

- 2017 -

ANNUAL REPORT

In 2004 and 2005, the Province of British Columbia created the Northern Development Initiative Trust, entrusting the region and its leaders with \$185 million to work together to build a stronger North.

This report highlights some of the ways we worked to fulfill this mandate in 2017.



Evan Saugstad
board chair



Joel McKay
CEO

For the past 13 years, Northern Development has used its financial resources and expertise to build a stronger north – but the truth is that none of that could have been accomplished without partnerships. For that reason we wanted our 2017 Annual Report to focus on the teamwork that defines what ‘building a stronger north’ means to us.

Last summer, devastating wildfires throughout the Cariboo-Chilcotin displaced thousands of residents for most of the summer, impacting communities from Ashcroft to Prince George and beyond. Like so many organizations in British Columbia, we wanted to find a way to help out.

So we picked up the phone and struck up a conversation with our friends at Community Futures in the Cariboo and Thompson-Nicola. That conversation led to a meeting between the Trust and three Community Futures offices where we discussed partnering on a new program to support businesses impacted by the wildfires – what would become the business ambassador program. Community Futures volunteered to do the heavy lifting and lead the program if we could fund a significant portion of it. Within weeks, our board of directors had committed \$200,000 in funding to it and the Cariboo-Chilcotin Beetle Action Coalition a further \$140,000. That, coupled with funding from Community Futures, and eventually Western Economic Diversification, led to the creation of nine ambassador positions throughout the Cariboo and Thompson-Nicola that have since helped dozens of business owners access much-needed funding and support services to get back on their feet following the fires.

Earlier in 2017, our board expressed a desire to increase the support that we provide to First Nations communities. Our team, never the type to sit still, immediately began brainstorming ways we could achieve that goal through our programs and services. One of the immediate areas we saw an opportunity was through an expansion of our Local Government Internship Program. That conversation led to a discussion between our team, the staff at the Department of Indigenous Services Canada and First

Nations leaders in our region. Not long afterward the First Nations Government Internship Program was born, which was funded 50/50 between the Trust and our partners at the Government of Canada. But that was just the beginning of the partnership.

In the ensuing months, through our network, we were able to partner with three First Nations to deliver the program – the Skidegate Band Council on Haida Gwaii, Kitselas First Nation in the Northwest and the Tsilhqot'in National Government in the Cariboo-Chilcotin. And those partnerships led to three amazing young individuals being placed in year-long paid internship positions in those communities.

For us, 2017 was filled with stories about collaboration and partnerships, whether it be the significant expansion of the 'Dollars to the Door' program with the City of Prince George to continue revitalizing the city's downtown core, the creation of an Agriculture Coordinator position in partnership with the Regional District of Bulkley-Nechako or delivering the Connecting B.C. program to expand high-speed internet access in rural B.C. in collaboration with the Province of British Columbia – none of these things could have been accomplished alone.

In 2017, the Trust funded more than 450 projects and committed \$16.6 million in funding to new initiatives. Each one of those projects represents a partnership, a meaningful relationship between a community, a business, a non-profit or a First Nation and their Trust.

When the Province of British Columbia originally conceived of this Trust it intended that we would use our resources and expertise to strengthen the economy in Northern B.C. We take that seriously and continue to build a stronger north, and we can't achieve that goal without the strong relationships we have with the communities we serve.

It's not about the money. It's also about the people.

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.

2017 STATISTICS

\$128 million

of Trust funding invested into projects since inception

\$42.6 million

of third-party funding approvals administered since inception

\$14 million

invested into projects in 2017

\$2.6 million

of third-party funding approvals administered in 2017

\$1.37 billion

of investments leveraged for the north since inception

\$63.3 million

of investments leveraged for the north in 2017

60% of projects happen in communities with populations of less than 5,000 people

Projects

2,636

Trust projects
since inception

179

third-party projects
since inception



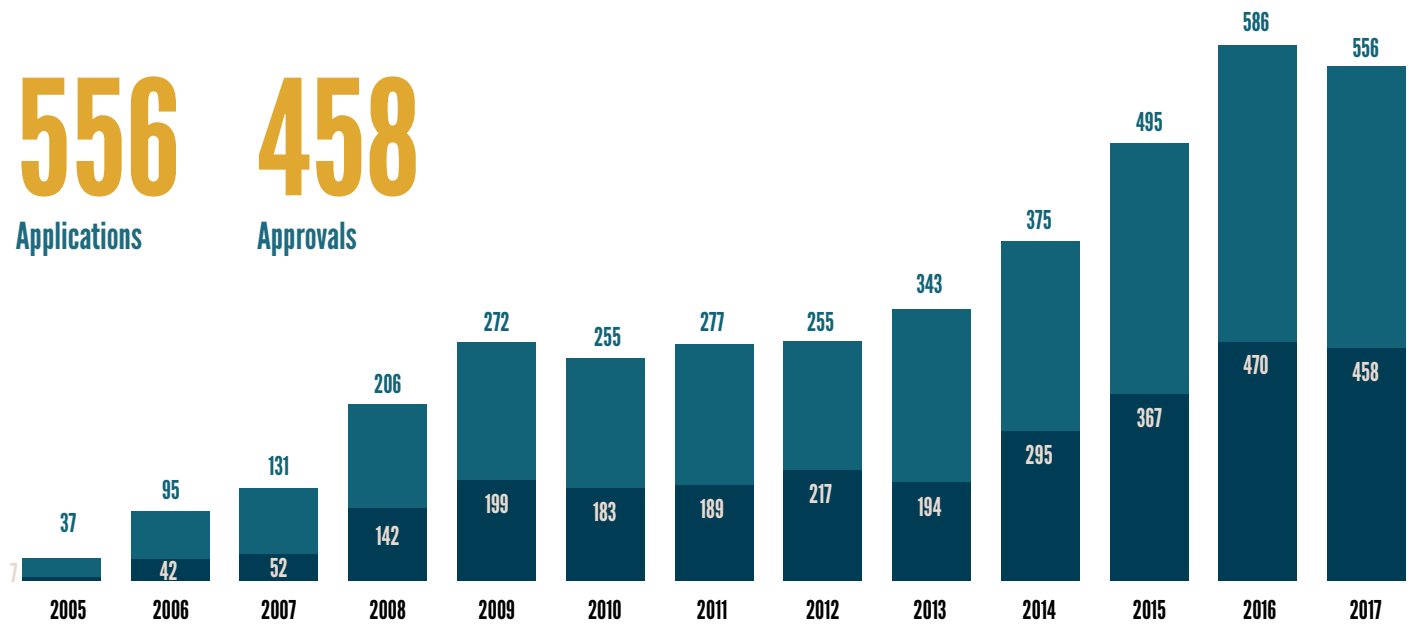
Applications and Approvals

556

Applications

458

Approvals

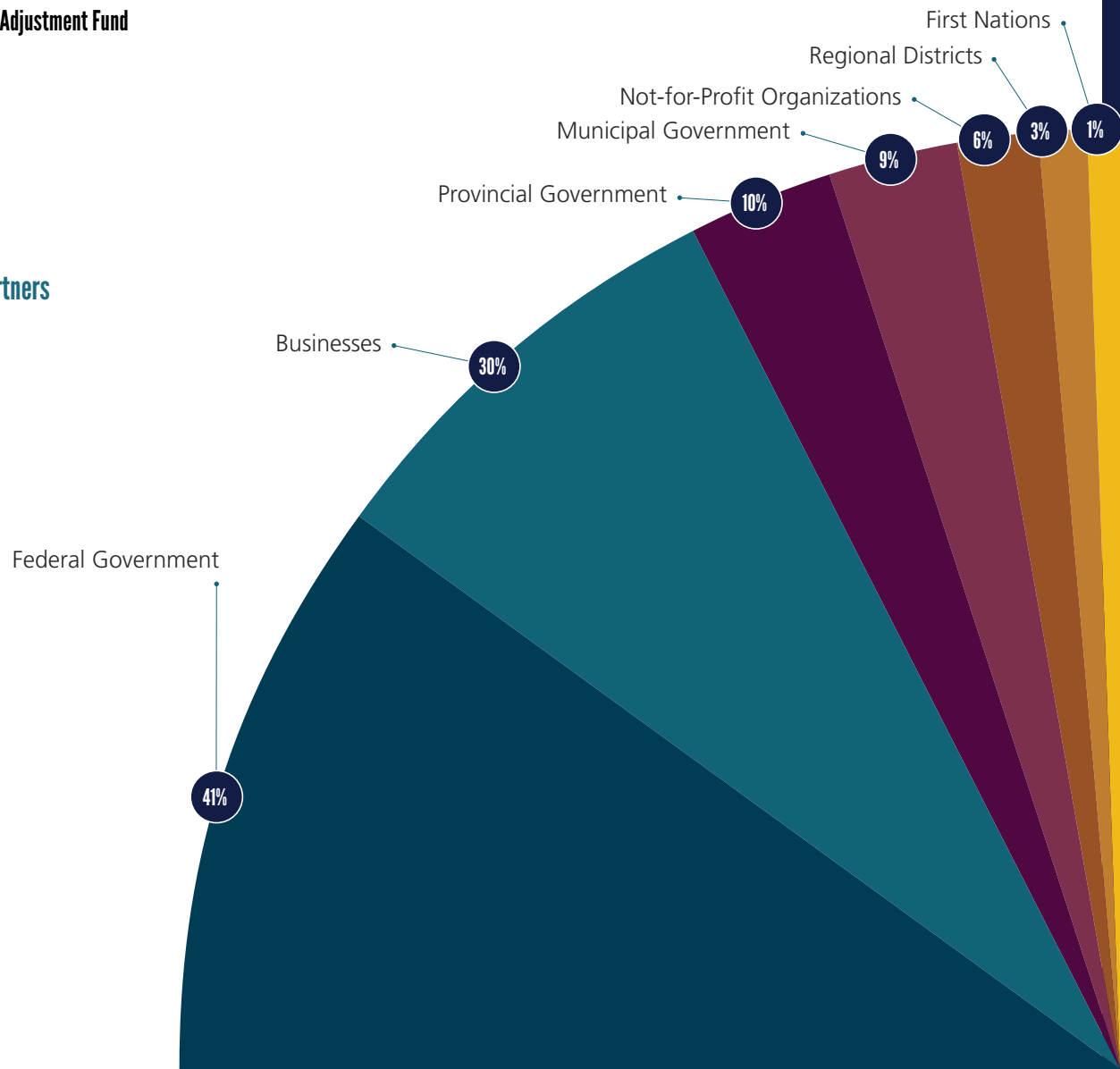


applications

approvals

* does not include Community Adjustment Fund

1,075

unique funding partners
since inception

OUR PARTNERSHIPS HELP DEVELOP COMMUNITIES

Northern Development works actively with the 49 local governments (municipalities and regional districts) and 88 First Nations throughout our service region every year.

The partnerships with these communities are critical in order to realize sustainable community and economic growth in Northern B.C.

Being informed by on-the-ground local economic and community development priorities, Northern Development can help leverage its resources and to maximize financial investment into high value and meaningful projects throughout the region.

