | - | 25,000,000 | 25,000,000 |
| Externally restricted - uncommitted | - | - | 71,832,354 | 24,133,212 | 25,603,211 | 26,563,545 | 35,269,308 | 31,551,640 | 344,538 | 20,061,245 | 235,359,053 | 288,085,475 |
| Externally restricted - committed (Schedule 1) | - | - | 2,790,361 | 3,260,195 | 3,265,800 | 3,060,842 | 3,066,098 | 4,703,723 | - | 176,004,108 | 196,151,127 | 198,254,697 |
| Invested in Tangible Capital Assets (Note 11) | - | 142,714 | - | - | - | - | - | - | - | - | 142,714 | 187,044 |
| Unrestricted | 7,153,270 | - | - | - | - | - | - | - | - | - | 7,153,270 | 12,589,814 |
| TOTAL EQUITY | 32,153,270 | 142,714 | 74,622,715 | 27,393,407 | 28,869,011 | 29,624,387 | 38,335,406 | 36,255,363 | 344,538 | 196,065,353 | 463,806,164 | 524,117,030 |
| Contingencies (Note 12) | | | | | | | | | | | | |
| Commitments (Note 13) | | | | | | | | | | | | |
| TOTAL LIABILITIES AND EQUITY | \$ 35,974,895 | \$ 168,590 | \$ 74,713,084 | \$ 27,413,217 | \$ 28,889,969 | \$ 29,645,859 | \$ 38,363,180 | \$ 36,280,100 | \$ 25,234,045 | \$ 196,068,124 | \$ 492,751,063 | \$ 558,484,830 |

