

**NECHAKO-KITAMAAT DEVELOPMENT
FUND SOCIETY**

FINANCIAL STATEMENTS

MARCH 31, 2024

NECHAKO-KITIMAAT DEVELOPMENT FUND SOCIETY

FINANCIAL STATEMENTS

MARCH 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Directors of
Nechako-Kitimaat Development Fund Society
Prince George, BC
and to
British Columbia Ministry of Jobs, Economic Development and Innovation
Victoria, BC

Opinion

We have audited the accompanying financial statements of Nechako-Kitimaat Development Fund Society, which comprise the Statement of Financial Position as at March 31, 2024, and the Statements of Operations and Changes in Fund Balances and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatements when it exists. Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian auditing standards, we exercise professional judgement and maintain professional skepticism through the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including disclosure, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Smithers, BC
May 15, 2024


Edmison Mehr

**NECHAKO-KITIMAAAT DEVELOPMENT FUND SOCIETY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2024**

	<u>2024</u>	<u>2023</u>
FINANCIAL ASSETS		
Cash - administration fund	\$ 34,683	\$ 39,424
Cash -grant fund	346,819	309,451
Short term investments, Note 3	2,252,817	2,074,551
GST receivable	<u>2,611</u>	<u>2,578</u>
	<u>2,636,930</u>	<u>2,426,004</u>
LIABILITIES		
Accounts payable	<u>17,615</u>	<u>18,810</u>
NET FINANCIAL ASSETS	2,619,315	2,407,194
CONTRACTUAL OBLIGATIONS (Total \$240,571), Note 7		
NON FINANCIAL ASSETS	<u>-</u>	<u>-</u>
ACCUMULATED SURPLUS (see Note 7 for Contractual Obligations)	\$ <u>2,619,315</u>	\$ <u>2,407,194</u>
ACCUMULATED SURPLUS IS COMPRISED OF:		
Accumulated operating	\$ 2,169,573	\$ 2,150,471
Accumulated remeasurement gains and losses	<u>449,742</u>	<u>256,723</u>
	\$ <u>2,619,315</u>	\$ <u>2,407,194</u>

APPROVAL OF THE BOARD:



Director



Director

NECHAKO-KITIMAAAT DEVELOPMENT FUND SOCIETY
STATEMENT OF OPERATIONS AND CHANGES TO OPERATING FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2024

	2024 Actual	2024 Budget (Note 6)	2023 Actual
REVENUE			
Contribution agreement funding -			
Province of B.C.	\$ 260,000	\$ 250,000	\$ 250,000
Investment	<u>92,345</u>	<u>60,000</u>	<u>98,873</u>
	<u>352,345</u>	<u>310,000</u>	<u>348,873</u>
EXPENSES			
Accounting and audit	6,581	6,000	6,329
Advertising and promotion	2,637	5,000	4,916
Conference	-	1,000	-
Honorariums	6,990	10,000	9,975
Legal	40	50	-
Office	1,434	1,000	1,462
Subcontract - manager	66,195	76,192	70,089
Subcontract - other	-	500	-
Supplies and equipment	-	1,000	545
Telephone	1,628	1,400	1,545
Travel and meetings - board	7,878	10,000	9,614
Travel and meetings - manager	<u>3,526</u>	<u>2,000</u>	<u>833</u>
Sub-total	96,909	114,142	105,308
Special project-economic impact study	7,380	7,500	-
Grant payments	<u>228,954</u>	<u>250,000</u>	<u>280,083</u>
	<u>333,243</u>	<u>371,642</u>	<u>385,391</u>
Excess (deficiency) of revenues over expenses for the year	19,102	(61,642)	(36,518)
Operating fund balance, beginning of year	<u>2,150,471</u>	<u>2,150,471</u>	<u>2,186,989</u>
Operating fund balance, end of year	<u>\$ 2,169,573</u>	<u>\$ 2,088,829</u>	<u>\$ 2,150,471</u>

**NECHAKO-KITIMAAT DEVELOPMENT FUND SOCIETY
STATEMENT OF REMEASUREMENT GAINS AND LOSSES
FOR THE YEAR ENDED MARCH 31, 2024**

	<u>2024</u>	<u>2023</u>
Accumulated remeasurement gains and losses, beginning of year	\$ 256,723	375,531
Unrealized gain (loss) on portfolio investment	204,381	(84,116)
Realized (gain) loss on portfolio investment, reclassified to operations	<u>(11,362)</u>	<u>(34,692)</u>
Accumulated remeasurement gains and losses, end of year	<u>\$ 449,742</u>	<u>\$ 256,723</u>