PERSEVERANCE AND A POOL

When a community faces adversity, it is always tough to look for the positives — one Northern B.C. community made sure something positive would be there when everyone returned.

The wildfire season this past summer was one of the worst in decades to hit the Cariboo-Chilcotin region. This year dwarfed the historic records for area burned in British Columbia at well over a million hectares. Many communities were evacuated, damaged and took big economic hits due to a lack of tourism. The situation was tough on people all across Northern B.C.

The City of Williams Lake and surrounding communities in the Cariboo Regional District (CRD) were just some of the areas impacted by the wildfires. With residents having to evacuate the area for safety, there was no guarantee that what they left behind would still be there.

One thing was certain though, when people did return home, they would have something to look forward to. The City and CRD made sure of it.

Prior to the evacuation, plans to open the Sam Ketchum Pool at the Cariboo Memorial Recreation Complex were underway. When the wildfires hit the region, the project was put on hold but remained a priority.

The new pool was going to be more than a recreation facility — it was going to be a symbol of strength and perseverance for the community. The project was something people could look forward to during a very difficult time.

Through this line of thought, the inspections for the pool were of the utmost importance for the community in order to have the pool opened for usage and on December 14th, the facility held their grand opening ceremony to welcome the community.

The completed project boasts many upgrades to the facility, including a new fitness centre, lap tank, swirl pool, steam room and leisure pool.

The Sam Ketchum Pool project was supported in part through Northern Development's Economic Diversification Infrastructure program with \$250,000 in approved funding. The program provides grant funding to support major infrastructure projects in order to strengthen the local economy.

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The pool had been closed since February and under ongoing construction since April 2016 so we were very anxious to have it back open for the public. Not only was it open to help welcome people back home immediately after the evacuation, but also served as a comfortable place to go when the smoke in the community was really bad for the weeks to come.

- Darron Campbell, manager of community services, Cariboo Regional District

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The Sam Ketchum pool is a standing testament to the perseverance and resolution shown by the community of Williams Lake and the Cariboo-Chilcotin region after the wildfires this summer. Projects like these will contribute to the revitalization of the economy impacted by the wildfires for not only the community but the Cariboo-Chilcotin region as a whole.

- Evan Saugstad, chair,
Northern Development Initiative Trust



Northern Development director, Margo Wagner (second from right), was on hand for the grand opening of the Sam Ketchum Pool upgrades.



Northern Development delivers seven funding programs that provide support specifically for a range of community needs including infrastructure upgrades, community hall repairs, marketing plans and other initiatives. These programs were developed in partnership with the Trust's regional advisors and community collaborators, and help ensure that key community assets remain in the region for years to come.

In 2017, \$7.3 million in funding was approved through some of our key community development programs.

\$84 million
invested into community development
projects since 2005

1085 projects

BUSINESS FACADE IMPROVEMENT

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

CAPITAL INVESTMENT ANALYSIS

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

COMMUNITY FOUNDATION MATCHING GRANT

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

COMMUNITY HALLS & RECREATION FACILITIES

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

ECONOMIC DIVERSIFICATION INFRASTRUCTURE

This program provides up to \$250,000 in funding for municipalities, regional districts, First Nations and non-profit organizations in the region for projects that significantly strengthen the local economy via a major capital investment. The program specifically targets funding for public multi-use facilities or capital investments that drive revenue and job creation and provide a long-term asset for the community.

FABULOUS FESTIVALS & EVENTS

This program provides non-profit organizations with up to \$2,500 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.

2017 \$533,000 in funding
27 communities with improvements
valued at \$1.1M

All-time \$1.7M in funding

2017 \$139,000 in funding 11 projects
valued at \$750,000

All-time \$1.8M in funding

2017 \$100,000 in funding
3 projects valued at \$200,000

All-time \$1.8 million in funding

2017 \$2.9M in funding 102 projects
valued at \$12.4M

All-time \$13.6 million in funding

2017 \$3.3M in funding 22 projects
valued at \$27M

All-time \$63.4 million in funding

2017 \$104,000 in funding 42 events
valued at \$2.7M

All-time \$304,000 in funding

2017 \$257,000 in funding 21 projects
valued at \$883,000

All-time \$1.3 million in funding

LEVERAGING INVESTMENT FROM OTHERS

Northern Development's continued focus on leveraging has helped ensure more funding dollars from other partners are attracted to the region each year to invest in projects and programs that strengthen the economy.

OUR GOAL

\$2.50 in funding leveraged for
every \$1.00 invested by the Trust

SINCE INCEPTION

\$7.03 in funding leveraged for
every \$1.00 invested by the Trust

\$46.6 million

invested into the North from
outside funding partners in 2017



The Elder Citizens Recreation Association was approved for \$30,000 through the Trust's Community Halls and Recreation Facilities program for kitchen upgrades.

11% of the Trust's
2017 projects are
First Nations related

IN 2017

44 projects \$1.5 million in funding

13 grant writers hired for
First Nations communities

4 First Nations festivals funded

5 First Nations infrastructure
projects funded with more than
\$950,000

4 First Nations community and
recreation facilities funded

30 First Nations organizations
received project funding

13% of Competitiveness Consulting
Rebate projects were for First Nations
businesses

17% of Forest Innovation Fund
projects were for First Nations
businesses



The Xat'sull Heritage Village Trails was approved for phase three funding of \$30,000 through the Trust's Community Halls and Recreation Facilities program.



The Stein Valley Nlaka'pamux Heritage Park Tourism Info Centre was approved for \$150,000 through the Trust's Economic Diversification Infrastructure program.



The 44th Annual Memorial Pow Wow, put on by the Quesnel Tillicum Society, received a \$2,500 grant through the Trust's Fabulous Festivals and Events program.

STIMULATING DOWNTOWN DEVELOPMENT

Thanks to a partnership between the City of Prince George and Northern Development, new enticements for developers to invest in downtown housing are being offered, which will serve to attract residents to the city centre to live.

The Downtown Incentives Program was amended and boosted with an allocation of \$1.8 million in support of the development of residential housing downtown, a City priority for advancement of the city centre.

The amended program now increases the total funding available, via a \$10,000 per door grant, in order to provide financial support toward the development of targeted projects such as affordable housing, seniors and student housing, mixed-use (residential and retail), market rental housing and market condominiums.

In total, the program will provide just over \$2.5 million in funding over six years. Full utilization of the program would result in about 250 new residential units in downtown Prince George.

One of the first developers to be eligible to benefit from the enhanced incentives program will be A&T Developments, which will activate its proposed four-phase condo development to be built downtown next to city hall in summer 2018.



“

The Downtown Incentives Program is a critical tool for the City of Prince George's on-going efforts to revitalize downtown, efforts that are now starting to really pay off. NDIT's role in this has been vital and they have been a great partner in providing this innovative program. On behalf of Council, I would like to thank NDIT for continuing to help the City to accomplish big things for Prince George and its residents.

- Lyn Hall, mayor, City of Prince George

Concept of proposed downtown Prince George condo development.



OUR PARTNERSHIPS HELP PROVIDE ACCESS TO EXPERTISE

One of the greatest challenges for communities and organizations in Northern B.C. is accessing qualified, trusted expertise to help them get to “yes” on a variety of sustainability and diversification initiatives and investments.

Northern Development has an extensive network of partners and works to ensure the region can access the right help at the right time from credible, proven experts.

ACCESSING EXPERTISE LEADS TO INCREASED PRODUCTIVITY

Innovation often means improving upon the 'tried-and-true' methods of an industry. While these processes are effective, they may not always yield the fastest results. In the case of Enviromats, which manufactures portable platforms used as structural roadways, the intensive manual labour required to make each mat was a rather time-consuming process.

Enviromats had an idea to streamline the production of the mats — automation. Using an automated drill press would produce the same product done manually at a fraction of the time. With support provided to Enviromats through Northern Development's Competitiveness Consulting Rebate (CCR) program, they were able to analyze and redesign their manufacturing process.

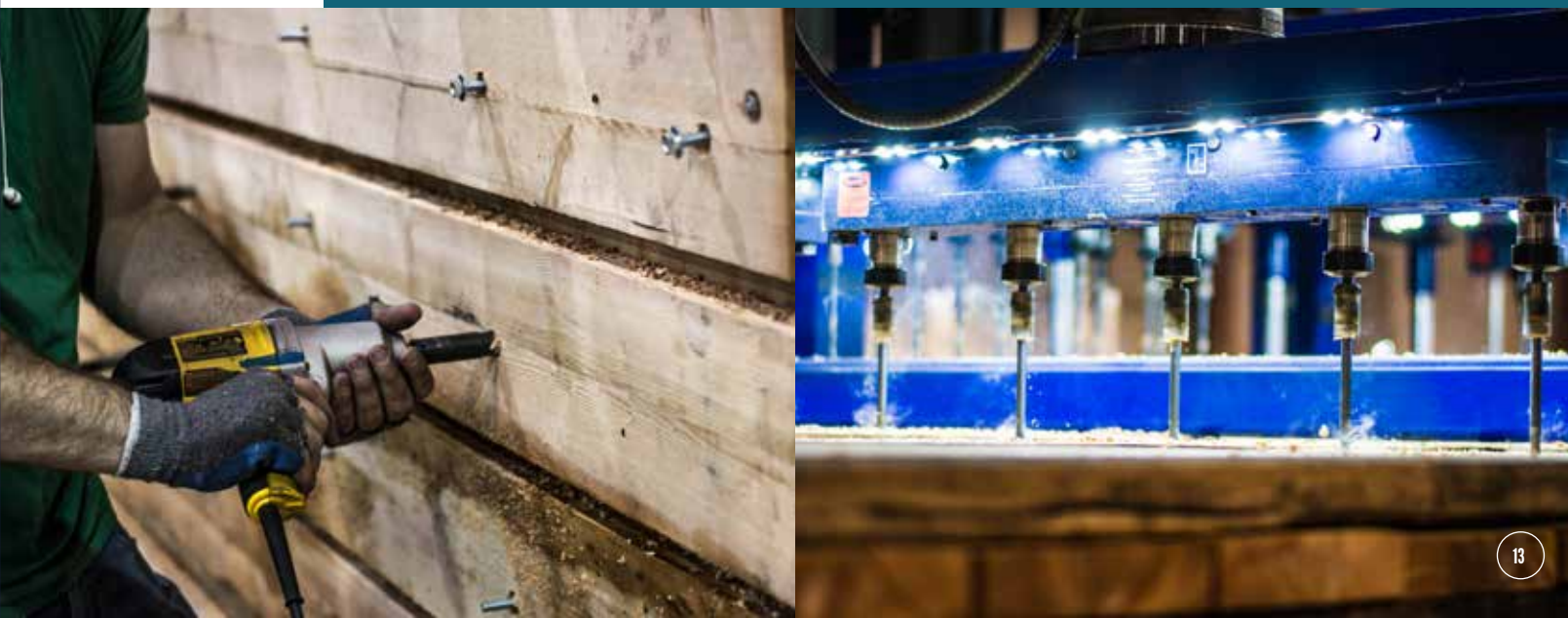
The goal of the CCR program is to directly support Northern B.C. manufacturers, innovators, processors, and their suppliers to grow their businesses, implement world-class business practices and become more competitive in the global market.

