



**2016 – 2017
Annual Report**

March 31, 2017

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NKDF Annual Report



2016-2017 ANNUAL REPORT

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Report From The Chair

May 24, 2017

Thank you to the Board of Directors and our support staff of Dan and Britta for another great year for Nechako-Kitamaat Development Fund Society.

NKDF has a large geographic benefiting area that runs from Vanderhoof on the eastern border to Kitamaat Village on the western, which contributes to a very diverse set of funding opportunities for our organization.

During the 2016-2017 fiscal year, the Board of Directors approved 21 projects totalling \$536,347 in grant funding. This brings the total number of projects approved since inception of the fund to 313. It is with great pride that NKDF will top ten million dollars grant investments since its incorporation in 1999. During that time, the Board has also managed the Society's investments to enable NKDF to continue funding community projects in perpetuity.

We continue to have strong support from the many organizations, communities and groups within our boundaries that continue to benefit from this fund, and we look forward to the upcoming year.

Sincerely,

A handwritten signature in black ink, appearing to read "W Salewski". The signature is stylized and cursive.

Wayne Salewski
Chair

1. Society Overview

A. Mandate

The Nechako-Kitamaat Development Fund (NKDF) Society’s funding programs are designed to support sustainable economic activity in northern communities affected by the Kitimat-Kemano project and by the creation of the Nechako Reservoir. The NKDF Society spends the income from its long-term investments on programs and projects that meet each community’s goals for economic development and community stability.

B. Background of the Fund

In 1997, the Government of British Columbia and Alcan Aluminum Limited each contributed \$7.5 million to create the BC-Alcan Northern Development Fund. This BC-Alcan Agreement settled the legal issues between Alcan Aluminum Limited and the BC Government that arose from cancellation of the Kemano Completion Project. In January 1998 an advisory Board for the Northern Development Fund was formed. Its job was to advise the government on how the Fund should be run to stimulate economic growth. In April 1998, the legislature passed Bill 5, the “BC-Alcan Northern Development Fund Act.” Enabled by this Act, and by the recommendations of the advisory Board, the NKDF Society was incorporated on August 18, 1999. The Minister of Jobs, Tourism and Skills Training appoints Board members to represent the communities of the Nechako-Kitamaat area.

C. Investment Area



The investment area for the NKDF is normally limited to those communities with evidence of impacts from the Nechako Reservoir and Kemano power project. We encourage applications from local governments and legally incorporated non-profit organizations serving the following communities:

Kitamaat Village	Village of Burns Lake	Nadleh Whut'en Band
Southside	Burns Lake Band	Fort Fraser
Nee Tahi Buhn Band	Lake Babine Nation	District of Vanderhoof
Cheslatta Carrier Nation	Stellat'en First Nation	Saik'uz First Nation
Skin Tye Band	Village of Fraser Lake	

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D. Guiding Principles of the Fund

COMMUNITY ECONOMIC DEVELOPMENT	The NKDF will invest in community economic development projects and/or programs that are supported by the community, as long as they do not subsidize private business.
JOB CREATION & ENHANCEMENT	Creating new jobs and enhancing existing jobs are priorities of the NKDF.
SUSTAINABLE EMPLOYMENT	A priority of the Fund will be to support long term employment - both full time and seasonal.
COMMUNITY INTERRELATIONSHIPS	The Fund recognizes the value of interrelationships between communities. Consideration will be given to proposals from within the Nechako Region, Lakes District and Kitamaat Village if they demonstrate a benefit to those areas.
CLEAR AND ACCESSIBLE	The Fund will have policies and programs that are accessible with clearly defined evaluation criteria.
FIRST NATIONS' PARTICIPATION	First Nations' participation in the Fund will not prejudice the First Nation land claim process.
LOCAL CONTROL	The majority of NKDF Directors will reside in the investment area. The Board will determine the ongoing management of the Fund consistent with provincial government policy.
BENEFITTING FUND	The Fund is intended to create benefits through sustainable community economic development. It is not intended to be compensation for those who believe themselves to have been negatively affected by the Kitimat-Kemano Project, the creation of the Nechako Reservoir or the cancellation of the Kemano Completion Project.
COOPERATIVE VENTURES	The Fund can be utilized in cooperative ventures along with other funding sources.
NO DUPLICATION	The Fund will not duplicate but may augment existing economic development programs.

Of the original \$15 million, \$5 million was provided to NKDF to be used as a working fund to invest in projects and programs. The remaining \$10 million of the original \$15 million was placed into a legacy fund with the goal of investing and growing the fund to \$15 million, and the income from the legacy fund to be used to fund NKDF projects into the future.