Northern Development Initiative Trust approval:  Board Chair

 Vice Chair

Northern Development Initiative Trust

Statement of Operations and Fund Balances

For the year ending December 31, 2022, with comparative information for 2021

| | Unrestricted and Endowment | Restricted | | | | | | | | | Total | |
|---|----------------------------|----------------------------|------------------------|-----------------------|---|--------------------------------|--------------------------------|------------------------------------|--------------------|------------------------------|------------------------|-----------------------|
| | Operating | Invested in 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 British Columbia | 2022 | 2021 |
| REVENUE | | | | | | | | | | | | |
| Investment income, net of fees (Note 4) | \$ 1,058,700 | \$ - | \$ 2,395,967 | \$ 953,493 | \$ 1,004,654 | \$ 1,031,283 | \$ 1,334,332 | \$ 1,186,735 | \$ 11,909 | \$ - | \$ 8,977,073 | \$ 14,708,094 |
| Interest Income | 69,128 | - | 243,865 | - | 825 | - | 1,403 | - | 2,703 | 3,250,620 | 3,568,544 | 792,984 |
| Contributions | - | - | - | - | - | - | - | - | - | 9,500,000 | 9,500,000 | 9,597,673 |
| Net unrealized (losses) gains | (5,188,266) | - | (10,089,052) | (4,070,849) | (4,387,689) | (4,427,805) | (5,645,555) | (5,000,002) | (49,212) | - | (38,858,430) | 21,067,329 |
| Financial services revenue | 2,000 | - | - | - | - | - | - | - | - | - | 2,000 | 2,200 |
| Third party revenue | 1,014,664 | - | - | - | - | - | - | - | - | - | 1,014,664 | 784,296 |
| TOTAL REVENUE | (3,043,774) | - | (7,449,220) | (3,117,356) | (3,382,210) | (3,396,522) | (4,309,820) | (3,813,267) | (34,600) | 12,750,620 | (15,796,149) | 46,952,576 |
| EXPENSE | | | | | | | | | | | | |
| ADMINISTRATION EXPENSES | | | | | | | | | | | | |
| Amortization | - | 59,304 | - | - | - | - | - | - | - | - | 59,304 | 66,177 |
| Direct project expenses | - | - | - | - | - | - | - | - | - | - | - | 7,500 |
| General administration | 127,909 | - | - | - | - | - | - | - | - | - | 127,909 | 102,635 |
| S/C, fees, dues, licenses | 8,554 | - | - | - | - | - | - | - | - | 607 | 9,161 | 5,394 |
| Office expense | 209,354 | - | - | - | - | - | - | - | - | - | 209,354 | 181,451 |
| Professional services | 198,383 | - | - | - | - | - | - | - | - | - | 198,383 | 233,501 |
| Rentals and maintenance | 46,953 | - | - | - | - | - | - | - | - | - | 46,953 | 41,650 |
| Office supplies | 25,656 | - | - | - | - | - | - | - | - | - | 25,656 | 26,997 |
| Salaries and benefits | 1,650,573 | - | - | - | - | - | - | - | - | - | 1,650,573 | 1,498,762 |
| TOTAL ADMINISTRATION EXPENSES | 2,267,382 | 59,304 | - | - | - | - | - | - | - | 607 | 2,327,293 | 2,164,067 |
| BOARD & RAC EXPENSES | | | | | | | | | | | | |
| Board costs | 19,587 | - | - | - | - | - | - | - | - | - | 19,587 | 80,217 |
| RAC - Northeast | 2,976 | - | - | - | - | - | - | - | - | - | 2,976 | 5,042 |
| RAC - Prince George | 2,765 | - | - | - | - | - | - | - | - | - | 2,765 | 4,672 |
| RAC - Cariboo-Chilcotin/Lillooet | 2,950 | - | - | - | - | - | - | - | - | - | 2,950 | 4,200 |
| RAC - Northwest | 7,144 | - | - | - | - | - | - | - | - | - | 7,144 | 4,978 |
| TOTAL BOARD & RAC EXPENSES | 35,422 | - | - | - | - | - | - | - | - | - | 35,422 | 99,109 |
| TOTAL ADMINISTRATION COSTS | 2,302,804 | 59,304 | - | - | - | - | - | - | - | 607 | 2,362,715 | 2,263,176 |
| Software upgrades | 17,406 | - | - | - | - | - | - | - | - | - | 17,406 | 67,048 |
| Sage implementation | 22,444 | - | - | - | - | - | - | - | - | - | 22,444 | - |
| Website upgrades and integration | 35,142 | - | - | - | - | - | - | - | - | - | 35,142 | 97,814 |
| TOTAL INCREMENTAL PROJECT EXPENSES | 74,992 | - | - | - | - | - | - | - | - | - | 74,992 | 164,862 |
| Grants and loans (Schedule 1) | - | - | 3,060,347 | 1,359,267 | 2,440,090 | 1,686,309 | 1,772,821 | 1,518,711 | 20,000 | 30,013,398 | 41,870,943 | 18,439,900 |
| Fair value adjustment for interest free loans receivable (Note 3) | - | - | - | - | - | - | - | 206,067 | - | - | 206,067 | (102,180) |
| NET GRANTS | - | - | 3,060,347 | 1,359,267 | 2,440,090 | 1,686,309 | 1,772,821 | 1,724,778 | 20,000 | 30,013,398 | 42,077,010 | 18,337,720 |
| TOTAL EXPENSES | 2,377,796 | 59,304 | 3,060,347 | 1,359,267 | 2,440,090 | 1,686,309 | 1,772,821 | 1,724,778 | 20,000 | 30,014,005 | 44,514,717 | 20,765,758 |
| (DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES | \$ (5,421,570) | \$ (59,304) | \$ (10,509,567) | \$ (4,476,623) | \$ (5,822,300) | \$ (5,082,831) | \$ (6,082,641) | \$ (5,538,045) | \$ (54,600) | \$ (17,263,385) | \$ (60,310,866) | \$ 26,186,818 |
| Fund Balances, Beginning of Year | 37,589,814 | 187,044 | 85,132,282 | 31,870,030 | 34,691,311 | 34,707,218 | 44,418,047 | 41,793,408 | 399,138 | 213,328,738 | 524,117,030 | 497,930,212 |
| Investment in Capital Assets | (14,974) | 14,974 | - | - | - | - | - | - | - | - | - | - |
| FUND BALANCES, END OF YEAR | \$ 32,153,270 | \$ 142,714 | \$ 74,622,715 | \$ 27,393,407 | \$ 28,869,011 | \$ 29,624,387 | \$ 38,335,406 | \$ 36,255,363 | \$ 344,538 | \$ 196,065,353 | \$ 463,806,164 | \$ 524,117,030 |