\$64,000 in funding (\$14,000 from the Competitiveness Consulting Rebate program and \$50,000 from the Forest Innovation Fund) allowed Enviromats to build a new drill table and movement system, which automated the drilling function and overall movement of the build tables. Productivity was also increased with the automated press being able to produce mats 50 per cent faster than the manual method.

In addition, this new innovated system reduces the manufacturer's overall wood waste by 10-12 per cent, which equates to an overall waste reduction of 270,000 board feet per month in busy months and 100,000 board feet in low time months.

Projects such as these are essential to the growth of not only the business itself but also the industry as a whole. Innovative projects like the automated drill press will increase productivity, reduce worker injuries and reduce overall cycle times if implemented by other manufacturers.

Enviromats manufacturing systems involved intensive manual labour. The Competitiveness consulting rebate program allowed Enviromats to analyze and redesign their manufacturing process, streamlining the production with an automated drill press.



PROVIDING ACCESS TO CONSULTANT EXPERTISE FOR BUSINESS GROWTH

Hiring external consultants is a cost-effective way for businesses to leverage specialized knowledge. There may be a skill cap, time limitations or simply a lack of specialized expertise.

With limited access to qualified management consultants in Northern B.C., the Trust's Competitiveness Consulting Rebate program helps provide businesses with resources (grants up to \$30,000) that enable them to work with these consultants at critical stages of their growth and development.

The benefits for Northern B.C. are clear - stronger companies means a stronger north. Since inception in 2008, the Competitiveness Consulting Rebate program has supported more than 400 projects with 319 unique clients across Northern Development's service region.

2017 **\$867,000 in funding**
44 projects

Since 2008 **\$3.9 million in funding**
407 projects

BUILDING INTERNATIONAL PARTNERSHIPS

A delegation from Denmark visited Northern B.C. in March 2017 to meet with regional leaders in rural economic development and education strategies.

Northern Development representatives met with the seven members from the Danish Rural Districts and Islands committee to showcase a variety of programs that support the economic growth and resiliency of communities throughout Northern B.C.

Both current and former participants in the Trust's Local Government and Economic Development Internship programs also had an opportunity to meet with the delegation to talk about their experiences and demonstrate how the program helps build capacity in communities throughout our region.

During their visit, the parliamentary committee from Denmark also met with elected municipal and First Nations leaders from our region, the Prince George Chamber of Commerce, Community Futures of Fraser Fort George, the University of Northern British Columbia, and the College of New Caledonia.



Taylor Bachrach, mayor of the Town of Smithers and Brenda Gendron, Northern Development's CFO (centre), with members of the Danish Rural District and Islands committee.

PARTNERSHIPS WITH GRANT WRITERS UNLOCK ADDITIONAL FUNDING FOR THE REGION

Numerous grants and loans are available to First Nations and local governments each and every year, but fulfilling application requirements varies by granting agency, foundation and program. By providing annual funding (\$8,000) to support the employment of a locally based grant writer, the Trust helps First Nations and local governments access the grant writing expertise needed to increase their success as they apply for funding for local projects.

2017 **\$456,000 in funding**
57 communities

Since 2007 **\$3.9 million in funding**
529 community grants

\$145 million
in grant funding
unlocked for the North

PARTNERSHIPS LEAD TO P.R. AWARD

In 2016, Northern Development published the Small Town P.R. Playbook as a resource for local governments and First Nations who have little to no professional experience or training in communications, public relations, media relations and other related fields.

The resource continued to be a widely received and acclaimed resource in 2017, with more than 680 online reads of the document and more than 70 participants tuning in to a live webinar about how to use the tool.

The Trust was awarded the Don Rennie Memorial Award by the Canadian Public Relations Society, which recognizes outstanding team achievement in developing and executing a strategic approach to government communications on a specific issue. The national recognition was awarded in large part due to the collaborative nature of the project with contributors from across the entire province.



Board chair Evan Saugstad, CEO Joel McKay accepting the Don Rennie Memorial Award from CPRS president Kim Blanchette at the annual national conference in Kelowna, B.C.

A woman in a dark blue jacket and dark pants stands in a snowy field in front of a large wooden barn. The barn has a corrugated metal roof and wooden walls. To the left of the woman is a large pile of hay. In the background, there is a dense forest of evergreen trees and a snow-covered hill. The sky is overcast.

“

2017 is forecast to be the fourth best year on record from the Canadian agriculture industry and Northern B.C. is a contributor to that success. Supporting the agriculture industry as part of Northern Development's response to the pine beetle epidemic highlights our region's growing diversified economy. It is another way that we work to respond to the needs expressed by our communities and help to build a stronger north.

- Evan Saugstad, chair,
Northern Development Initiative Trust

PARTNERSHIP GIVES FARMERS A HELPING HAND

Thanks to a partnership between Northern Development Initiative Trust and the Regional District of Bulkley-Nechako (RDBN), a new Regional Agriculture Coordinator was hired to provide much needed capacity to farmers in the Bulkley-Nechako region.

The position was created following an expressed desire from communities around the region for increased support for the agriculture industry.

There are currently 1,900 farms within the Trust's service area that produce livestock, and 1,734 that are engaged in producing crops primarily for animal feed. The RDBN has 840 farms operating within its boundaries.

The majority of these farms do not have full-time employees, but are instead small-scale, family-run operations employing temporary or contract workers. These small-scale producers and new farmers continue to express a desire for information about the services and supports that are available.

In October, Debbie Evans was hired as the new Agriculture Coordinator, bringing decades of experience in the agriculture industry to the region.

As part of her role, Evans meets with difference organizations involved with the agriculture industry as well as with farmers across the region to better understand and meet individual needs.

Evans connects producers with funding opportunities, identifies challenges, advocates on behalf of the agriculture community, provides information within the region and provides capacity to assist with the implementation of agriculture initiatives throughout the region.

I put myself through university by milking cows. I have a degree in agriculture because of it. I was always interested in agriculture and wanted to learn about the dairy industry.

“

I like to look at agriculture from an A to Z perspective. I want to see where we can fit and where we can go as an industry. Looking at how we can tackle some of the issues surrounding agriculture, what areas can make it stronger and better, and where we can grow the economics of agriculture. In many cases it will take identifying niche markets for farmers to be economically successful.

“

I look at myself as an enabler out there. Meeting with organizations like Northern Development and the B.C. Agriculture Ministry, meeting farmers to connect all these entities in order to help strengthen each other. My aim is to go out and meet producers to build a rapport. I want to hear their individual issues, creating a database of my connections and hopefully linking them with each other to provide adequate information and support they need.

“

My mandate is to unite the smaller farms and farmers together. If I can get a whole bunch of smaller farms to come together and if we can form co-operatives, we can become a larger enterprise and access resources that might not have been otherwise available. My hope is to continue to advocate food and agriculture security in the region, as I have done it my whole career and continue to do so in this role.

- Debbie Evans





OUR PARTNERSHIPS HELP BUILD REGIONAL CAPACITY

Northern Development provides a number of capacity building programs and services to help communities access the resources and expertise they need to grow a resilient economy with engaged citizens.

These programs help with resident, worker, business and investor recruitment and retention for the region, and are delivered in conjunction with many partners.

The goal is to contribute to the continuous growth and development of economic development skills, abilities and scope for the benefit of all communities in the Trust's service region.

PARTNERSHIPS FOR CRISIS RESPONSE

July to August 2017 saw the Cariboo-Chilcotin and Thompson-Nicola regions of B.C. experience the worst wildfire season in provincial history. More than 65,000 people were displaced and hundreds of buildings were destroyed.

If there's ever a time to form or strengthen partnerships, it's during a crisis. And that's just what Northern Development did.

PARTNERSHIP WITH COMMUNITY FUTURES AND THE CARIBOO-CHILCOTIN BEETLE ACTION COALITION FOR BUSINESS OUTREACH

Early on in the wildfire crisis, it was identified that small businesses would be among some of the hardest hit. Prior to the fires, the Cariboo-Chilcotin region had already lost approximately 900 businesses in the 2014/2015 period due to downturns in key industries. As communities entered a recovery phase, many of the remaining businesses shut down or were struggling to re-open and generate revenue.

In early August, Northern Development reached out to Community Futures to establish a dialogue about collaboration to support businesses in wildfire impacted communities. The discussions led to the establishment of an Emergency Wildfire Response Business Ambassador Program.

Thanks to a partnership between Northern Development, Community Futures (Cariboo-Chilcotin, North Cariboo and Sun Country) and the Cariboo-Chilcotin Beetle Action Coalition, businesses and non-profit organizations in wildfire affected communities have extra support.


An Emergency Response Coordinator and six Business Ambassadors began work in December 2017 in Quesnel, Williams Lake and Ashcroft to help businesses access resources to help with wildfire recovery.

While many programs and services already exist or were established to assist with wildfire recovery efforts, accessing these resources can be a daunting and time consuming task for business owners who are busy managing their day-to-day operations.

The new positions help businesses assess the impact of wildfires on their operations, match their needs with available programs and services, assist with appropriate referrals and application processes and collect information that can help communities better understand the wildfire impacts in order to support new program development.

The positions are being funded with \$200,000 from Northern Development, \$140,000 from the Cariboo-Chilcotin Beetle Action Coalition and \$56,000 from Community Futures Development Corporation.

The positions will be in effect until Dec 31, 2018.



Smoke billows from the surrounding wildfire near Williams Lake, B.C., as seen from the Cariboo Regional District's Emergency Operations Centre during the community's evacuation.

Business Ambassadors and Emergency Response Coordinator with Northern Development director of business development and Community Futures Cariboo-Chilcotin manager.



PARTNERSHIP WITH EMERGENCY MANAGEMENT BC, THE RED CROSS, MINISTRY OF FORESTS, LANDS, NATURAL RESOURCE OPERATIONS AND RURAL DEVELOPMENT FOR COORDINATED EFFORTS

Many other groups were of course already responding to community needs. The Business Ambassadors and Emergency Response Coordinator began working closely with other wildfire response programs to complement and cross-promote resources available.

Northern Development entered an information sharing agreement with the Red Cross in order to better inform the Ambassadors for a coordinated and prioritized response effort.

PARTNERSHIP WITH COMMUNITY FUTURES, AGAIN, FOR MATCHING FUNDING

In addition to the Emergency Wildfire Response Business Ambassador Program, Northern Development immediately broadened the eligibility guidelines of the Competitiveness Consulting Rebate program. The program, which typically serves manufacturing and supply chain businesses, was expanded to include service sector and retail businesses in wildfire impacted communities. The program provides up to \$15,000 in matching grant funding, and for eligible businesses struggling to find the matching fund to access the consulting rebate grant, Community Futures would consider providing a loan to act as matching funding.