Fund investments are managed by the provincial government, through the British Columbia Investment Management Corporation, a provincial Crown Corporation. Monies of the Northern Development Fund—to be used in support of the programs of the NKDF Society—are in investment vehicles, which are generally conservative but which also provide some opportunities for growth.

E. Society Management

The NKDF Society is governed by a northern-based Board of government appointees who live in the investment area and represent a range of interests. Board seats during the past year were held by:

- Doris Fraser, Kitamaat Village (Secretary/Treasurer)
- Greg Goodwin, Province of BC
- Ray Klingspohn, Vanderhoof
- Kathie LaForge, Vanderhoof
- Jamie Neilson, Fraser Lake
- Lianne Olson, Rio Tinto
- Mike Robertson, Southside
- Wayne Salewski, Vanderhoof (Chair)
- Cindy Shelford, Burns Lake

Management services are provided through a contract with Macrolink Action Plans Inc., based in Prince George, British Columbia.

F. Government Relations

Since the Society's incorporation in 1999, the provincial government has transferred \$9.3 million from the Northern Development Fund to the NKDF Society for its operations and programs. The balance of the original \$15 million remains under the control of the BC Investment Management Corporation. (See the attached financial statements for detailed balances of the Society's accounts.)

The NKDF Board of Directors reports to the Minister of Jobs, Tourism and Skills Training. The Minister is responsible for approving the Society's annual business plan and for appointing all Society Directors. This reporting relationship ensures that the Society's actions are in line with current provincial government priorities and direction.

2. Strategic Plan for 2017-2018

Background

The Northern Development Fund Act defines the purpose of the fund as follows:

- 1) The purpose of the fund is to promote sustainable economic development in Northwestern British Columbia.
- 2) Without limiting subsection (1), the fund may be used for the following:
 - a. supporting investment in new or existing businesses;
 - b. creating new employment or stabilizing existing employment;
 - c. supporting other goals that are consistent with subsection (1) and that the minister considers desirable.

Highlights for 2016-2017

In the 2016-2017 fiscal year, NKDF achieved a number of strategic priorities. The Board reviewed applications expeditiously, prioritizing projects that maximize economic benefits and worked to fund projects that addressed impacts important to the communities. The Board sought to achieve collaborative and regional projects by encouraging the sharing among communities of feasibility studies. The Board regularly toured projects and met with local government and encouraged dialogue on the effectiveness of NKDF programs. Given the established infrastructure and proven track record for dispersing and administering grants, the Board is exploring options to increase capital for NKDF programs.

In May 2016 the Board of Directors partnered with Rio Tinto and the Province of BC to celebrate the 15-year anniversary of the fund. Celebration activities included the design and creation of an infographic highlighting the then NKDF achievement of funding 8.8 million over 282 community projects since inception of the fund. A photo gallery created at the NKDF website in conjunction with the anniversary celebration showcases project photos from the past 15 years. The gallery, located at <http://www.nkdf.org/showcase>, will continue to be added to create a digital legacy of NKDF projects. NKDF Board of Directors received a letter of recognition and congratulations from Minister Bond that also included testimonials from grant recipients. A celebratory dinner was held in Vanderhoof for all current and past Directors, Mayors and Councils and representatives of Rio Tinto and the Province of BC. Keepsake wooden invitations were designed and created by Chief Louie Paddle Company for the occasion.



Strategies for 2017-2018

The Board will adopt the following strategies for the 2017-2018 fiscal.

- 1) To fund projects that address impacts important to the communities.
- 2) To review applications expeditiously.
- 3) To give priority to projects that maximize economic benefits.
- 4) To canvas communities and organizations to solicit feedback and determine the effectiveness of NKDF programs and potential new initiatives.
- 5) To explore ways to target funding toward more diverse, collaborative, and regional projects.
- 6) To explore options to increase capital for NKDF programs.
- 7) To implement a tool to measure the success of the programs.

3. Programs

A. Community Funding Program

The Society received a total of 23 new applications during the year and approved 21, totalling \$536, 347 for the entire investment area for the 2016-2017 fiscal year.¹

The Board of Directors will continue to promote NKDF programs and increase the uptake in the smaller communities. While NKDF Society continues to benefit from increasing recognition throughout the investment area, Directors and Management will increase communications with local governments, businesses, and residents throughout the catchment area.

The Directors focus on safeguarding the fund by making informed decisions that maintain the highest value to all stakeholders of the BC/Alcan Northern Development Fund. Throughout the year, the Manager and Directors encourage feedback from all stakeholders and use the input to guide decisions and make improvements to the operation.

B. Community Legacy Fund Program

The Community Legacy was established in 1999, when \$10 million of the Society's funds were invested to grow and provide funding for NKDF programs and projects in perpetuity. The Community Legacy Fund is currently held at the BC Investment Management Corporation and the fair market value at March 31, 2017 is \$15,056,723.