Northern Development Initiative Trust

Statements of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

| | 2022 | 2021 |
|--|-----------------|----------------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| (Deficiency) excess of revenue over expenditures | \$ (60,310,866) | \$ 26,186,818 |
| Items not involving cash: | | |
| Amortization | 59,304 | 66,177 |
| Net unrealized losses (gains) | 38,858,430 | (21,067,329) |
| Accrued interest on loans receivable | (246,093) | (141,332) |
| Accrued interest on short-term investments | (34,442) | - |
| Fair value adjustment for interest free loans receivable | 206,067 | (102,180) |
| | (21,467,600) | 4,942,154 |
| Changes in non-cash operating working capital: | | |
| Accounts receivable | (1,317,146) | 3,788,292 |
| Prepaid expenses | (116,172) | (27,936) |
| Funds administered for others | (4,022,943) | 2,984,268 |
| Accounts payable and accrued liabilities | (1,113,327) | 787,972 |
| Unearned revenue | (339,664) | (8,150) |
| | (28,376,852) | 12,466,600 |
| Financing: | | |
| Repayment of obligations under capital lease | (6,084) | (2,987) |
| | (6,084) | (2,987) |
| Investing | | |
| Investments | 11,302,208 | (7,801,663) |
| Repayment of loans receivable | 2,051,074 | 1,051,315 |
| Acquisition of short-term investments | (2,500,000) | - |
| Acquisition of tangible capital assets | (8,890) | (93,809) |
| | 10,844,392 | (6,844,157) |
| (Decrease) increase in cash | (17,538,544) | 5,619,456 |
| Cash, beginning of year | 215,510,980 | 209,891,524 |
| Cash, end of year | \$ 197,972,436 | \$ 215,510,980 |
| Non cash acquisitions | | |
| Equipment financed under capital lease | - | 34,947 |
| | \$ - | \$ 34,947 |

See accompanying notes to financial statements.

Northern Development Initiative Trust

Notes to Financial Statements

Year ended December 31, 2022

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 Prince George Agricultural Fund, Canada Winter Games Fund, Department of Indigenous Service Canada Fund, Nechako Valley Regional Cattlemen's Association Fund, British Columbia Innovation Council Fund, North Central Local Government Association Fund, BC Hydro AG Fund, and BC Hydro GO 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 10).

(b) Short-term investments:

Short-term investments are recorded at fair value and include term deposits, which are highly liquid, with terms to maturity up to one year at date of Statement of Financial Position.

(c) 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.

(d) 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 | 16% |
| Vehicles | 33% |
| Assets under capital lease | 20% |

(e) Externally restricted - uncommitted funds:

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

(f) 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 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, 2022

1. Significant accounting policy (continued):

(f) Externally restricted - committed funds (continued):

Funds committed are recorded as a payable when the final review of the project claim is completed and approved by management.

(g) 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.

(h) Grants and repayable grants:

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

Grants are advanced to proponents from time-to-time based on the conditions of the funding agreement. Funds advanced are expensed on advancement as it is considered that project requirements will be met and the funds are unlikely to be returned.

(i) 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.

(j) 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.

(k) 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. An item subject to such estimates and assumptions include the carrying amount and collection of loans receivable. Actual results could differ from those estimates.

(l) Financial instruments:

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

Northern Development Initiative Trust

Notes to Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policy (continued):

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.

