

BC Hydro
Peace Agricultural
Compensation Fund

2025 Annual Report



Published March 31, 2026



Vision statement: Support the Peace region's opportunity for agricultural production and agrifoods economic activity.

Fund principles:

- fairness and transparency
- regional decision-making
- professional and cost effective
- accountable
- inclusive

Message from the Chair

In 2025, the BC Hydro Peace Agricultural Compensation Fund continued to demonstrate the important role that targeted and reliable investment plays in supporting a resilient, innovative agricultural sector in the Peace region. The Fund continued to experience sustained demand on the Farming Infrastructure funding program, with all but one of 2025's approvals being made through this stream. We continue to be in a financially strong position to meet this demand with the Fund experiencing an annual return of 12.01% in 2025.

Consecutive years of strategic fund management allowed the Board to open the Impact and Opportunities Initiative for the second time. Intended for large-scale projects, the 2025 intake of this program resulted in \$1 million being approved to incentivize major projects with a broad impact. Two applications were successful and Optimum Grains, one of the recipients, was able to make efficient and quick work of their project, and completed the project in its entirety by the time of writing. You can read more about both approved projects later in this report.

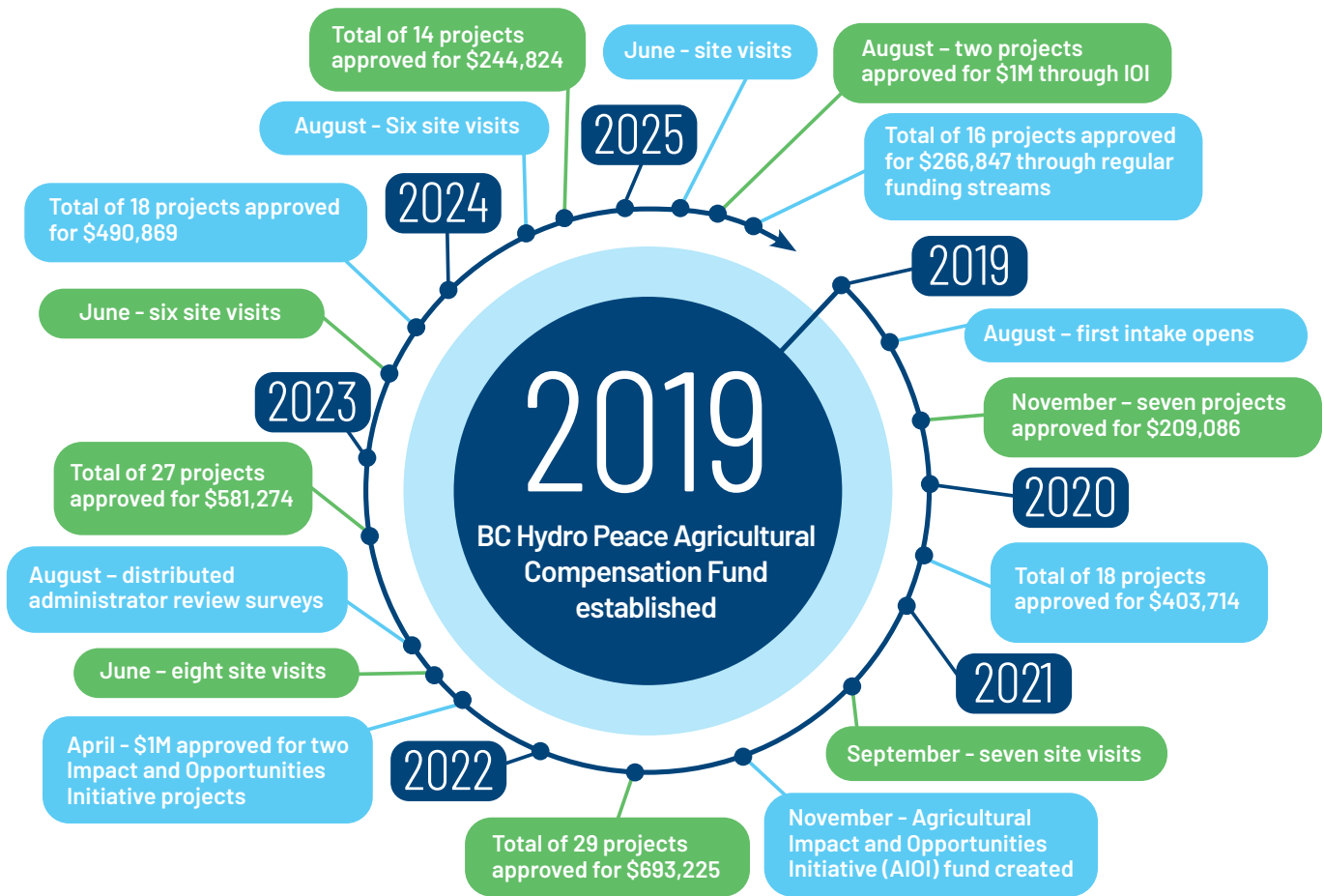
Weather once again played a defining role for growers and producers in the Peace region in 2025. From periods of dryness to localized heavy rain and continued uncertainty around long-term climate patterns, we are seeing applicants utilize the Farming Infrastructure funding stream to defensibly position themselves against future uncertainty. The Peace River Forage Association of BC used funding through the Events and Educational Initiatives program to host a one-day event to bring an experienced meteorologist to the Peace region to share insights into the future of weather in our area.