This year, after careful consideration of the current and projected values of the fund, the Directors have decided to prioritize the following strategies:

1. Continue the objectives of maintaining the legacy fund at a minimum of \$15 million and optimizing returns within the permissible risk threshold.

¹ Detailed descriptions of all 2016-2017 approved projects are in section 4.

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2. To structure the investments of the legacy fund to produce a minimum of \$500k each year for community grants.
3. Reinvest any unused funds and slippage rather than rolling them into the following year's budget.

4. Funding Details

The Society approved \$536,347 in new projects this year, bringing the total approved funding to \$9,897,752 since inception. The following table shows statistics for all years.

Year	Proposals Received	Proposals Approved ²	Proposals Not Approved	Total \$ Committed	Total \$ Paid
2016-2017	23	21	2	536,347	\$574,785
2015-2016	15	13	2	\$499,396	\$351,127
2014-2015	23	17	6	\$531,005	\$487,655
2013-2014	34	30	4	\$552,847	\$439,998
2012-2013	18	14	4	\$513,394	\$623,416
2011-2012	24	21	3	\$401,639	\$391,746
2010-2011	27	21	6	\$553,903	\$502,515
2009-2010	27	20	7	\$728,398	\$577,207
2008-2009	23	17	6	\$719,590	\$694,665
2007-2008	34	26	8	\$730,517	\$448,262
2006-2007	24	17	7	\$600,000	\$1,173,343
2005-2006	24	19	5	\$623,169	\$605,151
2004-2005	24	20	4	\$986,959	\$518,050
2003-2004	45	31	14	\$1,172,097	\$484,778
2002-2003	8	7	1	\$44,195	\$234,684
2001-2002	20	11	9	\$518,741	\$245,636
2000-2001	13	6	7	\$137,534	\$149,004
1999-2000	8	5	3	\$48,021	\$25,000
Total	391	295	96	\$9,897,752.00	\$8,527,022.00

The following table summarizes proposals not approved during this fiscal year:

Project	Date	Requested	Reason for Decline
Short Order Line Cook Initiative	2016-11-29	\$79,420.00	Costs per student excessive and there should be other sources of funding available for the project.

² The high ratio of approved projects is due in part to the fact that project concepts are pre-screened to ensure they fit the NKDF mandate prior to accepting applications.

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Recreational Field Phase 2	2016-11-29	\$50,000.00	Application deferred until Phase 1 of the project is complete and the final report submitted to NKDF.
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A. *Economic Impacts 2016-2017*

Number of Projects	Based on projects approved during 2016-2017 fiscal.	21
Total Amount Approved	During 2016-2017 fiscal year.	\$536,347
Funds Leveraged	In addition to the NKDF funding.	\$2,386,042
In-Kind Leveraged	In addition to the NKDF funding.	\$137,535
Direct, Short Term Jobs	As projected by funding recipients at application stage.	50
Full Time Sustainable Jobs	As projected by funding recipients at application stage.	25

- Notes**
- Not included are dollars brought into the communities via visitor expenditures.
 - The jobs figures are based on estimates made by recipients at the application stage.
 - Downstream or spin-off jobs are not included in this table.

5. **Projects Summary**

The following table summarizes the projects approved and/or in progress during the 2016-2017 fiscal year. Brief descriptions of each project follow.

Recipient	Project	Approved	Approval	Payment
BC Forage Council	Innovative Forage Production	15,000	2014	50%
Burns Lake Band	Interpretive Centre	30,000	2016	100%
Burns Lake Health-Care Auxiliary	Thrift Store Expansion	40,000	2016	50%
Burns Lake Mountain Bike Association	2016 Project Trails	5,000	2016	0%
Burns Lake Mountain Bike Association	Boer Mountain Mnt. 2015 Westside Trail	125,000	2015	100%
Burns Lake Mountain Bike Association	Hogzilla	100,000	2016	0%
Decker Lake Recreation Commission	Freshen and Finish	11,181	2015	100%
District of Vanderhoof	Aquatic Centre	100,000	2015	100%
District of Vanderhoof	Arena Concession	21,869	2016	100%
District of Vanderhoof	Greenhouse Feasibility Study	7,500	2016	0%
District of Vanderhoof	NVSS Music Program	15,000	2015	100%
District of Vanderhoof	Recreation Centre Upgrade	110,000	2014	50%
District of Vanderhoof	Recreational Fields Phase 1	28,650	2016	100%
Freshwater Fisheries Society of BC	Stewardship Centre Plan	5,000	2016	0%
Grassy Plains Community Hall Association	Hall Revitalization	3,227	2016	0%
Grassy Plains Community Hall Association	Hall Roofing	13,990	2017	0%
Lake Babine Nation	Tourism Development	5,000	2016	0%
Lakes District Airport Society	Baker Airport Runway	100,000	2015	98%

