

**NECHAKO-KITAMAAT DEVELOPMENT  
FUND SOCIETY**

**FINANCIAL STATEMENTS**

**MARCH 31, 2022**

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**FINANCIAL STATEMENTS**  
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CHARTERED PROFESSIONAL ACCOUNTANTS

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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 Competitiveness  
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, 2022, 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, 2022, 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.

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## 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 misstatement 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 10, 2022

  
Edmison Mehr

**NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY**  
**STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2022**

	2022	2021
<b>FINANCIAL ASSETS</b>		
Cash - administration fund	\$ 30,027	\$ 12,207
Cash -grant fund	336,393	158,489
Short term investments, Note 3	2,198,717	2,206,703
GST receivable	<u>2,282</u>	<u>2,995</u>
	<u>2,567,419</u>	<u>2,380,394</u>
<b>LIABILITIES</b>		
Accounts payable	<u>4,901</u>	<u>4,898</u>
<b>NET FINANCIAL ASSETS</b>	2,562,518	2,375,496
<b>CONTRACTUAL OBLIGATIONS (Total \$240,324), Note 7</b>		
<b>NON FINANCIAL ASSETS</b>	<u>-</u>	<u>-</u>
<b>ACCUMULATED SURPLUS (see Note 7 for Contractual Obligations)</b>	<u>\$ 2,562,518</u>	<u>\$ 2,375,496</u>
<b>ACCUMULATED SURPLUS IS COMPRISED OF:</b>		
Accumulated operating	\$ 2,186,987	\$ 1,989,329
Accumulated remeasurement gains and losses	<u>375,531</u>	<u>386,167</u>
	<u>\$ 2,562,518</u>	<u>\$ 2,375,496</u>

**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, 2022**

	2022 Actual	2022 Budget (Note 6)	2021 Actual
<b>REVENUE</b>			
Contribution agreement funding -			
Province of B.C.	\$ 300,000	\$ 500,000	\$ 500,000
Investment	<u>104,007</u>	<u>57,761</u>	<u>91,474</u>
	<u>404,007</u>	<u>557,761</u>	<u>591,474</u>
<b>EXPENSES</b>			
Accounting and audit	5,515	5,500	5,253
Advertising and promotion	1,031	500	805
Conference	-	-	26
Honorariums	5,825	10,000	8,425
Insurance	765	800	765
Legal	-	-	2,060
Office	1,414	1,000	1,700
Server maintenance	552	2,000	3,756
Subcontract - manager	66,084	72,523	70,963
Subcontract - other	-	600	-
Supplies and equipment	713	1,000	-
Telephone	1,474	2,000	1,554
Travel and meetings - board	71	2,000	-
Travel and meetings - manager	<u>-</u>	<u>1,000</u>	<u>-</u>
Sub-total	83,444	98,923	95,307
Special project-economic impact study	-	-	12,590
Special project-business case	-	-	25,584
Grant payments	<u>122,905</u>	<u>500,000</u>	<u>542,856</u>
	<u>206,349</u>	<u>598,923</u>	<u>676,337</u>
Excess (deficiency) of revenues over expenses for the year	197,658	(41,162)	(84,863)
Operating fund balance, beginning of year	<u>1,989,329</u>	<u>1,989,329</u>	<u>2,074,192</u>
Operating fund balance, end of year	<u>\$ 2,186,987</u>	<u>\$ 1,948,167</u>	<u>\$ 1,989,329</u>

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**NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY**  
**STATEMENT OF REMEASUREMENT GAINS AND LOSSES**  
**FOR THE YEAR ENDED MARCH 31, 2022**

	2022	2021
Accumulated remeasurement gains and losses, beginning of year	\$ 386,167	(5,857)
Unrealized gain (loss) on portfolio investment	1,012	416,895
Realized (gain) loss on portfolio investment, reclassified to operations	<u>(11,648)</u>	<u>(24,871)</u>
Accumulated remeasurement gains and losses, end of year	\$ <u>375,531</u>	\$ <u>386,167</u>

**NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY**  
**STATEMENT OF CASH FLOWS**  
**MARCH 31, 2022**

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses for the year	\$ 197,658	(84,863)
Add: Items not involving cash		
Unrealized gain (loss) on portfolio investment	<u>1,012</u>	<u>416,895</u>
	<u>198,670</u>	<u>332,032</u>
Net change in non-cash working capital		
Net (increase) decrease in:		
GST receivable	<u>715</u>	<u>(15)</u>
	<u>199,385</u>	<u>332,017</u>
<b>CAPITAL ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>INVESTING ACTIVITIES</b>		
Decrease (increase) in short term investments	7,987	(268,459)
Realized gain (loss) on portfolio investment, reclassified to operations	<u>(11,648)</u>	<u>(24,871)</u>
	<u>(3,661)</u>	<u>(293,330)</u>
<b>INCREASE (DECREASE) IN CASH</b>	195,724	38,687
<b>CASH, beginning of year</b>	<u>170,696</u>	<u>132,009</u>
<b>CASH, end of year</b>	<u>\$ 366,420</u>	<u>170,696</u>
<b>CASH CONSISTS OF:</b>		
Cash - administration fund	\$ 30,027	12,207
Cash - grant fund	<u>336,393</u>	<u>158,489</u>
	<u>\$ 366,420</u>	<u>170,696</u>
<b>ADDITIONAL CASH FLOW INFORMATION:</b>		
Interest paid	\$ <u>-</u>	\$ <u>-</u>
Income taxes paid	\$ <u>-</u>	\$ <u>-</u>



**NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2022**

**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, 2022 is \$13,248,846.31 (2021 - \$13,993,531). At March 31, 2022 a total of \$12.6 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 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-KITAMAAT DEVELOPMENT FUND SOCIETY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2022**

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, 2022 is \$1,823,185 (2021 - \$1,820,536).