PARTNERSHIP WITH THE CITY OF PRINCE GEORGE, FOR KEY COMMUNITY INFRASTRUCTURE

Over the years, Northern Development has provided funding to build and maintain key pieces of community infrastructure. Some of these facilities played an important role in serving the region during a time of crisis. For example, the Northern Sport Centre played host to hundreds of evacuees from the Cariboo region, providing lodging and services to those needing shelter as a result of being displaced. The Trust had invested \$4.2 million in loan and grant funding to contribute to the building of this facility.

PARTNERSHIP WITH THE CARIBOO REGIONAL DISTRICT TO LEVERAGE STAFF EXPERTISE

Northern Development regularly leverages its staff expertise in order to provide capacity for the region where suitable. Keeping the public and on-the-ground response partners informed is a critical element of emergency and crisis management. Northern Development's director of Marketing and Communications spend eight days during the height of the wildfires working in the Cariboo Regional District's Emergency Operations Centre as Public Information Officer to provide capacity and much needed respite for CRD staff.

LOCAL GOVERNMENT SUCCESSION PLANNING

Local governments in the North face unique challenges for recruitment and retention. In order to prepare youth for a variety of rewarding careers in economic development and local government, the Trust offers internship programs that place recent university graduates into paid, immersive positions. Participants are provided with a rich portfolio of experience, training and contacts in order to help land a permanent position within the region.

In 2017, eight local government interns were recruited and placed in year-long positions in throughout the region. As well, three economic development interns were recruited and worked from our offices in Prince George.

The first three First Nations Government Interns were also placed with their host First Nations for their year long placements. Their work included everything from finance and administration, to starting a local First Nations radio station to help preserve traditional language, to research and support of female leadership within First Nations.



Jessica Bagnall
local government intern
Town of Smithers



Heidi Booth
economic
development intern
Northern Development



Michael Coulson
local government intern
District of Taylor



Elizabeth Cumming
local government intern
Village of Port Clements



Rhys Elliott
economic
development intern
Northern Development



Sam Harris
First Nations
government intern
Kitselas First Nation



Crystal Rain Harry
First Nations
government intern
Tsilhqot'in National
Government



Michala Jansa
economic
development intern
Northern Development



Scott Leitch
local government intern
Cariboo Regional District



Rayne Tarasiuk
First Nations
government intern
Skidegate Band Council

Kendra Kinsley
local government intern
Regional District of
Bulkley-Nechako

Iain MacRitchie
local government intern
City of Fort St. John

Jake Rogger
local government intern
City of Quesnel

Nova Sekkhon
local government intern
City of Quesnel

FIRST NATIONS GOVERNMENT INTERNSHIPS

B.C. First Nations have a connection to place based on thousands of years of history. Like many small local governments, many First Nations in the north face challenges recruiting and retaining staff to support leadership in achieving community goals. In response to this need, Northern Development Initiative Trust, in partnership with the Department of Indigenous Services Canada and the University of Northern British Columbia has established the First Nations Government Internship Program this year. The program parallels the success of Northern Development's existing Local Government Internship Program by allowing rural, indigenous communities to recruit and retain talented young professionals in the north.

This internship program recognizes and builds on the education, training and career opportunities that exist in Northern B.C. communities. The program prepares young people for an exciting career in First Nations government, while supporting capacity building and succession

preparation in smaller, indigenous communities. The internship program provides funding for central and northern First Nations governments or Tribal Councils to host and mentor an intern for a 12-month period with the internships starting in May of each year.

One of the goals of the internship program is to provide insight into the wide range of rewarding careers available within First Nations government.

The internship program promises to provide a high level of professional development and training that will prepare university graduates for more senior roles in First Nations government. It will give them the knowledge and experience they need to take the next step in a fulfilling and satisfying career and the contacts to obtain a permanent position within local First Nations government.

Interns were hosted in three Northern B.C. First Nations in the first offering of the program, as pictured below.

Sam Harris - intern with
Kitselas First Nation



Crystal Rain Harry - intern with
Tsilhqot'in National Government



Rayne Tarasiuk - intern with
Skidegate Band Council



SUPPORTING LOCAL ECONOMIC DEVELOPMENT PRIORITIES

Northern Development's Economic Development Capacity Building program provides an annual, reliable source of discretionary funding for local governments to support local economic development initiatives. In many cases, this funding is used to offset a portion of a local government's cost to employ a full-time economic development officer.

2017 **\$2.6 million in funding**
53 communities

Since 2008 **\$17.9 million in funding**
469 community grants

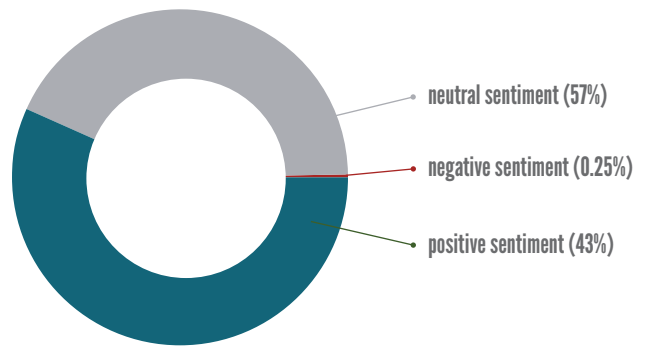
BUSINESS WALKS

Business walks provide an opportunity for local governments to listen to their business community and capture the pulse of issues, challenges and opportunities that their businesses may be dealing with. In order to help local governments throughout the region to create action plans, Northern Development staff and interns provide as-needed business walk support, with four communities supported in 2017.

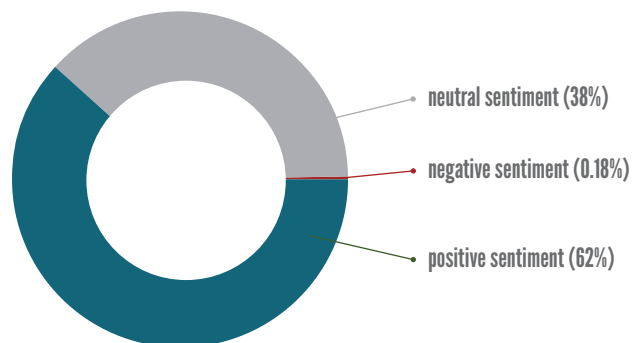
BUILDING REGIONAL PROFILE

Raising the profile of Northern B.C. not only helps to build local pride and participation, it also helps to attract new residents, workers and investors to the region. The number of projects that are being undertaken throughout the region shows the vibrancy and resiliency of our communities as well as the skill and capacity in the area to undertake initiatives both large and small.

400+ **earned-media stories**
about the Trust and
supported projects



500+ **social media mentions**
about the Trust and
supported projects





**OUR PARTNERSHIPS HELP
BUSINESSES DEVELOP**

Northern B.C. is the land of small business, with more than 13,000 businesses with employees in Northern B.C. Northern Development is committed to the development of resilient, profitable businesses throughout the region through supporting improved profitability, enhancing opportunities for innovation and facilitating the delivery of business expertise.

In 2017, the Trust leveraged partnerships to deliver a number of programs and services to support regional business growth.

WOMEN'S ENTERPRISE CENTRE AND THE INNOVATION CENTRAL SOCIETY TO SUPPORT ENTREPRENEURSHIP

Organizations that identify as "entrepreneurial" have been shown to succeed at a much faster pace in the market with significantly increased capital investment, higher profit margins and greater productivity.

In 2017, Northern Development partnered with the Innovation Central Society to deliver a workshop on entrepreneurship, innovation and start-ups. The session was hosted by Dr. Sean Wise, the host of the Naked Entrepreneur Show.

Northern Development also partnered with the Women's Enterprise Centre to deliver 100 Entrepreneurial Mindset Grants to both male and female current and prospective business owners throughout Northern B.C. The development program helps entrepreneurs expand the thought and behaviour that drives business growth.



PARTNERSHIPS WITH CANADIAN MANUFACTURERS AND EXPORTERS AND ECONOMIC DEVELOPMENT CANADA TO HELP REGIONAL BUSINESSES ACCESS GLOBAL MARKETS

Northern Development partnered with Canadian Manufacturers and Exporters (CME) and Export Development Canada to deliver a Go Global workshop in Prince George. Two round-table workshops (Industrie 2030) were also delivered in Prince George and Fort St. John for manufacturers and suppliers to provide input on regional challenges to growth and export.

PARTNERSHIP WITH THE MANUFACTURING SAFETY ALLIANCE TO SECURE WORKER SAFETY

Northern Development partnered with the Manufacturing Safety Alliance to deliver two workshops on workplace safety in Prince George and Fort St. John.

PROMOTING LOCAL FOR MAJOR PROJECTS

In 2013, Northern Development created an online procurement database to help major industry, communities and government quickly locate Northern B.C. based businesses to help them build major projects in the region. The platform, the only one of its kind in the region, can help businesses and communities across the North reap the benefits of these projects to create new jobs and income for the region. In 2017, the Supply Chain Connector continued to showcase businesses on the website to an increasing number of visitors, leading into development opportunities throughout the region for mines, mills, hospitals and other major developments.

2,309
53.6%

**participating businesses
increase in website
visitors in 2017 vs 2016**

DRIVING INNOVATION

PARTNERSHIPS USING INNOVATION TO HELP INFORM INVESTMENTS IN THE MINING INDUSTRY

With the recent decline in capital investments and activity in the exploration and mining sectors in Northern B.C., innovative projects play a vital role in reviving interests in the industry.

Over the last decade, Geoscience BC has worked to collect earth science information in collaboration with First Nations, the resource sector, universities, governments and communities, to help generate new mineral investments throughout the region. One of the ways Geoscience BC collects their data is via airborne magnetic surveys, which allows them to scan geological areas possibly containing mineral deposits rich in copper and gold.

Airborne surveys are low impact, as a large region can be examined quickly with little on-the-ground activity, which increases efficiency and reduces disruptions to local wildlife. The data collected from these geophysical surveys enable First Nations, communities and governments to benefit from valuable new data. This allows communities and organizations to make informed resource management decisions and highlight economic opportunities.

In 2017, Geoscience BC conducted Phase III of their multi-year 'Search Project' in the Prince George region (northwest of Mackenzie). The project was supported in-part through the Economic Diversification Infrastructure program, providing \$250,000 in approved funding. The geophysical survey would provide the region with new data on almost 250-kms of terrain.

These new discoveries and research data from projects such as this could have a major economic impact in and around the surrounding region. The information gathered from the surveys could potentially allow existing and proposed mines to open, bringing with it a significant increase in employment and investment opportunities.

Bruce Madu (Geoscience BC) and CEO Joel McKay with one of the helicopters equipped with ultra-sensitive magnetometers to collect data across a 9,600km² area in north central and northeast B.C. (Photo: Geoscience BC)



PARTNERSHIPS DEVELOP FORESTRY INNOVATION

The Forest Innovation Fund (FIF) was created in response to the Mountain Pine Beetle epidemic affecting the forestry industry — the economic backbone of Northern B.C.

Since its inception in 2016, the Forest Innovation Fund has provided companies and enterprising non-profits across the affected regions with up to 50 per cent to a maximum of \$50,000 in grant funding to support small and medium-sized enterprise by investing in innovative and diverse projects.