NECHAKO-KITIMAAT DEVELOPMENT FUND SOCIETY
STATEMENT OF CASH FLOWS
MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
OPERATING ACTIVITIES		
Excess of revenues over expenses for the year	\$ 19,102	(36,518)
Add: Items not involving cash		
Unrealized gain (loss) on portfolio investment	<u>204,381</u>	<u>(84,116)</u>
	<u>223,483</u>	<u>(120,634)</u>
Net change in non-cash working capital		
Net (increase) decrease in:		
GST receivable	(32)	(297)
Net increase (decrease) in:		
Accounts payable	<u>(1,196)</u>	<u>13,912</u>
	<u>(1,228)</u>	<u>13,615</u>
	<u>222,255</u>	<u>(107,019)</u>
CAPITAL ACTIVITIES	<u>-</u>	<u>-</u>
FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
INVESTING ACTIVITIES		
Decrease (increase) in short term investments	(178,266)	124,166
Realized gain (loss) on portfolio investment, reclassified to operations	<u>(11,362)</u>	<u>(34,692)</u>
	<u>(189,628)</u>	<u>89,474</u>
INCREASE (DECREASE) IN CASH	32,627	(17,545)
CASH, beginning of year	<u>348,875</u>	<u>366,420</u>
CASH, end of year	\$ <u>381,502</u>	<u>348,875</u>
CASH CONSISTS OF:		
Cash - administration fund	\$ 34,683	39,424
Cash - grant fund	<u>346,819</u>	<u>309,451</u>
	\$ <u>381,502</u>	<u>348,875</u>
ADDITIONAL CASH FLOW INFORMATION:		
Interest paid	\$ <u>-</u>	\$ <u>-</u>
Income taxes paid	\$ <u>-</u>	\$ <u>-</u>

NECHAKO-KITIMAAAT DEVELOPMENT FUND SOCIETY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2024

1. PURPOSE

The purpose of the Society is to promote sustainable economic development in northern communities affected by the Kitimat-Kemano project and by the creation of the Nechako Reservoir. The Society was created to manage the programs supported by the Northern Development Fund and to implement the recommendations of the Advisory Board of this Fund. The Society is accountable for the funds advanced to the Society from the Northern Development Fund.

The \$15 million Northern Development Fund, to which both Alcan and the BC Government each contributed \$7.5 million, was created as a result of the BC-Alcan 1997 Agreement. This Agreement resolved the legal issues associated with the cancellation of the Kemano Completion Project. Bill 5, the "BC-Alcan Northern Development Fund Act", to promote sustainable economic development in Northwestern BC, was approved by the Legislature in April, 1998. The Advisory Board for the Northern Development Fund was established in January, 1998 to provide the Minister responsible for the Fund with recommendations for how the Fund should be managed and used to stimulate economic development.

The Provincial Government maintains direct management responsibility for that portion of the Northern Development Fund not forwarded to the Society. The fair market value of the fund at March 31, 2024 is \$13,198,277.89 (2023 - \$12,976,746.68). At March 31, 2024 a total of \$13.37 million has been forwarded from the Northern Development Fund to the Society since its inception.

The Nechako-Kitimaat Development Fund Society was incorporated under the Society Act on August 18, 1999. The Society is required to file a T2 Corporate Income Tax Return annually however its activities are exempt from taxation.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards.

Cash

Cash consists of cash and cash equivalents that are defined as highly-liquid investments with maturities of three months or less at the acquisition date.

Financial Instruments

Financial instruments consist of cash, short term investments, receivables and payables. All financial instruments are recorded at market value. For short term investments, the classes of the investments, as outlined in Note 3, are held in active markets with publicly available trading values. Therefore the fair market value of each class of short term investments is considered Level 1 as outlined by Canadian Public Sector Accounting Standards section 3450, Financial Instruments.

NECHAKO-KITIMAAT DEVELOPMENT FUND SOCIETY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2024

Revenue

Grant revenue is recognized when the grant is received by the Society.

Investment revenue includes interest, dividend and realized capital gains income and losses. Unrealized gains and losses on held-for-trading financial assets are recorded in the Statement of Remeasurement Gains and Losses in the period in which the unrealized gains and losses arise.

Grant payments

Grants provided to other organizations are recorded as an expense when the amount is paid by the Society.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. Actual results could differ from those estimates.

3. SHORT TERM INVESTMENTS

Short term investments consist of investments classified as held-for-trading and include the following amounts. The adjusted cost base of the fund at March 31, 2024 is \$1,803,076 (2023 - \$1,816,777).