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	Rehabilitation 1			
Lakes District Airport Society	Baker Airport Runway Rehabilitation 2	100,000	2016	98%
Lakes District Fall Fair Association	Grounds Improvement	37,785	2016	50%
Lakes District Senior Housing	Sprinkler Upgrade	29,000	2016	0%
Nechako Community Arts Council	Arts Take Wing	2,976	2016	0%
Nechako Valley Exhibition Society	Lighting Upgrade	2,088	2016	90%
Nechako Valley Sporting Association	Building Upgrade	13,500	2016	100%
Nechako Valley Sporting Association	Nordics Ski S'Kool	3,806	2016	100%
Regional District Bulkley-Nechako	Investment Readiness Action Plan	12,000	2016	50%
Regional District Bulkley-Nechako	Research and Signage	20,000	2016	50%
Rip n' the North Bike Club	10 th Anniversary Upgrade	53,076	2017	0%
Rose Lake Community Club	Renovation and Upgrade	11,255	2016	100%
Saik'uz First Nation	Indian Residential School Commemorative Park	40,000	2015	0%
Southside Economic Development Association	Highway 16 Billboard	3,750	2012	100%
Southside Economic Development Association	Roads Already Traveled	6,000	2014	50%
Southside Health and Wellness	Centre Upgrade	7,960	2015	100%
Village of Burns Lake	Ammonia Plant Replacement	100,000	2015	50%
Village of Burns Lake	Downtown Revitalization Phase 2a	25,000	2014	100%
Village of Burns Lake	Economic Diversification	21,000	2017	0%
Village of Burns Lake	Information Kiosk Phase 2	3,960	2014	100%
Village of Burns Lake	Rotary Club Cemetery Upgrade	4,700	2016	100%
Village of Fraser Lake	Festival of the Arts 2016	15,680	2016	100%
Village of Fraser Lake	Move the Museum	100,000	2015	50%

Notes: - Column 3 figures are based on approved amounts.
- Projects indicating 100% payment have been completed during the fiscal.

6. Project Descriptions Sorted by Location (East to West)

A. Vanderhoof Projects

Aquatic Centre

\$100,000

District of Vanderhoof

This approval is for the District of Vanderhoof to undertake the securing of architectural and construction drawings for the proposed Vanderhoof Regional Aquatic Centre.



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Arena Concession **\$21,869**

District of Vanderhoof

With this grant the District of Vanderhoof will upgrade the concession at the Arena. Currently operating as a store selling pre-packaged foods, the upgrade would allow hot meals to be provided.

Greenhouse Feasibility Study **\$7,500**

District of Vanderhoof

With this funding, the District of Vanderhoof in partnership with School District 91 will conduct a feasibility study to determine the viability of building a production greenhouse at Nechako Valley Secondary School.

Recreational Fields Phase 1 **\$28,650**

District of Vanderhoof

This approval is to assist the District of Vanderhoof to build two recreation fields including turf, clubhouse, dugouts and picnic shelter.

NVSS Music Program **\$15,000**

District of Vanderhoof



This funding is to go towards the purchase of musical instruments for Nechako Valley Secondary School.

Recreation Centre Upgrade **\$110,000**

District of Vanderhoof

The District of Vanderhoof will renovate a currently empty building to house the Recreation Department.

Stewardship Centre Plan **\$5,000**

Freshwater Fisheries Society of BC

This funding is for the development of business plans and associated reports, presentations and proposals that will enable the Freshwater Fisheries Society of BC to attract the financial and

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political support needed to build a public interpretive facility adjacent to the Nechako White Sturgeon Conservation Centre in Vanderhoof.

Arts Take Wing **\$2,976**

Nechako Community Arts Council

With this funding, Nechako Valley Community Arts Council will purchase pottery and wood carving equipment and hardware to exhibit local works of art in the Arts Wing to be located in the new recreation centre.

Lighting Upgrade **\$2,088**

Nechako Valley Exhibition Society

This grant will assist the Nechako Valley Exhibition Society to upgrade the lighting in the exhibit building to enhance visitors experience and move to a more energy efficient method of lighting the building by replacing existing lights with LED track lighting.

Building Upgrade **\$13,500**

Nechako Valley Sporting Association

NVSA will remove an old shed and replace it with a fully finished structure containing an administration office, technical room and covered storage shed.

Nordics Ski S'Kool **\$3,806**

Nechako Valley Sporting Association

With this funding, Nechako Valley Sporting Association seeks to purchase cross-country ski equipment for grade 3 students to use during lessons with the Nechako Nordics.