These projects not only help grow the local and regional economy, but also create new jobs and increases revenue throughout central and northern British Columbia.

Diversified ecosystem and industry



Eco-tourism is an important aspect of the economy across Northern B.C. The classification of an area as a World Heritage site is a significant achievement for a region. For the Ancient Forest near Prince George, B.C. it meant that a biodiversity assessment had to be conducted in order to reach that classification.

With \$69,000 in funding support approved to support the University of British Columbia (UNBC) the Forest innovation Fund (two projects), they have been able to conduct biodiversity assessments of vascular and non-vascular plants in the Ancient Forest. These assessments resulted in the discovery of more than 1,600 new plant species, which resulted in the 'Provincial Park' designation. These achievements have led to raising the profile of not only the forest but also the region as a whole.

UNBC continues to do more assessments of the forest and surrounding region in order to have the forest designated as a UNESCO World Heritage site. This research plays a vital role in that process and could lead to a significant boost in tourism in the region if it is achieved.

2017

**\$295,000 in funding
7 projects valued at
\$980,000**

**Since
2016**

**\$774,000 in funding
19 projects valued at
\$3.4M**

Demonstrating expertise



Precision Machinery received \$50,000 in grant funding support from the Forest Innovation Fund to tackle the task of automating sawmill grinding machines. Blade grinding has always been a manual process in the industry with sawmills relying on skilled labourers who specialize in filing the blades.

Due to the nature of the process, the high turnover rate and lack of experienced workers often led to the blades being sent to landfills after minimal usage. This inefficiency led to the Precision Machinery project to develop a fully-automated sawmill knife grinding machine. The goal of this project was to reduce the amount of labour required by an estimated 90 per cent, increase sawmill efficiency and reduce waste.

With the funding support provided towards the project, Precision Machinery was able to complete a functional prototype to be tested in sawmills. The streamlining of this process will help to decrease operational costs as well as provide sawmills with increased efficiency resulting in increased revenue generation.

LOCO BC TO ASSESS REGIONAL BUSINESS IMPACT

As part of B.C. Buy Local Week initiatives, Northern Development partnered with LOCO BC to conduct a survey of small, independent businesses throughout the region. The survey was to help establish some benchmarks as well as measure the impact of shop local campaigns and to identify current challenges faced by local business owners. 163 businesses participated in the survey.

63%

of businesses saw an increase in sales 2015 to 2016

73%

had no major business change that would contribute to the increase in sales

41%

saw an increase in consumer awareness of the benefits of shopping locally

59%

saw some to significant impact on their business from participating in a shop local campaign

PARTNERSHIP WITH NORTHERN BC TOURISM TO HELP BUILD DIGITAL PRESENCE

50 per cent of small businesses don't have any online presence, a statistic that is higher in the North.

Both Northern B.C. residents and visitors rely on web-based content to identify locally available services, hours of operation, location and more. In order to help address this gap, Northern Development partnered with Northern BC Tourism to help small businesses throughout the region get found online.

By helping businesses build their Google business profile through "Google My Business" workshops, the Trust and Northern BC Tourism have increased the visibility of Northern B.C. businesses in Google search results, the #1 search engine in the world.

Dozens of businesses participating in the Love Northern BC shop local program took part in these workshops in 2017, delivered in Fort Nelson, Fort St. John, Taylor, Dawson Creek, Prince George and Smithers.

This work is strategically aligned with Destination BC's efforts to gain more provincial digital profile for B.C.'s tourism-sector businesses.



PARTNERSHIP WITH SMALL BUSINESS BC FOR BUSINESS TRAINING AND DEVELOPMENT

Northern Development and Small Business BC partnered to provide small business owners in Northern B.C. with free access to more than 150 premium practical webinars to help grow their operations.

Members of the Love Northern BC shop local program and Supply Chain Connector buy local procurement platform were part of a pilot project this year for access to the free training. The program was designed to provide small business owners with practical skill and knowledge to build their businesses for job creation, new revenue generation and overall improve the quality of life in their local communities.

More than 300 webinar registrations were confirmed during the four-month pilot.



PARTNERSHIPS WITH COMMUNITY CHAMPIONS FOR LOVE NORTHERN BC SHOP LOCAL PROGRAM

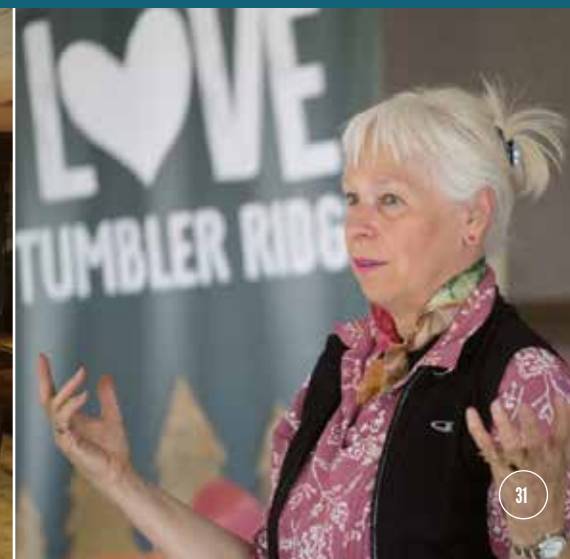
Northern Development's shop local program, Love Northern BC, spans 74 communities with more than 1,600 participating businesses that are all locally owned and operated.

The program is powered by community champions across the region who provide support for the program and its businesses at a local level.

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

Thanks to the efforts of our community champions across Northern B.C., in 2017 Love Northern BC saw a 43 per cent increase in web visitors checking out the local businesses in our area.

Love Northern BC community champions (from left): staff at the District of Mackenzie, Lilia Hansen of Love Fort St. John and Mila Landsdowne of Love Tumbler Ridge.



DEMONSTRATED EXCELLENCE IN GOVERNANCE AND OPERATIONS

One of the Trust's goals is to ensure that Northern Development's board and staff are highly trusted to steward the assets of the Trust. We do this through a sound project approval process and proactive communications to stay informed on industry and community trends, challenges and opportunities. Although our offices are located in Prince George, as mandated by legislation, decision making for the Trust is informed from local, regional and provincial perspectives.

Northern Development's goal is to continuously excel as a leader in regional economic development. By focusing on demonstrating best practices in client services and administration, embracing continuous improvement, and employing robust systems that promote efficiency enables our organization to realize that goal.

GOVERNANCE

Northern Development Initiative Trust's 13-member board of directors consists of eight elected local government officials appointed by the four regional advisory committees, and five regional business leaders appointed by the Province of British Columbia. All 13 directors must be residents of the Northern Development region. The board is committed to upholding Northern Development's strategic direction, policy decisions and effectiveness, while being transparent and open to the residents of the region. The board meets quarterly and as required. The Trust's board is subject to change each year based on the term of appointments, selection at the Regional Advisory Committee level and local government elections. As a result, some members of the Trust's board from 2016 are no longer on the board. Northern Development's board of directors in 2017 consisted of:



Evan Saugstad
board chair
provincial appointee
Northeast Region



Gerald Wesley
vice-chair
provincial appointee
Northwest Region



Danny Schilds
finance chair
provincial appointee
Northeast Region



Lori Ackerman
City of Fort St. John
Northeast Region



Wendy Benyk
provincial appointee
Northwest Region



Lyn Hall
City of Prince George
Prince George Region



Thomas Hoffman
provincial appointee
Cariboo-Chilcotin/Lillooet Region



Alice Maitland
Village of Hazelton
Northwest Region



Michael Racz
North Coast Regional District
Northwest Region



Mark Rogers
City of Dawson Creek
Northeast Region



Gerry Thiessen
District of Vanderhoof
Prince George Region



Margo Wagner
Cariboo Regional District
Cariboo-Chilcotin/Lillooet Region



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

REGIONAL ADVISORY COMMITTEES

Four regional advisory committees also advise the Northern Development board. Each regional advisory committee elects a chair and vice chair, and also elects two members to join the board. The four regional advisory committees are comprised of 67 locally elected leaders. Regional advisors meet quarterly to review funding applications, policy recommendations, strategic plans and to discuss regional economic development issues. Local and regional intelligence, a low level of bureaucracy and a strong focus on engaging communities as partners enable Northern Development's highly effective funding delivery model.