On behalf of the Board, I extend sincere thanks all those who join us in supporting the Peace region's opportunity for agricultural production and agrifoods economic activity. Whether you are a grower, producer, supporting association, non-profit, government or enjoyer of the quality food items produced in the Peace, we all have a role to play in sustaining this vital industry today and into the future.

Rick Kantz

Chair, BC Hydro Peace Agricultural Compensation Fund

2025 Timeline



2025 Board Composition

Appointing Organizations	Member
Member at large	Rick Kantz (Chair)
Peace River Forage Association of BC	Sherri Collins
B.C. Grain Producers Association	Ty Cusack
Peace River Regional Cattlemen's Association	Garry Pringle
B.C. Breeder and Feeder Association	Evan Keen
Peace Region Forage Seed Association	Blair Hill
Peace River Regional District	Chet Jans
Member at large	Fred Lehmann
Member at large	David Wuthrich
Peace River Valley agricultural producer	Blane Meek

2025 Overview

2025 marked the seventh year of the BC Hydro Peace Agricultural Compensation Fund (Ag Fund). Two regular grant intakes were held, with funding approvals being made in March and November, resulting in \$118,824 and \$148,023 being invested into the Peace through nine and seven projects, respectively.

The Board opened the Impact and Opportunities Initiative for the second time in the history of the Ag Fund, which saw \$1 million approved for two projects in August.

Impact and Opportunities Initiative

\$1 Million

Approved For **2** Projects in 2025

Farming Infrastructure



\$261,877

Approved for **15** Projects in 2025

Events and Educational Initiatives

\$4,970

Approved For **1** Project in 2025

Since Inception

\$4,889,839 Approved For **133** Projects

\$2,889,839 Approved for 129 projects through regular funding streams

\$2 Million Approved for 4 projects through Impact and Opportunities Initiative

BC Hydro Peace Agricultural Compensation Fund - 2025 Applications Approved Regular Funding Streams