2. Short-term investments

| | 2022 | 2021 |
|--|--------------|------|
| Non-redeemable GIC held with RBC, maturing September 11, 2023, 4.45% per annum | \$ 1,682,869 | \$ - |
| Non-redeemable GIC held with RBC, maturing September 11, 2023, 4.45% per annum | 699,506 | - |
| Non-redeemable GIC held with RBC, maturing September 11, 2023, 4.45% per annum | 152,067 | - |
| | \$ 2,534,442 | \$ - |

3. Loans receivable:

| | 2022 | 2021 |
|---|--------------|--------------|
| Cross Regional Development Account - Prince George | | |
| Repayable in monthly installments with annual totals over the next five years of \$1,563,173 in 2023, \$1,480,231 in 2024, \$1,398,200 in 2025, \$1,316,852 in 2026 and \$183,656 in 2027, including interest at bank prime rate (December 31, 2022- 6.45%). Due February 2027. | \$ 5,229,376 | \$ 6,488,320 |
| Cariboo-Chilcotin Lillooet Regional Development | | |
| Repayable in annual installments in the next four years of \$8,158 in 2023, and \$5,894 in 2024, and 2025, including interest between 3.0% and 3.7% Due September 2025. | 18,856 | 26,062 |
| Northeast Regional Development Account | | |
| Repaid during the year. | - | 45,903 |
| Prince George Regional Development Account | | |
| Repayable in annual installments in the next five years of \$489,809 in 2023, \$452,873 in 2024, \$452,873 in 2025, \$452,873 in 2026 and \$339,362 in 2027, non-interest bearing. Due July 2029. | 2,803,028 | 3,295,956 |
| | 8,051,260 | 9,856,241 |
| Current portion of loans receivable | (1,758,710) | (1,807,455) |
| Current portion of fair value adjustment | 101,405 | 59,050 |
| | (1,657,305) | (1,748,405) |
| Fair value adjustment for interest free loans receivable | (626,964) | (420,897) |
| | \$ 5,766,991 | \$ 7,686,939 |

During the year, the Trust recorded an expense of \$206,067 (2021 - (\$102,180)) for the change in fair value adjustment for interest free loans receivable. The expense was a result of fluctuations in the discount rate used to determine the adjustment.

4. Investments:

| | 2022 | 2021 |
|-----------------------------|------------|------------|
| Cash equivalents: | | |
| Cash | \$ - | \$ 118,821 |
| Mawer Canadian Money Market | 24,946,910 | 4,902,680 |
| | 24,946,910 | 5,021,501 |

Northern Development Initiative Trust

Notes to Financial Statements (continued)

Year ended December 31, 2022

4. Investments (continued):

| | | |
|-----------------------------------|----------------|----------------|
| Fixed income balances: | | |
| Mawer Canadian Bond Pooled Fund | 86,628,354 | 98,369,067 |
| | 86,628,354 | 98,369,067 |
| Equity Balances: | | |
| Mawer Canadian Equity Pooled Fund | 53,792,972 | 60,256,970 |
| Mawer Global Small Cap Fund | 17,978,924 | 22,343,130 |
| Mawer Global Equity Series | 99,629,684 | 147,146,814 |
| | 171,401,580 | 229,746,914 |
| | \$ 282,976,844 | \$ 333,137,482 |

Investment income is presented net of management fees charged for the year ended December 31, 2022, of \$767,883 (2021 - \$828,577)

5. Tangible capital assets:

| | 2022 | | 2021 | |
|----------------------------|--------------|--------------------------|----------------|----------------|
| | Cost | Accumulated amortization | Net book value | Net book value |
| Assets under capital lease | \$ 34,947 | \$ 11,649 | \$ 23,298 | \$ 30,287 |
| Computer hardware | 398,417 | 378,005 | 20,412 | 24,798 |
| Computer software | 169,234 | 169,234 | - | 5,028 |
| Furniture and fixtures | 177,859 | 161,213 | 16,646 | 23,126 |
| Leasehold improvements | 217,283 | 109,049 | 108,234 | 135,765 |
| Vehicles | 77,473 | 77,473 | - | - |
| | \$ 1,075,213 | \$ 906,623 | \$ 168,590 | \$ 219,004 |