10th Anniversary Upgrade **53,076**

Rip'n The North Bike Club

Rip'n the North Bike Club will add a Pro-Line of jumps to the bike park and approximately 3 km of trails. This project coincides with the 10th Anniversary of the Bike Park.

Indian Residential School Commemorative Park **\$40,000**

Saik'uz First Nation

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Saik'uz First Nation proposes to build a park that will commemorate the survivors and their families of those who attended Indian Residential Schools. This project has been cancelled.

B. Fraser Lake/Fort Fraser Projects

Festival of the Arts 2016 **\$15,680**

Village of Fraser Lake

The Village of Fraser Lake in partnership with the Festival of Arts Committee, will host a two day Festival of the Arts in Fraser Lake. The festival will include a dine and dance, bandstand performance and lakeside concert. This will be the second year in a row the Festival has been held.

Move the Museum **\$100,000**

Village of Fraser Lake

This funding was intended for the Village of Fraser Lake to relocate the Fraser Lake Museum and Visitor Information Centre across the highway as well as renovate the interior of the museum and update and repair exhibits. This project has been cancelled by the applicant.

C. Burns Lake / Southside Projects

Interpretive Centre **30,000**

Burns Lake Band



With this funding, the Burns Lake Band will develop a First Nations Interpretive Centre as part of the new hotel, Keyoh Lodge, that is being built in Burns Lake.

Thrift Store Expansion **40,000**

Burns Lake Health-Care Auxiliary



This funding was approved to assist the Burns Lake Health-Care Auxiliary with completing inside components (including plumbing and electrical, and finishing work) required for expansion of the Thrift Store.

2016 Project Trails **\$5,000**

Burns Lake Mountain Biking Association

This project will involve the Burns Lake Mountain Biking Association adding bypass options for two sections of two existing trails. As a part of this project BLMBA will partner with the School District's local high school, Lakes District Secondary School (LDSS), and its Project Trails initiative.

Boer Mountain 2015 Westside **\$125,000**

Burns Lake Mountain Biking Association

The Boer Mountain 2015 Westside Trail Project merges Phases 2 and 3 of the original 3-year plan. With this project, BLMBA proposes to construct 10.0 kilometers of new machine-built trail in 2015. The new trail will culminate in a wall ride.



Hogzilla **\$100,000**

Burns Lake Mountain Biking Association

Burns Lake Mountain Biking Association will construct a 5km machine-built upper intermediate downhill trail over the next 3 years. As well, a beginner boardwalk loop with intermediate and advanced options will also be constructed.

Freshen and Finish **\$11,181**

Decker Lake Recreation Commission

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With this grant, the Decker Lake Recreation Commission will construct a new storage closet, paint, replace kitchen faucets and sink, and purchase new banquet chairs and banquet flatware.

Hall Revitalization **\$3,227**

Grassy Plains Community Hall Association

This project will make improvements to the storage area and washroom facilities. The storage facility will be connected to the main hall building by a covered walkway with access through double doors to facilitate easy equipment moving. The plan is to upgrade both washrooms to be wheelchair accessible. This project has been cancelled by the applicant and is replaced by the Grassy Plains Community Association Hall Roofing project.

Hall Roofing **\$13,990**

Grassy Plains Community Hall Association

Grassy Plains Community Hall Association will replace the roof at the Grassy Plains Hall. This project replaces the Hall Revitalization project.

Tourism Development **\$5,000**

Lake Babine Nation

Lake Babine Nation is under taking research and business planning toward the development of tourism products that include renovating and purchasing lodges. The offer of funding for this project was declined by the applicant.

Baker Airport Runway Rehabilitation 1 **\$100,000**

Lakes District Airport Society

This grant is to assist the Lakes District Airport Society with resurfacing the runway at the Baker Airport.

Baker Airport Runway Rehabilitation 2 **\$100,000**

Lakes District Airport Society

The Runway Rehabilitation 2 project continues the work of the Lakes District Airport Society with resurfacing the runway at the Baker Airport.

Grounds Improvement **\$37,785**

Lakes District Fall Fair Association



Lakes District Fall Fair will make improvements at the Fall Fair Grounds including: construction of a washroom with plumbing and

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electrical, purchase of a new lawn mower, preparing and painting of the existing bleachers, announcer's booth and concession.

Sprinkler Upgrade **\$29,000**

Lakes District Senior Housing Association

This grant is to assist Lakes District Senior Housing Association to install a fire suppression sprinkler system in "Carroll Cottage" senior housing complex, including an upgrade of the water main connections to the Village of Burns Lake water supply.