Project #	Program Category	Proponent	Project Name	Date Approved	Approved Amount
11744	Farming Infrastructure	Gordon & Carla Harmon	Water Way	2025-03-20	\$9,145.00
11790	Farming Infrastructure	Matthias Schulte	RAN076315 Fence	2025-03-20	\$3,997.00
11792	Farming Infrastructure	Tanya Clary	Mobile Market Stand	2025-03-20	\$7,059.00
11673	Farming Infrastructure	Sunset Prairie Livestock Association	Spla Corral Infrastructure Upgrade	2025-03-20	\$47,057.00
11732	Farming Infrastructure	SquigglyThings	Growing Infrastructure for Local Greens Production	2025-03-20	\$10,459.00
11731	Farming Infrastructure	Bovee Ranching Ltd.	Bovee Ranch Calving Infrastructure	2025-03-20	\$14,843.00
11729	Farming Infrastructure	Ursula & Michael Kund	Dugout Maintenance and Solar Pump Purchase	2025-03-20	\$10,616.00
11745	Events and Educational Initiatives	Peace River Forage Association of BC	Climate and Markets through the Looking Glass	2025-03-20	\$4,970.00
11740	Farming Infrastructure	Walter Hedges	Clean Water	2025-03-20	\$10,678.00
12378	Farming Infrastructure	1273031 B.C. Ltd.	Lean-To Heated Greenhouse Expansion for Market Garden & Flower Farm	2025-11-06	\$20,054.00
12379	Farming Infrastructure	Bear Mountain Grazing Association	Perimeter Maintenance 2025	2025-11-06	\$28,190.00
12358	Farming Infrastructure	Charlie Clarke	Rose Prairie Cattle Fencing	2025-11-06	\$8,460.00
12373	Farming Infrastructure	InterraPlan Inc.	Niwatame Eco-Homestead Berry Production and Processing Initiative	2025-11-06	\$15,954.00
12371	Farming Infrastructure	Evans Cattle Company Inc.	Hollingshead Improvement	2025-11-06	\$34,838.00
12375	Farming Infrastructure	Bar 4 Ranch Ltd.	Goodlow Pasture	2025-11-06	\$25,230.00
12366	Farming Infrastructure	E&C Weitzel Holdings Ltd.	Winter Feeding and Water Infrastructure Development for Enhanced Forage and Manure Management	2025-11-06	\$15,297.00

\$266,847.00

BC Hydro Peace Agricultural Compensation Fund - 2025 Applications Approved Impact and Opportunities Initiative

Project #	Program Category	Proponent	Project Name	Date Approved	Approved Amount
12060	Impact and Opportunities Initiative	Optimum Grains Inc.	Fertilizer Facility Upgrades/Expansion	2025-08-06	\$230,000.00
11994	Impact and Opportunities Initiative	North Pine Farmers Institute	North Pine Farmers Institute Terminal Bin Storage Expansion	2025-08-06	\$770,000.00

\$1,000,000.00

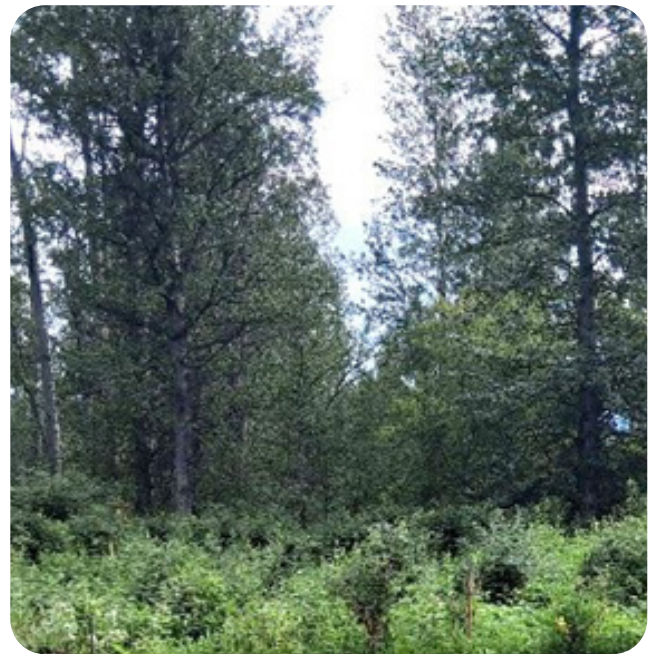
Applications Approved

Below is a snapshot of the varied projects that were approved by the BC Hydro Peace Agricultural Compensation Fund board of directors in 2025 through regular funding programs:

- **InterraPlan Inc. was approved for a \$15,954 Farming Infrastructure grant** to expand their current mixed berry operation by expanding fruit production and processing to enable strategic freeze-dried products. Beyond the benefits of fruit preservation and waste reduction through freeze-drying, new consumer markets will be accessed thanks in part to the significant ease of shipping beyond the Peace region due to the light package weight and intentional marketing.

InterraPlan's project involves them expanding their existing field orchard crops on their five-acre property, known as Niwatame Eco-Homestead. To strategically conduct the expansion, InterraPlan will follow guidelines in their existing Environmental Farm Plan to meet the highest standard for stewardship and energy efficiency. Existing environmental stewardship practices on the homestead include carbon sequestration, integrated weed and pest management, optimized nitrogen use, solar energy and drip irrigation.

Anticipated to be complete by Summer 2026, key elements of the \$31,909 Farming Infrastructure project include the perimeter expansion, crop fencing for predator and pest control and creating a storage and processing facility.



Photos: InterraPlan Inc.



- **Sunset Prairie Livestock Association was approved for a \$47,057 Farming Infrastructure grant** for the third consecutive year since 2023. Their 2025 project is to upgrade five corrals and surrounding areas to facilitate safe animal and human interactions. The \$94,114 project will result in fencing upgrades, loading chutes, steel panels for alley ways and gravel, improving the former corrals that were more than three decades old. Over this time, the former alley ways began to widen and bow due to frequent pressure from loading cattle.

The new alley ways also have improved safety for the people handling the cattle in two ways. First, the new alley ways will be narrower than the previous versions, reducing the ability for cattle to turn around if they balk and improving the flow of livestock loading. Second, the new alley ways feature gates to people to be able to quickly escape through if the cattle become dangerously unsettled. Additionally, the steel alley way walls will reduce external distractions.

Sunset Prairie Livestock Association has previously completed fencing and dugout projects with grant support from the Ag Fund. The association manages the Sunset Prairie Community Pasture, where this



infrastructure will be upgraded, a 13,500-acre grazing tenure that has been used by approximately 20 ranching families since the 1950s to support more than 2,100 cow/calf pairs and 500 yearlings annually.



Photos: Sunset Prairie Livestock Association

- **Peace River Forage Association of BC was approved for a \$4,970 Events and Educational Initiatives grant** to host a climate and market outlook event in Fort St. John in March 2025. The inclusive event was open to all members of the public and featured an agricultural meteorologist to share a weather outlook for the region’s growing season and other climatic factors that may influence local weather patterns in the future.

The one-day Climate and Markets Through the Looking Glass event addressed two of the most pressing realities for agriculture in the Peace: unpredictable weather patterns and volatile markets. To address these two topics, the Peace River Forage Association of BC brought a keynote speaker with more than 35 years of experience interpreting complex meteorological data for the global commodity trade to the Peace region.

Beyond bringing in an external expert to share relevant information at the one-day event, organizers also held

an interactive socio-economics session that was thoughtfully designed to address the barriers and opportunities surrounding best management practice in the Peace. Facilitated discussions encouraged participants to discuss approaches regarding real-world farming scenarios such as integrating cover crops, ways to improve soil health and responding to market demands in a profitable manner.

After the event’s conclusion, organizers indicated that the “investment from the BC Hydro Peace Agricultural Compensation Fund not only delivered immediate benefits to attendees but also laid the groundwork for long-term resilience by integrating climate intelligence, market awareness and sustainable production strategies into local farm management practices.”