	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents Funds	\$ 83,443	\$ 102,323
Fixed Income Funds - Canadian	84,552	81,489
Fixed Income Funds - Other International	667,786	636,416
Equity Funds - Canadian	335,003	307,057
Equity Funds - United States	512,909	419,032
Equity Funds - Other International	<u>569,124</u>	<u>528,234</u>
	<u>\$ 2,252,817</u>	<u>\$ 2,074,551</u>

NECHAKO-KITIMAAAT DEVELOPMENT FUND SOCIETY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2024

4. FINANCIAL ASSETS AND LIABILITIES

The significant financial risks to which the Society is exposed include the following:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfil its payment obligations. Financial instruments that potentially subject the Society to a concentration of credit risk consist primarily of cash and short term investments. The Society limits its exposure to credit loss from its cash by placing its cash with major Canadian financial institutions. The Society's maximum exposure to credit risk for short term investments are the amounts disclosed in the Statement of Financial Position.

Fair value risk

The Society estimates the fair value of its financial instruments based on current interest rates, market value and pricing of financial instruments with comparable terms. Unless otherwise indicated, the carrying value of these financial instruments approximates their fair market value because of the near maturity of those instruments. For short term investments, the classes of the investments, as outlined in Note 3, are held in active markets with publicly available trading values. The Society's maximum exposure to fair value risk for short term investments are the amounts disclosed in the Statement of Financial Position.

Liquidity Risk

Liquidity risk is the risk that the Society will not be able to meet its financial obligations as they fall due. The Society's approach to managing liquidity is to evaluate current and expected liquidity requirements under both normal and stressed conditions to ensure that it maintains sufficient reserves of cash or have an available credit facility to meet its liquidity requirements in the short and long term.

As at March 31, 2024, the Society had cash of \$381,502 (March 31, 2023 - \$348,875) to settle current liabilities of \$17,615 (March 31, 2023 - \$18,810). Management believes that liquidity risk for financial instruments is minimal.

Market risk

Market risk incorporates a range of risks. Movement in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Society mitigates these risks by the diversity of its short term investment classes as disclosed in Note 3.

Foreign currency risk

The Society is exposed to currency risk with respect to the US and other international equity funds amounts as disclosed in Note 3.

Interest rate risk

The Society is exposed to interest rate risk to the extent that the cash and money market funds maintained are subject to a floating rate of interest. The interest rate risk on cash and money market funds is not considered significant. Management believes that interest rate risk for cash and money market funds is minimal.

NECHAKO-KITIMAAAT DEVELOPMENT FUND SOCIETY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2024

5. REMUNERATION PAID TO DIRECTORS, EMPLOYEES AND CONTRACTORS

In accordance with the Societies Act the Society discloses all remuneration paid to directors and also discloses annual payments to employees and contractors that individually exceed \$75,000. The Society has no employees and none of the Society's contractors are paid in excess of the \$75,000 disclosure amount. The director remuneration is provided on the calendar year basis as the information is most readily available from the T4 reporting forms and there are no material differences to the fiscal year totals. The director remuneration is as follows:

	<u>2024</u>	<u>2023</u>
Director	\$ 1,375	\$ 1,125
Director	985	-
Director	1,575	1,750
Director	1,110	1,000
Director	1,110	500
Director	125	750
Director	500	500
Director	-	625
Director	<u>985</u>	<u>1,250</u>
	<u>\$ 7,765</u>	<u>\$ 7,500</u>

6. BUDGET

The budget amounts correspond to Appendix 'A' of the 2023/24 Business Plan.

7. CONTRACTUAL OBLIGATIONS

The Society is contractually obligated, provided the recipients fulfill the requirements of the funding agreements, to provide grants totaling \$240,571 subsequent to March 31, 2024. The following schedule provides the continuity of commitments at the beginning of the year with the current year grant approvals, the grant payments paid out or unexpended funds returned and any other grant adjustments including projects cancelled that do not proceed and projects completed at a total cost below the anticipated total to agree to the outstanding grant commitments at the end of the year.