Renovation and Upgrade **\$11,255**

Rose Lake Community Club

The Rose Lake Community Club will utilize funds to renovate, expand, and upgrade the Club including the construction of a new storage addition, and the purchase of a new banquet and PA system.

Highway 16 Billboard **\$3,750**

Southside Economic Development Association



Southside Economic Development Association (SEDA) plans to erect a Billboard on Highway 16 to promote tourism and attract more tourists to the Southside.

Roads Already Traveled **\$6,000**

Southside Economic Development Association

Southside Economic Development Association (SEDA) proposes to identify and map an existing network of trails and identify those that connect various tourism industry businesses and points of interest. Historical background and use of the trails will be researched. This phase of the project seeks to do the groundwork of identifying the trails of most value and digitizing the information, creating a foundation that future phases of the project can build on.

Centre Upgrade \$7,960

Southside Health and Wellness



With this grant, the Southside Health and Wellness Centre will be upgraded to better utilize the space available so that any provider can use any of the available rooms.

Ammonia Plant Replacement \$100,000

Village of Burns Lake

With this funding, the Village of Burns Lake will replace the current Ammonia Plant at the arena with a new Freon Plant.

Downtown Revitalization Phase 2A \$25,000

Village of Burns Lake

The Village of Burns Lake, working with the Downtown Revitalization Committee and building on the success of phase 1, will develop the former Shell service station Brownfield site in downtown Burns Lake. The converted site will feature picnic tables, an information kiosk, bicycle storage rack, pull through parking suitable for large recreation vehicles, transport trucks or passenger vehicles, lighting, and landscaping.

Economic Diversification \$21,000

Village of Burns Lake

This project will assist the Village of Burns Lake in efforts to move the community forward with the overarching goal of diversifying the economy of the Lakes District, attracting residents and businesses, and increasing the capacity of the business community and residents through training.

Information Kiosk Phase II \$3,960

Village of Burns Lake

The goal of the project is to increase tourist awareness of the Burns Lake and Lakes District Area by replacing existing signage that is out of date and falling into disrepair, including erecting new signage at the Visitor Information Centre.

Rotary Club Cemetery Upgrade **\$4,700**

Village of Burns Lake

The Village of Burns Lake, in partnership with the Burns Lake Rotary Club, will restore and promote the graves of two famous historical people buried in the Burns Lake Cemetery. NKDF funding will specifically be used to develop and install a bronze plaque in the shed with a historical write up on both men (Barney Mulvaney and Herbert James Atkinson aka Buckskin Jim) and a description of where they are buried in the cemetery, as well as purchase and install a headstone for each grave.

D. Kitamaat Projects

No projects during this fiscal year.

E. Regional Projects

Innovative Forage Production **\$15,000**

BC Forage Council



With this project, BC Forage Council will address a number of on-farm adaptations focused on producing high quality forage under variable climatic conditions. Through the development of a weather station network within the production area, the evaluation of production techniques, and the creation of a manual for conducting on-farm trials, this project seeks to increase the information and management options available to producers as well as provide for the long-term ability to respond to changes in growing conditions.

Research and Signage **\$20,000**

Regional District of Bulkley- Nechako

Regional District of Bulkley-Nechako (RDBN) plans to support the development of the tourism industry by designing and creating a regional activity brochure, enhancing the website, tourism tradeshow displays, and print advertising.

Investment Readiness Action Plan **\$12,000**

Regional District of Bulkley- Nechako

The objectives for this project include the identification of target markets, attraction of investors and new business, as well as increasing revenue in key sectors within the region.

7. Financial Highlights at March 31, 2017

Income and Expenses	Actual 2016-2017	Budgeted 2017-2018
Administration Expenses	\$93,899	\$102,345
Funding Payments	\$567,372	\$495,000
Investment Income	\$72,259	\$103,807

Note to grants: The Society approved a total of \$536,347 in new funding for the year.

Note to investment income: NKDF investments are held at Integris Credit Union in Vanderhoof and with Phillips Hager and North (PHN).

Account Balances as of March 31, 2017	
Cash and Term Deposits – Administration	\$28,098
Cash and Term Deposits – Funding	\$223,167
Short Term Investments	\$1,829,311
GST Receivable	\$4,565
Accrued Interest & Receivables	\$269,691
Minus accounts payable	(9,001)
Net Financial Assets	2,076,140

Combined assets: The balance of the original \$15 million dollar contributions from Rio Tinto and the BC Government are held in the Northern Development Fund, managed by the British Columbia Investment Management Corporation. The market value of this investment account as of March 31, 2017 was \$15,056,723.

Annual Audit: The annual audit of the NKDF was completed in May 2017 by Edmison-Mehr Chartered Accountants (Smithers). The audited statements are available at www.nkdf.org and upon request.