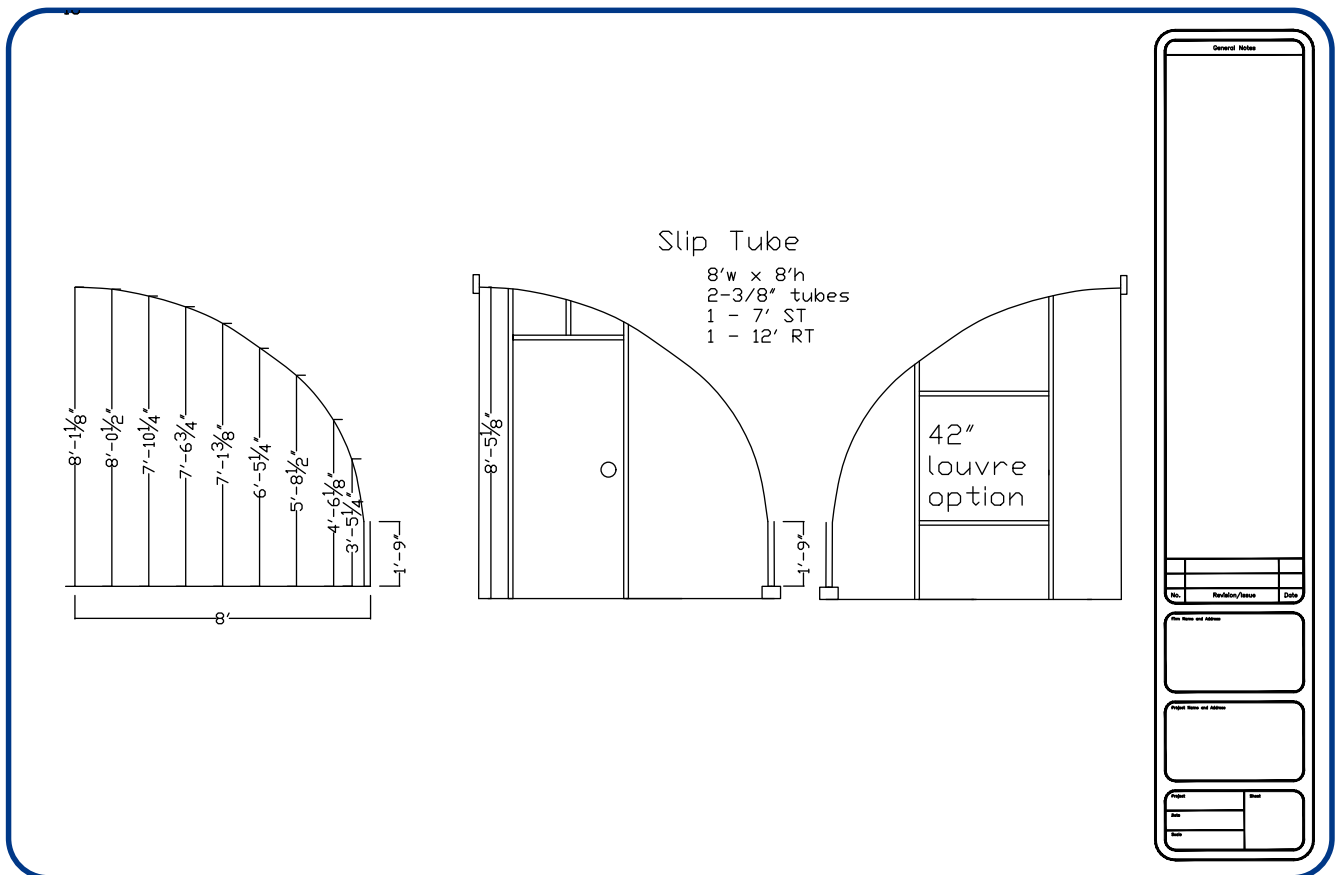
Photo: Sunset Prairie Livestock Association

- 1273031 B.C. Ltd. was approved for a \$20,054 Farming Infrastructure grant** to allow them to extend their flower growing season through the construction of a well-equipped greenhouse attached to their existing shop. Once completed, the Lean-To Heated Greenhouse Expansion for Market Garden and Flower Farm project will allow them to bring their produce and cut flowers to market a month earlier, increasing revenue generation and the availability of fresh produce to customers in Dawson Creek and surrounding area.

is possible with new infrastructure, we look forward to sharing the fruits of our labour with our community and continuing to grow together.”