2017 Cariboo Chilcotin/Lillooet Regional Advisory Committee (RAC) Members

Mayor Mitch Campsall

District of 100 Mile House
RAC chair

Mayor Walt Cobb

City of Williams Lake

Mayor Jessoa Lightfoot

Village of Lytton

Director Steve Rice

Thompson-Nicola Regional District

Mayor Bob Simpson

City of Quesnel

Councillor June Waddell

District of Logan Lake

Jackie Tegart

Yale Lillooet MLA

Director Margo Wagner

Cariboo Regional District
RAC vice-chair

Director Debra Demare

Squamish-Lillooet Regional District

Director Mickey Macri

Squamish-Lillooet Regional District

Mayor Jim Rivett

Village of Clinton

Councillor Alf Trill

Village of Ashcroft

Donna Barnett

Cariboo South MLA

Thomas Hoffman

Northern Development
provincial appointee

Director Betty Anderson

Cariboo Regional District

Mayor Margaret Lampman

District of Lillooet

Mayor John Ranta

Village of Cache Creek

Mayor Robin Sharpe

District of Wells

Director Sally Watson

Thompson Nicola Regional District

Coralee Oakes

Cariboo North MLA

2017 Northeast Regional Advisory Committee (RAC) Members

Mayor Lori Ackerman

City of Fort St. John
RAC chair

Mayor Rob Fraser

District of Taylor

Mayor Gwen Johansson

District of Hudson's Hope

Director Bradley Sperling

Peace River Regional District

Mike Bernier

Peace River South MLA

Danny Schilds

Northern Development
provincial appointee

Director Dan Rose

Peace River Regional District
RAC vice-chair

Director Karen Goodings

Peace River Regional District

Mayor Lorraine Michetti

Village of Pouce Coupe

Mayor Bill Streeper

Northern Rockies Regional Municipality

Dan Davies

Peace River North MLA

Councillor Mike Caisley

District of Tumbler Ridge

Director Leonard Hiebert

Peace River Regional District

Councillor Mark Rogers

City of Dawson Creek

Councillor Laura Weisgerber

District of Chetwynd

Evan Saugstad

Northern Development
provincial appointee

2017 Northwest Regional Advisory Committee (RAC) Members

Mayor Taylor Bachrach

Town of Smithers
RAC chair

Mayor Galina Durant

District of Stewart

Mayor Gail Lowry

District of New Hazelton

Mayor Greg Martin

Village of Queen Charlotte

Councillor Annette Morgan

Village of Telkwa

Director Michael Racz

Skeena-Queen Charlotte Regional District

Councillor Kelly Holliday

Village of Burns Lake

Jennifer Rice

North Coast MLA

Mayor Carol Leclerc

City of Terrace
RAC vice-chair

Councillor Mario Feldhoff

District of Kitimat

Mayor Dave MacDonald

District of Port Edward

Mayor Linda McGuire

Village of Granisle

Councillor Charleen O'Brien Anderson

Village of Port Clements

Director Ted Ramsey

Regional District of Kitimat-Stikine

Ellis Ross

Skeena MLA

Wendy Benyk

Northern Development
provincial appointee

Councillor Tim Anderson

District of Houston

Director Mark Fisher

Regional District of Bulkley-Nechako

Mayor Alice Maitland

Village of Hazelton

Councillor Blair Mirau

City of Prince Rupert

Councillor Barry Pages

Village of Masset

Director Alison Sayers

Central Coast Regional District

Doug Donaldson

Stikine MLA

Gerald Wesley

Northern Development
provincial appointee

2017 Prince George Regional Advisory Committee (RAC) Members

Mayor Gerry Thiessen

District of Vanderhoof
RAC chair

Councillor Brenda Gouglas

District of Fort St. James

Mayor Loranne Martin

Village of McBride

Shirley Bond

Prince George-Valemount MLA

Chair Bill Miller

Regional District of Bulkley-Nechako
RAC vice-chair

Mayor Lyn Hall

City of Prince George

Chair Art Kaehn

Regional District of Fraser Fort-George

Mike Morris

Prince George-Mackenzie MLA

Mayor Pat Crook

District of Mackenzie

Mayor Dwayne Lindstrom

Village of Fraser Lake

Mayor Jeannette Townsend

Village of Valemount

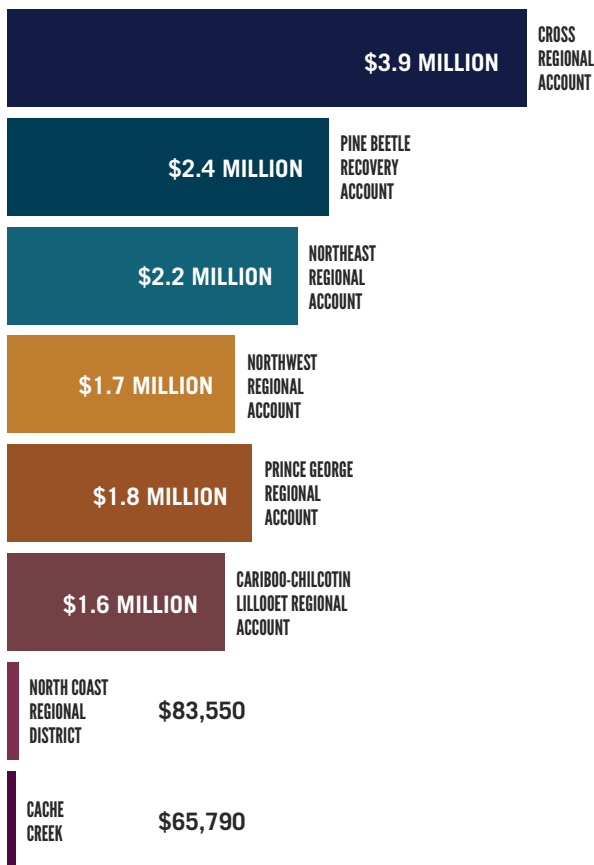
John Rustad

Nechako Lakes MLA

BEST PRACTICES IN FUND MANAGEMENT

Northern Development takes financial management seriously. The programs and services offered by the Trust work to attract and leverage investment to the region in a way that ensures the original infusion of \$185 million in capital will benefit the region for generations to come.

2017 granting allocation by account



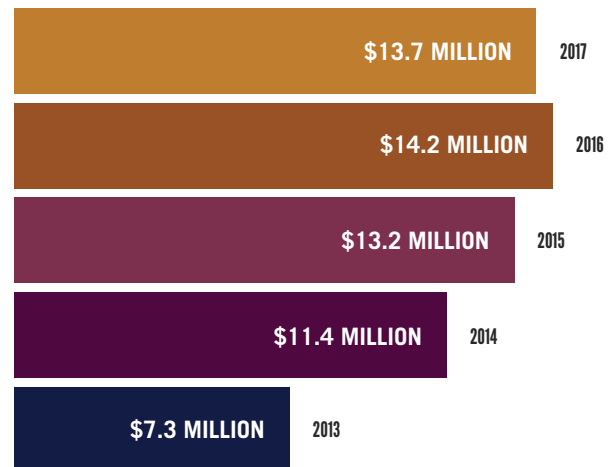
RETURN ON INVESTMENT

The Trust's accounts are invested in a balanced portfolio of equity and fixed income instruments with Mawer Investment Inc. Our Statement of Investment Policies and Procedures governs how the Trust handles investments, its mix of assets, performance goals for each asset and prohibitions. These investments generate an annual return on the capital base.

GRANTING ALLOCATION

Each year, Northern Development staff review the balance in each of its funding accounts and existing commitments in order to calculate an annual grant ceiling. That ceiling is the annual funding available for grants each year to support economic development projects, while ensuring the capital base remains sustainable.

Total grant allocation by year



2017
10.86% ROI

Since 2005
6.91% average ROI

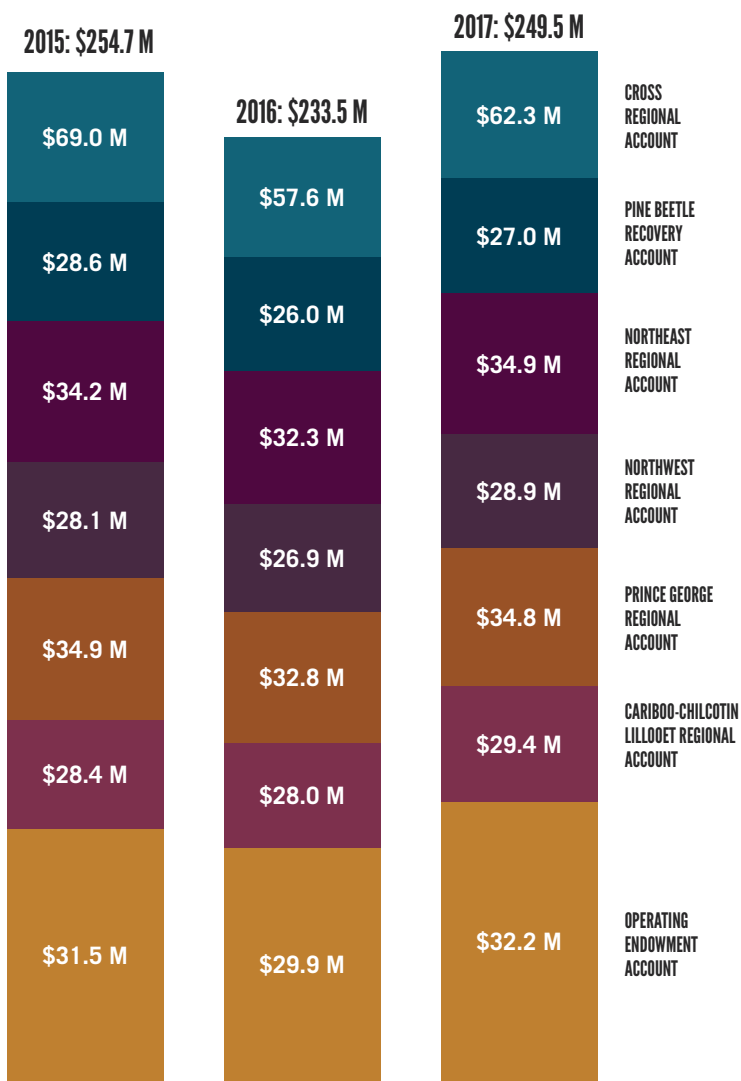
ACCOUNT BALANCES

Northern Development's initial capital infusion was divided into seven accounts: \$20 million for each of the Trust's four regional development accounts, \$50 million for cross regional initiatives, \$30 million to support the recovery from the mountain pine beetle epidemic, and \$25 million for an operating endowment account. These accounts benefit from the Trust's financial management plan to ensure that Northern Development and our granting ability is available in perpetuity.

Investment returns were strong for 2017. The year ended with returns of 10.86 per cent after management fees earning \$25.9 million in interest income. Combined with \$13.1 million in project disbursements still allowed the capital base of all the account to thrive and exceed the Board's 7 per cent approved funding allocation.

Account balances

as of Dec 31, 2017



THIRD-PARTY FUND ADMINISTRATION

Our balanced fund management approach and focus on best practices has resulted in Northern Development being a trusted partner in delivering funding on behalf of senior levels of government and other organizations.

THIRD PARTY FUNDING

Northern Development’s portfolio of third-party funding includes:

- Prince George Agricultural Fund
- 2015 Canada Winter Games Legacy Fund
- Northwest Readiness
- BC Hydro GO Fund
- Connecting British Columbia
- BCIC Young Innovators Fund

2017	\$2.6M in funding 28 projects
All-time	\$42.6M in funding 179 projects

BC HYDRO GO FUND

Thanks to our proven success record at fund management and grant administration, Northern Development is working with BC Hydro to provide \$800,000 over eight years to community non-profit organizations in the Peace Region during construction of the Site C Clean Energy Project. The fund supports vulnerable populations through financial grants to non-profits that provide services to children, families and seniors in Fort St. John, Hudson’s Hope, Taylor, Chetwynd and residents of Peace River Regional District.

Funding projects range from senior care and health programs, computer and family literacy programs, supportive housing projects, arts programs as well as food and wellness programs.



2017	\$104,000 in funding 13 projects
Since 2016	\$149,000 in funding 18 projects

CONNECTING BRITISH COLUMBIA

In 2017, Northern Development continued to administer the Connecting British Columbia program in partnership with the Government of B.C.

Reliable and accessible high-speed Internet is the expected norm for the majority of British Columbia's population. Unfortunately, this is not the case for many rural and remote communities across the province, including in Northern B.C., who still may only have access to dial-up speed Internet, if any at all.

To date, more than \$2.3 million in funding has helped pay for infrastructure required to deliver high-speed Internet connectivity to homes and businesses in rural and remote locations across the province, enabling expansion of a variety of health care, educational, economic and other services to citizens throughout rural and remote communities in British Columbia.

PHASE ONE: 43,000 CONNECTED

Phase one of the program resulted in \$10 million being invested into last mile infrastructure that connected more than 43,000 homes and businesses to high-speed Internet in rural and remote areas of B.C. This has provided numerous communities with increased opportunities for economic diversification and lifestyle enhancements, access to new business opportunities, services, education and ways to connect with family and friends.

PHASE TWO: UNDERWAY

The Province committed an additional \$40 million to provide ongoing development of connectivity infrastructure for rural and remote communities. Launched mid-May, Phase Two of the Connecting British Columbia program consists of multiple intakes, subject to funding availability. Intake One will help eligible B.C.-based connectivity projects leverage federal funding to maximize dollars available to bring high-speed Internet to rural and remote communities. This intake is open to B.C.-based projects that applied to the federal \$500 million Connect to Innovate program.



PARTNERING TO HELP COMMUNITIES INITIATE CONNECTIVITY PROJECTS

Thanks to our partnership with the Province of B.C., we continue to work together to provide resources to help communities get "connectivity ready."