**NECHAKO-KITAMAAT DEVELOPMENT
FUND SOCIETY**

FINANCIAL STATEMENTS

MARCH 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Directors of
Nechako-Kitamaat Development Fund Society
Prince George, BC

We have audited the accompanying financial statements of Nechako-Kitamaat Development Fund Society, which comprise the Consolidated Statement of Financial Position as at March 31, 2017, and the Consolidated Statements of Operations and Changes to Operating Fund Balance, Remeasurement Gains and Losses, and Cash Flows for the year then ended, and 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 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.

Auditor's 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 the auditor's 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, the auditor considers 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 Nechako-Kitamaat Development Fund Society as at March 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Smithers, BC
May 24, 2017




Edmison Mehr

**NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2017**

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash - administration fund	\$ 28,098	\$ 18,016
Cash -grant fund	223,167	383,170
Short term investments, Note 3	1,829,311	1,598,499
GST receivable	<u>4,565</u>	<u>2,417</u>
	<u>2,085,141</u>	<u>2,002,102</u>
LIABILITIES		
Accounts payable	<u>9,001</u>	<u>3,780</u>
NET FINANCIAL ASSETS	2,076,140	1,998,322
CONTRACTUAL OBLIGATIONS (Total \$410,594), Note 6		
NON FINANCIAL ASSETS	<u>-</u>	<u>-</u>
ACCUMULATED SURPLUS (see Note 6 for Contractual Obligations)	<u>\$ 2,076,140</u>	<u>\$ 1,998,322</u>
ACCUMULATED SURPLUS IS COMPRISED OF:		
Accumulated operating	\$ 1,806,449	\$ 1,895,461
Accumulated remeasurement gains and losses	<u>269,691</u>	<u>102,861</u>
	<u>\$ 2,076,140</u>	<u>\$ 1,998,322</u>

APPROVAL OF THE BOARD:

 Director
 Director

NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY
STATEMENT OF CONSOLIDATED OPERATIONS AND CHANGES TO OPERATING FUND
BALANCE
FOR THE YEAR ENDED MARCH 31, 2017

	2017 Actual	2017 Budget (Note 6)	2016 Actual
REVENUE			
Contribution agreement funding -			
Province of B.C.	\$ 500,000	\$ 500,000	\$ 500,000
Investment	<u>72,259</u>	<u>100,105</u>	<u>84,254</u>
	<u>572,259</u>	<u>600,105</u>	<u>584,254</u>
EXPENSES			
Accounting and audit	5,032	5,200	5,535
Advertising and promotion	1,055	1,400	3,500
Honorariums	6,225	9,000	5,825
Insurance	1,076	800	1,034
Office	1,308	1,500	2,639
Server maintenance	4,590	4,600	4,590
Subcontract - manager	61,982	63,345	60,774
Subcontract - other	537	1,400	1,788
Supplies and equipment	723	1,200	1,564
Telephone	2,160	2,400	2,372
Travel and meetings - board	7,057	8,000	4,901
Travel and meetings - manager	<u>2,154</u>	<u>3,500</u>	<u>3,372</u>
Sub-total	93,899	102,345	97,894
Grant promotion	-	-	3,405
Grant payments	<u>567,372</u>	<u>495,592</u>	<u>346,544</u>
	<u>661,271</u>	<u>597,937</u>	<u>447,843</u>
Excess (deficiency) of revenues over expenses for the year	(89,012)	2,168	136,411
Operating fund balance, beginning of year	<u>1,895,461</u>	<u>1,895,461</u>	<u>1,759,050</u>
Operating fund balance, end of year	<u>\$ 1,806,449</u>	<u>\$ 1,897,629</u>	<u>\$ 1,895,461</u>

**NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
FOR THE YEAR ENDED MARCH 31, 2017**

	<u>2017</u>	<u>2016</u>
Accumulated remeasurement gains and losses, beginning of year	\$ 102,861	238,849
Unrealized gain (loss) on portfolio investment	188,737	(93,307)
Realized gain (loss) on portfolio investment, reclassified to operations	<u>(21,907)</u>	<u>(42,681)</u>
Accumulated remeasurement gains and losses, end of year	<u>\$ 269,691</u>	<u>\$ 102,861</u>

NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY
CONSOLIDATED STATEMENT OF CASH FLOWS
MARCH 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess of revenues over expenses for the year	\$ (89,012)	136,411
Add: Items not involving cash		
Unrealized gain (loss) on portfolio investment	<u>188,737</u>	<u>(93,307)</u>
	<u>99,725</u>	<u>43,104</u>
Net change in non-cash working capital		
Net (increase) decrease in:		
GST receivable	(2,146)	31
Net increase (decrease) in:		
Accounts payable	<u>5,219</u>	<u>-</u>
	<u>3,073</u>	<u>31</u>
	<u>102,798</u>	<u>43,135</u>
FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
INVESTING ACTIVITIES		
Decrease (increase) in short term investments	(230,812)	60,170
Realized gain (loss) on portfolio investment, reclassified to operations	<u>(21,907)</u>	<u>(42,681)</u>
	<u>(252,719)</u>	<u>17,489</u>
INCREASE (DECREASE) IN CASH	(149,921)	60,624
CASH, beginning of year	<u>401,186</u>	<u>340,562</u>
CASH, end of year	\$ <u><u>251,265</u></u>	\$ <u><u>401,186</u></u>
CASH CONSISTS OF:		
Cash - administration fund	\$ 28,098	18,016
Cash - grant fund	<u>223,167</u>	<u>383,170</u>
	\$ <u><u>251,265</u></u>	\$ <u><u>401,186</u></u>
ADDITIONAL CASH FLOW INFORMATION:		
Interest paid	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
Income taxes paid	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017

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, 2017 (\$15,056,723 (2016 - \$15,525,385)). At March 31, 2017 a total of \$10.3 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.

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, 2017

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, 2017 is \$1,559,628 (2016 - \$1,495,646).

	<u>2017</u>	<u>2016</u>
Cash and Cash Equivalents Funds	\$ 43,869	\$ 50,868
Fixed Income Funds	496,440	440,688
Equity Funds - Canadian	384,558	339,184
Equity Funds - United States	475,411	408,494
Equity Funds - Other International	<u>429,033</u>	<u>359,264</u>
	<u>\$ 1,829,311</u>	<u>\$ 1,598,498</u>

NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017

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

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, 2017, the Society had cash of \$251,265 (March 31, 2016 - \$401,186) to settle current liabilities of \$9,002 (March 31, 2016 - \$3,780). 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 is exposed to these risks. 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. BUDGET

The budget amounts correspond to Appendix 'A' of the 2016/17 Business Plan.

NECHAKO-KITAMAAT DEVELOPMENT FUND SOCIETY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017

6. CONTRACTUAL OBLIGATIONS

The Society is contractually obligated, provided the recipients fulfill the requirements of the funding agreements, to provide grants totaling \$410,594 subsequent to March 31, 2017.

	<u>2017</u>	<u>2016</u>
Decker Lake Recreation Commission - Freshen and Finish	\$ -	\$ 5,591
Rose Lake Community Club - Renovation and Upgrade	-	5,628
Village of Fraser Lake - Move the Museum	-	50,000
Burns Lake Health-Care Auxiliary - Thrift Store Expansion	20,000	-
Southside Economic Development Assn - Highway 16 Billboard	-	375
Southside Health and Wellness - Centre Upgrade	-	2,035
Village of Burns Lake - Ammonia Plant Replacement	50,000	100,000
Village of Burns Lake - Economic Diversification	21,000	-
Rip'n the North Bike Club - 10th Anniversary Upgrade	53,076	-
Burns Lake Mountain Bike Association - 2016 Project Trails	5,000	-
Burns Lake Mountain Bike Association - Hogzilla	100,000	-
District of Vanderhoof - NVSS Music Program	-	15,000
District of Vanderhoof - Aquatic Centre	-	100,000
Freshwater Fisheries Society - Stewardship Centre Plan	5,000	-
Grassy Plains Community Hall Assn. - Hall Roofing	13,990	-
Nechako Community Arts Council - Arts Take Wing	2,976	-
Village of Burns Lake - Downtown Revitalization Phase 2A	-	12,500
Southside Economic Development Assn - Roads Already Travelled	3,000	3,000
BC Forage Council - Production	7,500	7,500
Lakes District Fall Fair Assn. - Grounds Improvement	18,893	-
Village of Burns Lake - Information Kiosk Phase II	-	2,010
District of Vanderhoof - Recreation Centre Upgrade	55,000	55,000
Lakes District Senior Housing Assn. - Sprinkler Upgrade	29,000	-
Nechako Valley Exhibition Society - Lighting Upgrade	209	-
Saik'uz First Nation - IRS Commemorative Park	-	40,000
Burns Lake Mountain Biking Assn - Boer Mountain 2015 Westside	-	62,500
Grassroots Development - NKDF	-	6,595
Lakes District Airport Society - Runway Rehabilitation	2,450	100,000
District of Vanderhoof Greenhouse Feasibility Study	7,500	7,500
Regional District of Bulkley Nechako - Research & Signage	10,000	20,000
Regional District of Bulkley Nechako - Investment Readiness Plan	<u>6,000</u>	<u>12,000</u>
	<u>\$ 410,594</u>	<u>\$ 607,234</u>