Additionally, the 8-by-32-foot greenhouse will also allow 1273031 B.C. Ltd. to test and grow heat-loving crops and specialty cut flowers throughout the season, providing new, locally-grown products to their community in Dawson Creek and the broader Peace region with low transportation costs and reduced environmental impacts.

“Increasing the size and ability for our market garden and flower farm will provide robust benefits to our community,” said Sarah Griffith, owner, 1273031 B.C. Ltd. “From our market customers that will be able to purchase fresh, locally grown produce earlier in the year, to other small-scale farms who can observe what



Impact and Opportunities Initiative

2025 Approvals

In 2025, the Board made \$1 million available for impactful projects through the Impact and Opportunities Initiative. Two proponents received funding through this unique grant stream.

- **Optimum Grains was approved for a \$230,000 grant** to support upgrades to their fertilizer facility. As a result of the project, the loading and blending of fertilizer for agricultural producers in the Buick Creek, Prespatou and Montney areas will be streamlined, increasing loadout times and overall efficiency from 150 metric tons per hour to 200 metric tons per hour.

“Optimum Grains is grateful for the support that allows us to do an expansion that will strengthen our local agriculture sector,” said Jared Loewen, owner, Optimum Grains. “By investing in northern BC, we’re helping build a resilient rural farming community and supporting long-term, sustainable farming for the region.”

Efficiencies were realized through the installation of a larger, more reliable blender and overhead bin system. These improvements will also increase Optimum Grains’ capacity and introduce a greater availability of granular organic and synthetic fertilizers. By having these products available in a conveniently accessible location, local farmers will be able to maximize and properly utilize their land and crop yields during a time when resources are increasingly scarce.



Photos: Optimum Grains

- North Pine Farmers Institute was approved for a \$770,000 grant** to improve bin storage at their terminal. The project includes the installation of a new grain bin, which will result in enhanced terminal operations, increased delivery period reliability for producers, and augment the number of railcars departing from Fort St. John. These improvements will create long-term, sustainable business opportunities that support the growth of the local agricultural economy and create 12 jobs during the project and one full-time ongoing job post-project.

“The North Pine Farmers Institute has been focused on what it takes to help agriculture continue to move forward, and we can proudly say the focus has not changed in 95 years,” said Wade Cusack, president, North Pine Farmers Institute. “The funding support from NDIT in the past and in the present

is instrumental in fulfilling the mandate of the North Pine Farmers Institute. The bin expansion is essential in maintaining rail head access for agriculture producers, ensuring grains, oil seeds and pulses can get to markets around the world.”

The North Pine Farmers Institute has a vision of growing the North Peace agricultural community into a dynamic and sustainable region in B.C. This project fosters long-lasting and eco-friendly channels for the distribution of locally produced grains, oilseeds and pulses.

This grant represents the largest single amount approved for a proponent in the history of the Ag Fund.

Completed Project Reviews

In June 2025, Northern Development staff visited five successful grant applicants, including those who received funding prior to 2025. Below are the details of the site visits:

Project Name: DeWetter Farm Cattle Handling Upgrade
Proponent Name: David and Brenda DeWetter
Date Approved: November 2023
Amount Approved: \$6,291

Outcomes: The cattle handling upgrade supported the DeWetters as they replaced an aging corral system with a new, free-standing panel corral system on their multi-generational farm. The previous stationary corral system was built by hand using lumber sawed by the applicant’s father to support the movement of hundreds of cow/calves going to the local market. As a result, they are able to improve their efficiency and safety in cattle sorting and loading.