6. Accounts payable and accrued liabilities:

| | 2022 | 2021 |
|--|------------|--------------|
| Accounts payable and accrued liabilities | \$ 271,526 | \$ 1,383,267 |
| Payroll and withholding taxes | 50,558 | 52,144 |
| | \$ 322,084 | \$ 1,435,411 |

7. 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:

| | 2022 | 2021 |
|--------------------------------|---------------|---------------|
| Opening balance | \$ 28,912,203 | \$ 25,927,935 |
| Contributions | 98,000 | 399,091 |
| Investment income, net of fees | (2,755,232) | 3,181,843 |
| Administrative fees | (175,000) | (75,000) |
| Grants | (1,179,133) | (517,853) |
| Bank charges | (233) | (63) |
| Board travel | (11,082) | (3,750) |
| Website consulting | (263) | - |
| | \$ 24,889,260 | \$ 28,912,203 |

Northern Development Initiative Trust

Notes to Financial Statements (continued)

Year ended December 31, 2022

8. Unearned revenue:

| | 2022 | 2021 |
|--|---------------------|---------------------|
| Connecting British Columbia | \$ 2,467,658 | \$ 2,569,787 |
| Northern Healthy Communities | 761,813 | 889,998 |
| Ministry of Transportation | 302,992 | 412,342 |
| Nechako Valley Rancher Cattleman's Association | 57 | 57 |
| | <u>\$ 3,532,520</u> | <u>\$ 3,872,184</u> |

9. Obligation under capital lease:

| | 2022 | 2021 |
|---|------------------|------------------|
| Wells Fargo lease with an implied interest rate of 2.45%, repayable in quarterly instalments of \$1,520. Due October 2026 and secured by equipment held by the Trust with a net book value of \$23,298. | \$ 25,876 | \$ 31,960 |
| | <u>25,876</u> | <u>31,960</u> |
| Repayment schedule | | |
| 2022 | \$ - | \$ 6,811 |
| 2023 | 6,811 | 6,811 |
| 2024 | 6,811 | 6,811 |
| 2025 | 6,811 | 6,811 |
| 2026 | 6,811 | 6,811 |
| Total minimum lease payments | 27,244 | 34,055 |
| Less amount representing interest at a rate of 2.45% | (1,368) | (2,095) |
| Present value of capital lease payments | <u>25,876</u> | <u>31,960</u> |
| Less current portion | 6,234 | 6,084 |
| | <u>\$ 19,642</u> | <u>\$ 25,876</u> |

During the year the Trust recognized \$727 (2021 - \$419) of interest on the capital lease.

10. 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 \$1,058,700 (2021 - \$1,985,683) and net unrealized losses of \$5,188,266 (2021 - gain of \$2,930,939) for the year ended December 31, 2022.

11. Invested in tangible capital assets:

Invested in tangible capital assets is calculated as follows:

| | 2022 | 2021 |
|---|-------------------|-------------------|
| Opening balance | \$ 187,044 | \$ 156,424 |
| Amortization | (59,304) | (66,177) |
| Acquisition of capital assets | 8,890 | 128,757 |
| Repayment of obligation under capital lease | 6,084 | - |
| Acquisition of capital lease | - | (31,960) |
| | <u>\$ 142,714</u> | <u>\$ 187,044</u> |

Northern Development Initiative Trust

Notes to Financial Statements (continued)

Year ended December 31, 2022

12. Contingencies:

During the year the Trust was released from its obligation as a guarantor of loans with unrelated parties (2021 - \$582,162).

During the year the Trust was released from the letters of credit related to the obligation of loans with unrelated parties (2021 - \$1,000,000).

The Trust has a revolving demand facility agreement with RBC with a maximum limit of \$10,000,000 by way of RBP based loans, letters of credit, and letters of guarantee. These facilities are secured by a general security agreement placing a first priority interest in present and future property of the Trust. The balance of these facilities at December 31, 2022 are \$nil.