NECHAKO-KITIMAAT DEVELOPMENT FUND SOCIETY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2024

	Balance <u>Beginning</u>	Grant <u>Approvals</u>	Grant <u>(Payments)</u>	Cancellations and <u>Project Surplus Retained</u>	Balance <u>Ending</u>
Cheslatta Carrier Nation - History Book of the Cheslatta Carrier Nation	\$ 18,750	-	-	\$	\$ 18,750
District of Vanderhoof - Riverside Interpretive Signage	500	-	(500)	-	-
Haisla Nation Council - Bandshell	24,097	-	(24,097)	-	-
Lakes District Airport Society - Refuelling Station	15,000	-	-	-	15,000
Nechako Valley Historical Society - Storage Container	480	-	(480)	-	-
Tamitik Status of Women Association - 24-Hour Daycare	15,000	-	-	-	15,000
Village of Burns Lake - St. John's Heritage Church Redevelopment	15,000	-	(12,000)	-	3,000
Village of Fraser Lake -Curling Rink/Community Hall Redevelopment	25,000	-	(25,000)	-	-
Nulki-Tachick Lakes Stewardship Society - Feasibility Study	500	-	-	-	500
BC Cattlemen's Association -Economic Impact Assessment of BC Vets	500	-	(500)	-	-
Burns Lake Public Library Association -Saving Lives at the Library	200	-	(63)	(137)	-
Omineca Ski Club -Rental Ski Inventory	500	-	(500)	-	-
Ride Burns Mountain Biking Association -Summer Maintenance Work Crew	15,000	-	(15,000)	-	-
Carrier Sekani Family Services -Foundry Burns Lake	25,000	-	(12,500)	-	12,500
District of Vanderhoof -Dog Park/Museum Site Washroom	5,000	-	(4,500)	-	500
Lakes Outdoor Recreation Society -Ootsa Lake Outhouses	18,728	-	(18,728)	-	-
District of Vanderhoof -Ferland Park Playground Equipment	15,000	-	(6,684)	(8,316)	-
Haisla Nation Council - Active Measures Program -Active Measures Program	15,000	-	(15,000)	-	-
Burns Lake Christian Support Society - Infant Program First Aid Training	-	4,270	(4,270)	-	-
FLESS Parent Advisory Council - Gym Score Clock	-	5,000	(5,000)	-	-
Grassy Plains Community Hall Association - Mud Bogs	-	5,000	(5,000)	-	-
Vanderhoof Chamber of Commerce - Live Local Campaign	-	5,000	(5,000)	-	-
Fraser Lake Curling Club - Ice Upgrades	-	4,041	(4,041)	-	-
Francois Tehesinkut Recreation Commission - Francois Lake Hall Reno	-	25,000	(25,000)	-	-
Nechako View Senior Citizens Home Society - Reshingle Tri-Plex units	-	6,844	(6,844)	-	-
Rip N The North - Rip'n Refresh	-	4,500	(4,500)	-	-
Village of Fraser Lake - Picnic Table Structure	-	5,000	(5,000)	-	-
Village of Fraser Lake - Picnic Tables Concrete Pads	-	5,000	(5,000)	-	-
Nechako View Seniot Citizens Home Society	-	3,276	(3,276)	-	-
Ride Burns Mountain Biking Association - Windfall Clean Up	-	5,000	(4,970)	(30)	-
Chinook Emergency Response Society - Emergency Response Trailers	-	5,000	(5,000)	-	-
LDSS Parent Advisory Council - LDSS Kitchen Upgrade	-	5,000	(4,500)	-	500
Vanderhoof Chamber of Commerce - Business Excellence Awards	-	1,500	(1,500)	-	-
Grassy Plains School PAC - Ski Equipment Upgrade	-	5,000	(4,500)	-	500
Eagle Creek Recreation Commission - Western Days	-	5,000	-	-	5,000
Chinook Emergency Response Society - Emergency Response Trailers	-	5,000	-	-	5,000
Burns Lake Chrstion Support Society - Infant Dev Music and Movement	-	600	-	-	600
Fraser Lake and Area Men's Shed Society - Refurbish of Shed	-	5,000	-	-	5,000
Cheslatta Carrier Nation - Our Lady of the Plans Church Renovation	-	5,000	-	-	5,000
Sub-total	\$ 209,255	\$ 115,031	\$ (228,953)	\$ (8,483)	\$ 86,850

NECHAKO-KITIMAAT DEVELOPMENT FUND SOCIETY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2024

	<u>Balance</u>	<u>Grant</u>	<u>Grant</u>	<u>Grant</u>	<u>Cancellations and</u>	<u>Balance</u>
	<u>Beginning</u>	<u>Approvals</u>	<u>(Payments)</u>	<u>Project Surplus Retained</u>	<u>Ending</u>	<u>Ending</u>
Sub-total	\$ 209,255	\$ 115,031	\$ (228,953)	\$ (8,483)	\$	\$ 86,850
Lakes District Fair Association - Fairground Improvements	-	40,000	-	-	-	40,000
Nechako Valley Sporting Association Nordics Grooming Maint/Storage Shop	-	11,000	-	-	-	11,000
Fraser Lake & District Senior Citizens Home Society	-	38,375	-	-	-	38,375
Village of Burns Lake - KayakOMat	-	8,000	-	-	-	8,000
Omineca Ski Club - Fuel Tank Upgrade	-	6,346	-	-	-	6,346
Grassy Plains Community Hall Association	-	50,000	-	-	-	50,000
	<u>\$ 209,255</u>	<u>\$ 268,752</u>	<u>\$ (228,953)</u>	<u>\$ (8,483)</u>	<u>\$</u>	<u>\$ 240,571</u>