Connectivity Handbook

Created as a resource for community leaders the Handbook provides practical approaches and steps toward defining, planning and implementing connectivity solutions.



Connectivity Benchmark Report

Created to bring B.C.'s connectivity levels into focus by comparing against the performance of other jurisdictions with similar challenges.



Connectivity Clinic

Connectivity experts and community representatives joined during the Union of B.C. Municipality annual conference to discuss the importance of digital infrastructure to deliver education, healthcare, business growth and government services to communities. Speakers highlighted roles of governments, funding programs, businesses and internet service providers.



OPERATIONS

PUBLIC ACCOUNTABILITY AND REPORTING

Every three months, detailed quarterly reports are made available to local governments, with summary reports posted publicly. These reports provide details on account balances, year-to-date project approvals, program commitments by region, and a summary of combined investments from all accounts to date. Stakeholder feedback continues to provide direction for enhancing this reporting.

Every year, the Trust undertakes a client satisfaction survey to determine the quality of our team's service and identify areas of improvement. Funding agencies are notorious for having a reputation of difficult procedures and impersonal service. This is not the case for Northern Development, with 95 per cent of survey respondents indicating a positive experience with the Trust.

Great staff, very friendly. Awesome to see dynamic women employed at all levels within the organization.

Great people who really know how to guide people through the process when the applications may seem daunting.

The funding that Northern Development provides is so valuable for small communities and not-for-profit organizations. Without this assistance economic development would be a much larger task. Thank you for what Northern Development does for all our communities!

CONTINUOUS IMPROVEMENT

From board governance education, updates to financial operations, improvements to human resources processes, Northern Development embodies a culture of continuous improvement to promote a strong and healthy working environment.

The Trust's commitment to ongoing refinement of best practices mitigates risk through the improvement of robust systems that ensure accuracy, diligence and timely response to stakeholders.

LOW ADMINISTRATIVE COSTS

Northern Development's operating budget comes from a separate account as mandated by legislation to ensure ongoing operation of the Trust in perpetuity. Our operating budget in 2017 was 6.64 per cent of the capital base, with actual costs for the year coming in under budget at 6.1 per cent of the capital base.

For every **\$1.00** of Trust funding approved, the cost to administer is only **13¢**

1,754 projects under active management

OUR GRANTING PROCESS



LEAN, MEAN AND EFFICIENT TEAM

Northern Development's staff team is a small, dedicated group of individuals with complementary skill sets that deliver efficient and exceptional client services.

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

With increasing numbers of new projects every year, the staff are actively managing not only 15 funding and service programs, administration of third-party funding, and day-to-day operations, they also are actively managing upwards of 1,700 projects. These projects are at various stages from application review, contract management to reporting, which in some cases can collect data for up to three years post project completion.



Joel McKay
chief executive
officer



Brenda Gendron
chief financial
officer



Renata King
director of business
development



Derek Baker
director of economic
development



Karen Borden
director of
corporate initiatives



Kim Hayhurst
director of marketing
and communications



Lori Moseley
executive
coordinator



Tess Elo
senior financial
analyst



Emily-Anne Therrien
finance
coordinator



Jordan Hammond
funding programs
coordinator



Katherine Benny
corporate services
coordinator



Aaraksh Siwakoti
communications
officer



The staff visited Duz Cho Forest Products in Mackenzie B.C. to watch a Forest Innovation Fund project in action.



Staff celebrating Plaid Friday, a Love Northern BC shop local initiative, in front of signage funded for downtown Prince George.



ABOUT NORTHERN DEVELOPMENT

Northern Development Initiative Trust combines funding with smart thinking to help Northern British Columbia thrive. The Trust was created for the north and is led by the north. Northern Development is proud to work with communities and partners throughout Northern B.C. to find ways to say “yes” to economic diversification in our region.

www.northerndevelopment.bc.ca



Financial Statements of

**NORTHERN DEVELOPMENT
INITIATIVE TRUST**

Year ended December 31, 2017



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

We have audited the accompanying financial statements of Northern Development Initiative Trust, which comprise the statement of financial position as at December 31, 2017, the statement of operations and fund balances and cash flows for the year, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Northern Development Initiative Trust as at December 31, 2017, and its results of operations and its cash flows for the year in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Professional Accountants

February 21, 2018

Prince George, Canada

Northern Development Initiative Trust

Statement of Financial Position

As at December 31, 2017, with comparative information for 2016

	Unrestricted and Endowment	Restricted									Total	
	Operating and Endowment Account	Invested in Tangible Capital Assets	Cross Regional	Pine Beetle Recovery	Cariboo-Chilcotin Lillooet Regional Development	Northwest Regional Development	Northeast Regional Development	Prince George Regional Development	Other Trust Funds	Province of BC	2017	2016
ASSETS												
Current Assets												
Cash	\$ 198,133	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 654,510	\$ 25,876,256	\$ 26,728,899	\$ 9,342,043
Miscellaneous receivables	53,278	-	-	-	-	-	-	-	86,000	-	139,278	307,706
Prepaid expenses	42,184	-	-	-	-	-	-	-	-	-	42,184	36,738
Current portion of loans receivable (Note 2)	-	-	1,078,000	825,000	12,160	14,922	96,809	265,515	-	-	2,292,406	2,755,504
Total Current Assets	293,595	-	1,078,000	825,000	12,160	14,922	96,809	265,515	740,510	25,876,256	29,202,767	12,441,991
Other Non-Current Assets												
Loans receivable (Note 2)	-	-	8,486,165	15,680	50,166	16,346	589,712	1,496,707	-	-	10,654,776	12,052,418
Investments (Note 3)	32,167,516	-	62,420,088	26,982,500	29,409,093	29,034,024	34,858,595	34,842,892	516,987	-	250,231,695	234,157,834
Tangible capital assets (Note 4)	-	121,575	-	-	-	-	-	-	-	-	121,575	82,783
TOTAL ASSETS	\$ 32,461,111	\$ 121,575	\$ 71,984,253	\$ 27,823,180	\$ 29,471,419	\$ 29,065,292	\$ 35,545,116	\$ 36,605,114	\$ 1,257,497	\$ 25,876,256	\$ 290,210,813	\$ 258,735,026
LIABILITIES AND EQUITY												
Current Liabilities												
Accounts payable and accrued liabilities (Note 5)	177,933	-	97,550	19,710	21,482	21,099	25,459	25,452	105	-	388,790	494,829
Deferred revenue	333,587	-	-	-	-	-	-	-	-	-	333,587	-
Total Current Liabilities	511,520	-	97,550	19,710	21,482	21,099	25,459	25,452	105	-	722,377	494,829
Due to North Central Local Government Association	-	-	-	-	-	-	-	-	373,482	-	373,482	307,075
TOTAL LIABILITIES	511,520	-	97,550	19,710	21,482	21,099	25,459	25,452	373,587	-	1,095,859	801,904
Fund Balances												
Endowment fund (Note 6)	25,000,000	-	-	-	-	-	-	-	-	-	25,000,000	25,000,000
Externally Restricted - Uncommitted	-	-	67,476,049	24,500,560	25,760,495	26,860,683	33,232,256	28,246,239	823,692	20,138,429	227,038,403	200,000,716
Externally Restricted - Committed (Schedule 1)	-	-	4,410,654	3,302,910	3,689,442	2,183,510	2,287,401	8,333,423	60,218	5,737,827	30,005,385	27,526,505
Invested in tangible capital assets (Note 7)	-	121,575	-	-	-	-	-	-	-	-	121,575	82,783
Unrestricted	6,949,591	-	-	-	-	-	-	-	-	-	6,949,591	5,323,117
TOTAL EQUITY	31,949,591	121,575	71,886,703	27,803,470	29,449,937	29,044,193	35,519,657	36,579,662	883,910	25,876,256	289,114,954	257,933,122
Contingencies (Note 8)												
Commitments (Note 9)												
Subsequent event (Note 12)												
TOTAL LIABILITIES AND EQUITY	\$ 32,461,111	\$ 121,575	\$ 71,984,253	\$ 27,823,180	\$ 29,471,419	\$ 29,065,292	\$ 35,545,116	\$ 36,605,114	\$ 1,257,497	\$ 25,876,256	\$ 290,210,813	\$ 258,735,026

Approved by the Board:

Chair, Northern Development Initiative Trust

Northern Development Initiative Trust

Statement of Operations and Fund Balances

For the 12 Months ending December 31, 2017, with comparative information for 2016

	Unrestricted and Endowment	Restricted									Total	
	Operating and Endowment Account	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 BC	2017	2016
REVENUE												
Investment income, net of fees (Note 3)	977,487	-	1,884,411	817,274	892,605	870,958	1,056,865	1,056,258	4,377	-	7,560,235	5,425,999
Interest income - projects	1,077	-	297,343	15,680	1,906	717	16,778	24,973	1,413	151,859	511,746	373,180
Contributions	-	-	-	-	-	-	-	-	158,000	19,600,000	19,758,000	2,431,533
Net unrealized gains	2,310,085	-	4,425,306	1,969,565	2,102,313	2,047,542	2,476,579	2,528,690	9,833	-	17,869,913	2,049,816
Gain on sale of tangible capital assets	-	20,296	-	-	-	-	-	-	-	-	20,296	-
Financial services revenue	68,414	-	-	-	-	-	-	-	-	-	68,414	28,000
TOTAL REVENUE	3,357,063	20,296	6,607,060	2,802,519	2,996,824	2,919,217	3,550,222	3,609,921	173,623	19,751,859	45,788,604	10,308,528
EXPENSE												
ADMINISTRATION EXPENSES												
Amortization	-	47,874	-	-	-	-	-	-	-	-	47,874	60,933
Direct project expenses	-	-	6,563	6,563	-	-	-	-	-	89	13,215	56,443
General administration	139,960	-	-	-	-	-	-	-	-	-	139,960	151,175
S/C, fees, dues, licences	5,635	-	-	-	-	-	-	-	14	12	5,661	5,296
Office expense	197,522	-	-	-	-	-	-	-	-	-	197,522	192,376
Professional services	128,593	-	-	-	-	-	-	-	-	-	128,593	145,200
Rentals and maintenance	44,596	-	-	-	-	-	-	-	-	-	44,596	47,904
Office supplies	25,503	-	-	-	-	-	-	-	-	-	25,503	33,200
Salaries and benefits	1,019,723	-	-	-	-	-	-	-	-	-	1,019,723	1,095,762
TOTAL ADMINISTRATION EXPENSES	1,561,532	47,874	6,563	6,563	-	-	-	-	14	101	1,622,647	1,788,289
BOARD & RAC EXPENSES												
Board Costs	64,004	-	-	-	-	-	-	-	-	-	64,004	99,393
RAC - Northeast	4,728	-	-	-	-	-	-	-	-	-	4,728	4,011
RAC - Prince George	6,632	-	-	-	-	-	-	-	-	-	6,632	4,970
RAC - Cariboo-Chilcotin/Lillooet	12,293	-	-	-	-	-	-	-	-	-	12,293	7,338
RAC - Northwest	15,030	-	-	-	-	-	-	-	-	-	15,030	7,238
TOTAL BOARD and RAC EXPENSES	102,687	-	-	-	-	-	-	-	-	-	102,687	122,951
TOTAL ADMINISTRATION COSTS	1,664,219	47,874	6,563	6,563	-	-	-	-	14	101	1,725,334	1,911,240
Database development	-	-	-	-	-	-	-	-	-	-	-	43,422
Catalyst conversion	-	-	-	-	-	-	-	-	-	-	-	10,500
TOTAL INCREMENTAL PROJECT EXPENSES	-	-	-	-	-	-	-	-	-	-	-	53,922
Grants and loans (Schedule 1)	-	-	2,978,355	1,924,685	1,565,255	1,167,298	1,100,046	1,838,056	256,328	2,220,901	13,050,924	13,679,469
Less: repayable portion	-	-	-	-	-	-	-	(219,486)	-	-	(219,486)	(1,135,115)
Write down of loan receivable	-	-	-	50,000	-	-	-	-	-	-	50,000	824,667
NET GRANTS	-	-	2,978,355	1,974,685	1,565,255	1,167,298	1,100,046	1,618,570	256,328	2,220,901	12,881,438	13,369,021
TOTAL EXPENSES	1,664,219	47,874	2,984,918	1,981,248	1,565,255	1,167,298	1,100,046	1,618,570	256,342	2,221,002	14,606,772	15,334,183
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	1,692,844	(27,578)	3,622,142	821,271	1,431,569	1,751,919	2,450,176	1,991,351	(82,719)	17,530,857	31,181,832	(5,025,655)
FUND BALANCES, BEGINNING OF YEAR												
Investment in Capital Assets (Note 7)	30,323,117 (66,370)	82,783 66,370	68,264,561 -	26,982,199 -	28,018,368 -	27,292,274 -	33,069,481 -	34,588,311 -	966,629 -	8,345,399 -	257,933,122	262,958,777
FUND BALANCES, END OF YEAR	\$ 31,949,591	\$ 121,575	\$ 71,886,703	\$ 27,803,470	\$ 29,449,937	\$ 29,044,193	\$ 35,519,657	\$ 36,579,662	\$ 883,910	\$ 25,876,256	\$ 289,114,954	\$ 257,933,122