The Trust has provided certain partner program contracts to the Canada Revenue Agency in regards to Government Sales Tax requirements. The potential exposure is unknown at this time and the outcome of the ruling is not determinable.

13. Commitments:

In addition to committed funds disclosed in Schedule 1, the Trust leases premises under lease which expires May 2027. The minimum lease payments in the next five year are as follows:

| | | |
|------|----|---------|
| 2023 | \$ | 137,680 |
| 2024 | | 137,680 |
| 2025 | | 137,680 |
| 2026 | | 137,680 |
| 2027 | | 57,367 |
| | \$ | 608,087 |

14. 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 a foreign currency. The Trust does not currently enter into forward contracts to mitigate this risk. In order to minimize currency risk, the Trust has a policy to invest no greater than 60% of its portfolio in global equities. As at December 31, 2022, global equities represents approximately 42% (2021 - 51%) of the holdings.

(b) Market risk:

The Trust derives revenue from its cash equivalents, equity and fixed income investments which are subject to market fluctuations. Market risk is managed and mitigated through diversification between asset classes in which the Trust has set asset allocation guidelines in their investment policy. As at December 31, 2022, the Trust's investment holdings were aligned with their target asset allocations. Equity investments represent approximately 61% (2021 - 69%) of the holdings. It is estimated that a 1% change in returns would change the fair value of the equities portfolio by \$1,714,016 (2021 - \$2,297,469).

As at December 31, 2022, the Trust's annual return on investments was approximately a loss of 9.8% (2021 - a gain of 12.8%).

(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. As of December 31, 2022, all loan recipients are in full compliance of their agreement. The Trust does not believe that their credit risk exposure has been changed from 2021.

(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 2021.

Northern Development Initiative Trust

Notes to Financial Statements (continued)

Year ended December 31, 2022

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

(e) Interest rate risk:

The Trust's fixed income securities and certain loans receivable are subject to interest rate risk. Rising interest rates would impact the value of these investments and loans. The Trust is exposed to prime lending rate fluctuations on loans receivable in the amount of \$5,229,376 (2021 - \$6,488,319). As at December 31, 2022, fixed income securities represents approximately 39% (2021 - 31%) of the Trust's investment holdings. It is estimated that 1% change in interest rates would change the fair value of the portfolio by \$1,115,753 (2021 - \$1,032,718). The Trust employs investment diversification to manage this risk.

15. 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 68,387 active members and 53,694 retired members. Active members include approximately 100 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, 2020. The valuation shows an improvement in the actuarial position for the Basic Account, from a surplus of \$1.074 million as at March 31, 2017, to a surplus of \$2.667 million as at March 31, 2020. 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 \$133,654 (2021 - \$146,305) for employer contributions to the Plan during the year.

Northern Development Initiative Trust

Schedule of Externally Restricted - Committed Funds

Year ended December 31, 2022

(Unaudited)

SCHEDULE 1

| Account | Total Funding Approved | Grants and loans | | 2022 | 2021 |
|--|---------------------------|-----------------------|-----------------------|----------------------------|----------------------------|
| | | 2022 Disbursements | 2021 Disbursements | Outstanding Commitments | Outstanding Commitments |
| Cross Regional Account | \$ 53,475,527 | 3,060,347 | \$ 3,497,932 | 2,790,361 | \$ 2,982,049 |
| Pine Beetle Recovery Account | 35,154,543 | 1,359,267 | 1,086,003 | 3,260,195 | 4,224,406 |
| Cariboo-Chilcotin/Lillooet Regional Development Account | 21,982,083 | 2,440,090 | 859,888 | 3,265,800 | 3,693,910 |
| Northwest Regional Development Account | 25,132,016 | 1,686,309 | 1,420,033 | 3,060,842 | 2,895,957 |
| Northeast Regional Development Account | 18,929,960 | 1,772,821 | 1,309,574 | 3,066,098 | 2,995,655 |
| Prince George Regional Development Account | 29,906,504 | 1,518,711 | 2,425,836 | 4,703,723 | 4,412,064 |
| Other Trust Funds | 35,587,152 | 20,000 | 80,000 | - | 20,000 |
| Province of British Columbia | 232,705,799 | 30,013,398 | 7,760,634 | 176,004,108 | 177,030,656 |
| TOTAL | \$ 452,873,584 | \$ 41,870,943 | \$ 18,439,900 | \$ 196,151,127 | \$ 198,254,697 |

