NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY

FINANCIAL STATEMENTS

MARCH 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Directors of
Nechako-Kitamaat 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-Kitamaat Development Fund Society, which comprise the Statement of Financial Position as at March 31, 2025, 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, 2025, 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.

Edmison Mehr

Smithers, BC
May 14, 2025

Edmison Mehr

NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2025

	2025	2024
FINANCIAL ASSETS		
Cash - administration fund	$ 31,982	$ 34,683
Cash -grant fund	408,266	346,819
Short term investments, Note 3	2,366,508	2,252,817
GST receivable	2,749	2,611
	2,809,505	2,636,930
LIABILITIES		
Accounts payable	18,821	17,615
NET FINANCIAL ASSETS	2,790,684	2,619,315
CONTRACTUAL OBLIGATIONS (Total $248,987), Note 7		
NON FINANCIAL ASSETS	-	-
ACCUMULATED SURPLUS (see Note 7 for Contractual Obligations)	$ 2,790,684	$ 2,619,315
ACCUMULATED SURPLUS IS COMPRISED OF:		
Accumulated operating	$ 2,291,223	$ 2,169,573
Accumulated remeasurement gains and losses	499,461	449,742
	$ 2,790,684	$ 2,619,315

APPROVAL OF THE BOARD:

Director

Director

NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY
STATEMENT OF OPERATIONS AND CHANGES TO OPERATING FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2025

	2025 Actual	2025 Budget (Note 6)	2024 Actual
REVENUE			
Contribution agreement funding -			
Province of B.C.	$ 385,000	$ 380,000	$ 260,000
Investment	170,541	60,000	92,345
	555,541	440,000	352,345
EXPENSES			
Accounting and audit	7,319	6,200	6,581
Advertising and promotion	1,456	5,000	2,637
Conference	-	1,000	-
Consultant	8,479	5,000	-
Honorariums	8,125	10,000	6,990
Legal	90	50	40
Office	1,213	1,200	1,434
Subcontract - manager	68,092	78,094	66,195
Subcontract - other	-	500	-
Supplies and equipment	374	600	-
Telephone	1,072	1,500	1,628
Travel and meetings - board	7,532	10,000	7,878
Travel and meetings - manager	1,474	5,000	3,526
Sub-total	105,226	124,144	96,909
Special projects and grant payments			
Community engagement			
Honorariums	400	-	-
Subcontract - manager	453	-	-
Travel and meetings - board	111	-	-
Travel and meetings - manager	224	-	-
Total community engagement	1,188	12,000	-
Economic impact study	-	-	7,380
Grant payments	327,477	380,000	228,953
Total expenses	433,891	516,144	333,242
Excess (deficiency) of revenues over expenses for the year	121,650	(76,144)	19,103
Operating fund balance, beginning of year	2,169,573	2,169,573	2,150,470
Operating fund balance, end of year	$ 2,291,223	$ 2,093,429	$ 2,169,573

NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY
STATEMENT OF REMEASUREMENT GAINS AND LOSSES
FOR THE YEAR ENDED MARCH 31, 2025

	2025	2024
Accumulated remeasurement gains and losses, beginning of year	$ 449,742	256,723
Unrealized gain (loss) on portfolio investment	104,368	204,381
Realized (gain) loss on portfolio investment, reclassified to operations	(54,649)	(11,362)
Accumulated remeasurement gains and losses, end of year	$ 499,461	$ 449,742

NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY
STATEMENT OF CASH FLOWS
MARCH 31, 2025

	2025	2024
OPERATING ACTIVITIES		
Excess of revenues over expenses for the year	$ 121,650	19,103
Add: Items not involving cash		
Unrealized gain (loss) on portfolio investment	104,368	204,381
	226,018	223,484
Net change in non-cash working capital		
Net (increase) decrease in:		
GST receivable	(138)	(33)
Net increase (decrease) in:		
Accounts payable	1,205	(1,196)
	1,067	(1,229)
	227,085	222,255
CAPITAL ACTIVITIES	-	-
FINANCING ACTIVITIES	-	-
INVESTING ACTIVITIES		
Decrease (increase) in short term investments	(113,690)	(178,266)
Realized gain (loss) on portfolio investment, reclassified to operations	(54,649)	(11,362)
	(168,339)	(189,628)
INCREASE (DECREASE) IN CASH	58,746	32,627
CASH, beginning of year	381,502	348,875
CASH, end of year	$ 440,248	381,502
CASH CONSISTS OF:		
Cash - administration fund	$ 31,982	34,683
Cash - grant fund	408,266	346,819
	$ 440,248	381,502
ADDITIONAL CASH FLOW INFORMATION:		
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -

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 Nothern 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 contriubuted $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, 2025 is $13,875,167 (2024 - $13,198,278). At March 31, 2024 a total of $13.76 million has been forwarded from the Northern Development Fund to the Society since its inception.

The Nechako-Kitamaat 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 availabe 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.

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, 2025 is $1,867,047 (2024 - $1,803,076).

	2025	2024
Cash and Cash Equivalents Funds	$ 113,561	$ 83,443
Fixed Income Funds - Canadian	95,736	84,552
Fixed Income Funds - Other International	753,615	667,786
Equity Funds - Canadian	355,242	335,003
Equity Funds - United States	456,380	512,909
Equity Funds - Other International	591,974	569,124
	$ 2,366,508	$ 2,252,817

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, 2025, the Society had cash of $440,248 (March 31, 2024 - $381,502) to settle current liabilities of $18,821 (March 31, 2024 - $17,615). 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.