	2022	<u>2021</u>
Cash and Cash Equivalents Funds	\$ 97,464	\$ 151,751
Fixed Income Funds - Canadian	48,973	50,278
Fixed Income Funds - Other International	631,586	637,035
Equity Funds - Canadian	353,479	280,850
Equity Funds - United States	447,836	430,924
Equity Funds - Other International	<u>619,379</u>	<u>655,865</u>
	<u>\$ 2,198,717</u>	<u>\$ 2,206,703</u>

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**NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2022**

**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, 2022, the Society had cash of \$366,420 (March 31, 2021 - \$170,696) to settle current liabilities of \$4,901 (March 31, 2021 - \$4,898). 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.

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**NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2022**

**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:

	2022	<u>2021</u>
Director	\$ 875	\$ 1,500
Director	1,400	2,850
Director	1,000	1,500
Director	1,000	1,375
Director	750	1,500
Director	375	1,500
Director	<u>-</u>	<u>375</u>
	<u>\$ 5,400</u>	<u>\$ 10,600</u>

**6. BUDGET**

The budget amounts correspond to Appendix 'A' of the 2021/22 Business Plan.

**7. CONTRACTUAL OBLIGATIONS**

The Society is contractually obligated, provided the recipients fulfill the requirements of the funding agreements, to provide grants totaling \$240,324 subsequent to March 31, 2022. 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-KITAMAAT DEVELOPMENT FUND SOCIETY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2022**

	Balance <u>Beginning</u>	Grant <u>Approvals</u>	Grant <u>(Payments)</u>	Cancellations and <u>Project Surplus Retained</u>	Balance <u>Ending</u>
Burns Lake Mountain Biking Association - Village Connector	\$ 15,000	\$ -	\$ -	\$ -	\$ 15,000
Burns Lake Snowmobile Club- Nellian Lake Gazebo	6,163	-	(6,163)	-	-
Cheslatta Carrier Nation - History Book of the Cheslatta Carrier Nation	18,750	-	-	-	18,750
District of Vanderhoof - Riverside Interpretive Signage	-	5,000	-	-	5,000
District of Vanderhoof - Airport Washroom	-	5,000	-	-	5,000
First Nations Educational Foundation - Haislakala Language Revitalization Project	2,500	-	(2,500)	-	-
Francois Tchesinkut Lake Recreation Commission - Community Hall Improvements and Projects	-	7,811	(7,811)	-	-
Haisla Nation Council - Bandshell	48,194	-	-	-	48,194
Lakes District Airport Society - Refuelling Station	30,000	-	(15,000)	-	15,000
Lakes District Fair Association - Moving Forward During COVID	-	20,000	(10,000)	-	10,000
Lakes District Film Appreciation Society- Beacon Facade	-	20,000	-	-	20,000
Lakes District Senior Citizens Housing Association - Carroll Cottage Rejuvenation	-	5,000	(5,000)	-	-
Nechako Valley Historical Society - Storage Container	480	-	-	-	480
Nechako Community Arts Council - Arts in Vanderhoof Mural	-	600	(600)	-	-
Nechako Valley Sporting Association - Ski Rental Program	-	4,950	(4,950)	-	-
Nechako Valley Exhibition Society - Equipment Repair - Bobcat	-	3,566	(3,566)	-	-
Nechako Valley Sporting Association - Machine Shed	-	4,000	(3,600)	-	400
Nechako Valley Rodeo Association - Bring Back Rodeo	-	10,000	-	-	10,000
Regional District of Bulkley Nechako - Fort Fraser Fire Engine	-	40,000	(20,000)	-	20,000
Tamitik Status of Women Association - 24-Hour Daycare	-	30,000	-	-	30,000
Vanderhoof Air Cadets - Canoes	300	-	(300)	-	-
Village of Fraser Lake - Fraser Lake Disability Door Assists	2,914	-	(2,914)	-	-
Vanderhoof Menshed Society - Heating Efficiencies	500	-	(500)	-	-
Village of Burns Lake - St. John's Heritage Church Redevelopment	-	30,000	(15,000)	-	15,000
Vanderhoof Chamber of Commerce - We Are Open Shop Local Campaign	-	2,500	-	-	2,500
Village of Fraser Lake - White Swan Dock	-	50,000	(25,000)	-	25,000
	<u>\$ 124,801</u>	<u>\$ 238,427</u>	<u>\$ (122,904)</u>	<u>\$ -</u>	<u>\$ 240,324</u>