Appendix B

Appendix B - Northern Transportation Service Proponent Financials

Northern Community Shuttle Program

| Project # | 7837 | 7851 | 7853 | 7854 | 7855 | 7856 | 7858 | 7859 | 7860 | 7866 | 7912 | Total |
|----------------------------------|----------|--------|--------|----------|--------|----------|--------|--------|--------|----------|--------|----------|
| Operating Funds Disbursed | 20,053 | 33,333 | 50,000 | 33,764 | 50,000 | 39,159 | 42,880 | 29,312 | 47,143 | 33,333 | 50,000 | 428,978 |
| Insurance | 4,022 | - | 4,503 | 6,729 | 1,500 | 2,252 | - | 3,767 | 3,248 | 8,030 | 4,800 | 38,851 |
| Fuel | 1,578 | 7,491 | - | 437 | 3,745 | 10,612 | 5,022 | 4,155 | 1,847 | 6,947 | 7,850 | 49,685 |
| Office & General | 807 | - | 2,000 | - | - | 1,720 | - | - | 1,511 | - | - | 6,037 |
| Wages & Benefits | 27,845 | - | 18,783 | 44,233 | 24,950 | 30,455 | 32,390 | 15,030 | 7,900 | 21,330 | 37,344 | 260,259 |
| R&M | 10,776 | 20,384 | 10,276 | 20,995 | 2,119 | 10,936 | 1,782 | 5,621 | 1,508 | 9,020 | - | 93,416 |
| Rental | 633 | - | - | 33,371 | - | - | - | - | - | - | - | 34,004 |
| Total Reported Expenses | 45,661 | 27,875 | 35,562 | 105,765 | 32,314 | 55,974 | 39,194 | 28,573 | 16,014 | 45,327 | 49,994 | 482,253 |
| Net Income | (25,607) | 5,458 | 14,438 | (72,000) | 17,686 | (16,816) | 3,686 | 739 | 31,129 | (11,993) | 6 | (53,275) |
| Capital Funds Disbursed | 65,754 | - | - | - | - | - | - | - | 48,990 | 20,000 | - | 134,744 |

Note 1 Not all providers are included, as some have not reported to the Trust. The Trust continues to work with these proponents to complete required reporting.

Note 2 These expenses are compiled based on reports received from the recipients. The Trust is still verifying the eligibility and accuracy of these expenses

Inter-City Passenger Transportation Program

| Project # | 7835 |
|--|--------------|
| Operating Funds Disbursed | 1,424,602.85 |
| Fixed Costs | |
| Management Costs | 57,535.44 |
| Wages and Benefits for non-driving staff | 110,528.64 |
| Uniforms | 10,802.40 |
| Training Costs | 5,569.68 |
| Insurance | 49,540.44 |
| Information Systems | 18,824.88 |
| Office Supplies | 29,888.88 |
| Mobile Communications Tools | 9,550.80 |
| Facility costs | 78,303.60 |
| Vehicle Lease/Amortization Costs | 214,954.32 |
| Cleaning supplies | 1,299.72 |
| Travel costs and disbursements | 13,654.32 |
| Total Fixed Costs | 600,453.12 |
| Variable Hourly Costs | 466,145.28 |
| Variable Maintenance | 322,042.40 |
| Total Variable Costs | 788,187.68 |
| Fuel | 263,726.75 |
| Total Costs | 1,652,367.55 |
| Net Income | (227,764.70) |



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