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 folllows:

	2025	2024
Director	$ 1,650	$ 1,375
Director	600	985
Director	2,400	1,575
Director	1,500	1,110
Director	1,175	1,110
Director	-	125
Director	-	500
Director	1,050	985
	$ 8,375	$ 7,765

6. BUDGET

The budget amounts correspond to Appendix 'A' of the 2024/25 Business Plan.

7. CONTRACTUAL OBLIGATIONS

The Society is contractually obligated, provided the recipients fulfill the requirements of the funding agreements, to provide grants totaling $248,988 subsequent to March 31, 2025. 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.

	Balance Beginning	Grant Approvals	Grant (Payments)	Cancellations and Project Surplus Retained	Balance Ending
Cheslatta Carrier Nation - History Book of the Cheslatta Carrier Nation	$ 18,750	$ -	$ -	$ (18,750)	$ -
Lakes District Airport Society - Refuelling Station	15,000	-	-	-	15,000
Tamitik Status of Women Association - 24-Hour Daycare	15,000	-	(15,000)	-	-
Village of Burns Lake - St. John's Heritage Church Redevelopmentt	3,000	-	(3,000)	-	-
Nulki-Tachick Lakes Stewardship Society - Feasibility Study	500	-	(459)	(41)	-
Carrier Sekani Family Services -Foundry Burns Lake	12,500	-	-	-	12,500
District of Vanderhoof -Dog Park/Museum Site Washroom	500	-	(190)	(310)	-
LDSS Parent Advisory Council - LDSS Kitchen Upgrade	500	-	(58)	(442)	-
Grassy Plains School PAC - Ski Equipment Upgrade	500	-	(500)	-	-
Eagle Creek Recreation Commission - Western Days	5,000	-	(4,500)	(500)	-
Chinook Emergency Response Society - Emergency Response Trailers	5,000	-	(5,000)	-	-
Burns Lake Christion Support Society - Infant Dev Music and Movenment	600	-	(540)	(60)	-
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)	-	-
Lakes District Fair Association - Fairground Improvements	40,000	-	(40,000)	-	-
Nechako Valley Sporting Association Nordics Grooming Maint/Storage Shop	11,000	-	(8,703)	(2,297)	-
Fraser Lake & District Senior Citizens Home Society	38,375	-	(32,308)	(6,067)	-
Village of Burns Lake - KayakOMat	8,000	-	(4,000)	-	4,000
Omineca Ski Club - Fuel Tank Upgrade	6,346	-	(6,346)	-	-
Grassy Plains Community Hall Association	50,000	-	(25,000)	-	25,000
Sub-total	$ 240,571	$ -	$ (155,604)	$ (28,467)	$ 56,500

	Balance Beginning	Grant Approvals	Grant (Payments)	Cancellations and Project Surplus Retained	Balance Ending
Sub-total	$ 240,571	$ -	$ (155,604)	$ (28,467)	$ 56,500
Vanderhoof International Airshow - 2024 Airshow	-	5,000	(5,000)	-	-
Burns Lake Youth Soccer Association - 2024 Soccer Nets	-	5,000	(5,000)	-	-
Nechako View Senior Citizens Home Society - Greenhouses	-	4,700	(4,700)	-	-
LDSS Parent Advisory Council - Cultural Rejuvenation	-	3,603	(3,243)	-	360
Vanderhoof Chamber of Commerce - Summer Street Fest Street Market	-	1,500	(1,500)	-	-
The Gospel Evangelical Free Church - Exterior Update	-	8,400	(8,400)	-	-
Cheslatta Carrier Nation - Drone Fire Protection	-	10,000	(10,000)	-	-
Haisla Nation Council - Fire Response Legacy	-	47,274	(47,274)	-	-
Village of Fraser Lake - Water Reservoir Replacement	-	50,000	(25,000)	-	25,000
Burns Lake Native Development Corporation - 25th National Indigenous People	-	10,000	(10,000)	-	-
District of Vanderhoof - CN Caboose	-	5,000	(5,000)	-	-
Lakes District Film Appreciation Society - Beacon Projector Replacement	-	23,566	(11,783)	-	11,783
Nechako Senior Citizens Society - Friendship Centre Roof Replacement	-	20,000	(10,000)	-	10,000
Vanderhoof Chamber of Commerce - 23rd Annual Pumpkin Walk	-	1,500	(1,500)	-	-
Fraser Lake Curling Club - Mesh Sheets	-	5,000	(4,500)	-	500
Vanderhoof Childern's Theatre - Microphones	-	5,000	(4,764)	(236)	-
Lakes District Fair Association - Electrical to Sheep and Swine Barn	-	4,675	-	-	4,675
Eagle Creek Recreation Commission - Pit Toilets Replacement	-	10,072	(5,036)	-	5,036
Fraser Lake Fire Rescue Training Society - Wildfire Structure Protection	-	18,347	(9,173)	-	9,174
Carrier Sekani Family Services - Foundry Burns Lake Furniture	-	25,000	-	-	25,000
Haisla Nation Council - Earth Flow	-	50,000	-	-	50,000
Village of Burns Lake - Burns Lake Arena Solar	-	50,000	-	-	50,000
Fraser Lake Curling Club - Ice Nipper	-	960	-	-	960
	$ 240,571	$ 364,597	$ (327,477)	$ (28,703)	$ 248,988