NORTHERN DEVELOPMENT INITIATIVE TRUST

Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenditures	\$ 31,181,832	\$ (5,025,656)
Items not involving cash:		
Amortization	47,874	60,933
Net unrealized gains	(17,869,913)	(2,049,816)
Gain on sale of tangible capital assets	(20,296)	-
Accrued interest on loans receivable	(357,399)	264,596
Write down of loan receivable	50,000	824,667
	13,032,098	(5,925,276)
Change in non-cash operating working capital:		
Accounts receivables	168,428	(139,085)
Prepaid expenses	(5,446)	10,349
Accounts payable and accrued liabilities	(106,039)	80,739
Deferred revenue	333,587	(17,500)
	13,422,628	(5,990,773)
Financing:		
Repayment of loan repayable	-	(84,564)
Investing:		
Increase in investments	1,796,052	6,018,445
Repayment of loans receivable	2,337,626	1,458,180
Advance on loans receivable	(169,486)	(910,115)
Acquisition of tangible capital assets	(109,870)	(13,026)
Proceeds on sale of tangible capital assets	43,500	47,958
Due to North Central Local Government Association	66,406	-
	3,964,228	6,601,442
Increase in cash	17,386,856	526,105
Cash, beginning of year	9,342,043	8,815,938
Cash, end of year	\$ 26,728,899	\$ 9,342,043

See accompanying notes to financial statements.

NORTHERN DEVELOPMENT INITIATIVE TRUST

Notes to Financial Statements

Year ended December 31, 2017

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, Prince George Agriculture Fund, BC Hydro GO Fund and Canada Winter Games 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 6).

(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, 2017

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, 2017

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, 2017

1. Significant accounting policies (continued):

(j) Use of estimates:

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

(k) Financial instruments:

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

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

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

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

NORTHERN DEVELOPMENT INITIATIVE TRUST

Notes to Financial Statements (continued)

Year ended December 31, 2017

2. Loans receivable:

	2017	2016
Cross Regional Development Account - Prince George. Interest only payments with interest calculated at bank prime rate (December 31, 2017 - 3.2%). Repayable in annual installments in the next five years of \$1,548,677 in 2018, \$1,508,318 in 2019, \$1,468,567 in 2020, \$1,427,601 in 2021, and \$1,387,242 in 2022.	\$ 9,564,165	\$ 10,825,374
Pine Beetle Recovery Account. Repayable in a final annual installment of \$840,680. Subsequent to year end, the loan has been repaid in full (Note 12).	840,680	975,000
Cariboo-Chilcotin Lillooet Regional Development Account. Repayable in annual installments in the next five years of \$13,940 in 2018, \$13,863 in 2019, \$8,031 in 2020, 2021 and 2022, including interest between 0.0% and 3.7%.	62,326	74,835
Northwest Regional Development Account. Repayable in annual installments in the next three years of \$16,184 in 2018, \$9,092 in 2019, and \$7,092 in 2020, including interest between 0.0% and 2.7%.	31,268	370,038
Northeast Regional Development Account. Repayable in annual installments in the next five years of \$111,400 in 2018 and 2019, \$367,200 in 2020, \$87,400 in 2021, and \$47,306 in 2022, including interest between 0.0% and 4.0%.	686,521	784,959
Prince George Regional Development Account. Repayable in annual installments in the next five years of \$265,515 in 2018, 2019, and 2020, \$175,515 in 2021, and \$177,317 in 2022, non-interest bearing.	1,762,222	1,777,716
	12,947,182	14,807,922
Current portion of loans receivable	(2,292,406)	(2,755,504)
	\$ 10,654,776	\$ 12,052,418

NORTHERN DEVELOPMENT INITIATIVE TRUST

Notes to Financial Statements (continued)

Year ended December 31, 2017

3. Investments:

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

	2017	2016
Cash equivalents:		
Mawer Canadian Money Market	\$ 8,296,080	\$ 9,826,680
Fixed income balances:		
Mawer Canadian Bond Pooled Fund	74,292,124	72,387,787
Mawer Global Bond Fund	5,762,971	5,898,040
	80,055,095	78,285,827
Equity balances:		
Mawer Canadian Equity Pooled Fund	39,547,467	37,264,805
Mawer Small Cap Fund	18,285,478	15,598,458
Mawer Global Equity Series	104,047,575	93,182,064
	161,880,520	146,045,327
	\$ 250,231,695	\$ 234,157,834

Investment income is presented net of management fees charged for the year ended December 31, 2017 of \$705,945 (2016 - \$684,014).

4. Tangible capital assets:

			2017	2016
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware	\$ 280,630	\$ 244,959	\$ 35,671	\$ 15,611
Computer software	158,501	157,441	1,060	993
Furniture and fixtures	145,455	140,291	5,164	9,045
Leasehold improvements	58,743	37,718	21,025	26,679
Vehicles	77,473	18,818	58,655	30,455
	\$ 720,802	\$ 599,227	\$ 121,575	\$ 82,783

NORTHERN DEVELOPMENT INITIATIVE TRUST

Notes to Financial Statements (continued)

Year ended December 31, 2017

5. Accounts payable and accrued liabilities:

	2017	2016
Accounts payable and accrued liabilities	\$ 388,400	\$ 494,649
Payroll and withholding taxes	390	180
	\$ 388,790	\$ 494,829

6. 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 \$977,487 (2016 - \$696,592) and net unrealized gains of \$2,310,085 (2016 - \$267,663) for the year ended December 31, 2017.

7. Invested in tangible capital assets:

Invested in tangible capital assets is calculated as follows:

	2017	2016
Opening balance	\$ 82,783	\$ 130,690
Amortization	(47,874)	(60,933)
Gain on disposal of capital assets	20,296	-
Acquisitions of capital assets	109,870	13,026
Proceeds on sale of tangible capital assets	(43,500)	-
	\$ 121,575	\$ 82,783

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 \$66,370 (2016 - \$13,026).

NORTHERN DEVELOPMENT INITIATIVE TRUST

Notes to Financial Statements (continued)

Year ended December 31, 2017

8. Contingencies:

The Trust is contingently liable as guarantor of loans with unrelated parties in the amount of \$858,516 (2016 - \$1,313,668).

The Trust has a demand credit facility for standby letters of credit authorized to \$15,000,000, secured by a general security agreement placing a first-priority interest in all present and future property of the Trust. As at December 31, 2017, there were two letters of credit issued for a total of \$1,750,000 expiring between May and December 2018.

9. Commitments:

In addition to committed funds disclosed in Schedule 1, the Trust leases premises under a lease which expires May 2019. The minimum lease payments in each of the next two years are:

2018	\$	137,010
2019		57,088
		<hr/>
		\$ 194,098

10. Financial risks and concentration of credit risk:

(a) Currency risk:

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

(b) Market risk:

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

(c) Credit risk:

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

NORTHERN DEVELOPMENT INITIATIVE TRUST

Notes to Financial Statements (continued)

Year ended December 31, 2017

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

(d) Liquidity risk:

Liquidity risk is the risk that the Trust will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Trust manages its liquidity risk by monitoring its operating requirements. The Trust prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposure from 2016.

(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.

11. 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 59,470 active members and 46,282 retired members. Active members include approximately 85 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 \$86,462 (2016 - \$96,031) for employer contributions to the Plan during the year.

12. Subsequent events:

Subsequent to the year end, the Trust received full payment for a loan receivable (Note 2) in the Pine Beetle Recovery Account in the amount of \$840,680.

Northern Development Initiative Trust
Schedule of Externally Restricted - Committed Funds
Year ended December 31, 2017

SCHEDULE 1

Account	Total Funding Approved (unaudited)	Grants and loans		2017		2016	
		2017 Disbursements	2016 Disbursements	Outstanding Commitments	Outstanding Commitments	Outstanding Commitments	Outstanding Commitments
Cross Regional Account	\$ 38,518,239	\$ 2,978,355	\$ 2,711,429	\$ 4,410,654	\$ 4,728,999		
Pine Beetle Recovery Account	27,339,105	1,924,685	1,608,668	3,302,910	3,609,080		
Cariboo-Chilcotin/Lillooet Regional Development Account	13,644,570	1,565,255	1,233,198	3,689,442	3,887,857		
Northwest Regional Development Account	16,686,385	1,167,298	1,693,134	2,183,510	1,804,870		
Northeast Regional Development Account	10,711,562	1,100,046	2,154,784	2,287,401	1,439,749		
Prince George Regional Development Account	21,005,828	1,838,056	2,461,159	8,333,423	6,965,068		
Province of British Columbia	11,886,715	2,220,901	1,602,913	5,737,827	5,090,882		
Other Trust Funds	30,914,689	256,328	214,184	60,218	-		
TOTAL	\$ 170,707,092	\$ 13,050,924	\$ 13,679,469	\$ 30,005,385	\$ 27,526,505		