Photos: Northern Development



Photo: Northern Development

Project Name: Bartels Sheep Grain Feeders

Proponent Name: Kyle and Adrian Bartels

Date Approved: March 2024

Amount Approved: \$5,010

Outcomes: This Farming Infrastructure grant supported the Bartels to reduce feed waste and improve their flock quality through the purchase and implementation of two grain feeders. The Bartels own a first-generation sheep farm near Dawson Creek and the \$10,020 project is one aspect of their business plan to grow the flock from 90 to 200. The sheep industry is experiencing shrinking margins, so investments like these support efficient operations with minimal waste, improved health benefits, and reduced hands-on labour as the feeders significantly reduce the need for hand feeding.



Photos: Northern Development

Project Name: Garden Fence

Proponent Name: Kelly Field

Date Approved: March 2023

Amount Approved: \$1,715

Outcomes: Driven by the need to protect a small vegetable garden from wildlife and increasing growing space, Field successfully applied for a Farming Infrastructure grant to purchase and install a fence around her 32x40-foot garden in the District of Taylor in response to the increased deer that were visiting her property. The fencing resulted in increased crop production, reduced crop damage, safety for the applicant and visitors and strengthened food security for those who receive the organic produce.



Photo: Northern Development

Project Name: Regenerative Agriculture Start-Up; Water Capacity

Proponent Name: Canadian Acres

Date Approved: March 2020; March 2024

Amount Approved: \$11,496; \$13,008

Outcomes: Canadian Acres has completed two projects with funding from the Ag Fund, which staff visited in June. The Regenerative Agriculture Start-Up project increased land capacity and resulted in the implementation of a no-till horticultural site. The second project increased water storage capacity and further expanded the automatic irrigation systems in response to drought conditions.



Photo: Northern Development

Project Name: Upgrade Corral Alley and Chute

Proponent Name: Cody Johnson

Date Approved: March 2024

Amount Approved: \$22,215

Outcomes: The Farming Infrastructure grant was used to upgrade a corral alley and chute with a hydraulic chute system and vet cage. The previous alley and chute had a wooden catwalk that was slippery in cold and snowy weather and had gates that were clunky, causing increased physical exertion for the operator and increased stress for the cattle due to startling noises. Additionally, the new alley system is adjustable, which allows for safer human interactions with cattle of different sizes and reduces their ability to turn around during tagging and vaccinations.



Photos: Northern Development



Five-Year and Financial Management Plan

The Five Year and Financial Management Plan for the BC Hydro Peace Agricultural Compensation Fund are required documents for the successful administration of the fund according to BC Hydro's Agricultural Mitigation and Compensation Plan (AMCP). The Board of Directors, along with Northern Development, completed the Plan's annual update in June 2025 and submitted it to BC Hydro for approval.

The plan clearly defines the roles and responsibilities of the Board, Northern Development as Fund Administrator, and BC Hydro. It also provides a detailed overview of the financial management structure of the fund, including investment policies, five-year budget, three-year grant distribution model and other policies and processes.

Fund Investment

Throughout 2025, funds were invested with BC Investment Management Corporation, as per Northern Development's Statement of Investment Policies and Procedures. The fund experienced a



Photo: Canadian Acres

gain of 12.01% as of December 31, 2025. The funds will continue to be managed in such a way to preserve the initial \$20 million capital, while generating strong enough returns to support future funding intakes.

Independent Audited Financial Statement

KPMG is the appointed auditor of Northern Development Initiative Trust. They perform an audit of the Trust's financial statements and specified audit procedures over the balance sheet of the BC Hydro Ag Fund. It is important to note that since the decision-making process rests with the BC Hydro Ag Fund Board, which is independent of Northern Development's Board, the funds are deemed to be a liability owed to BC Hydro. As such, there are no revenue or expenses shown on the Trust's income statement. The Trust has provided Appendix C, which shows the actual revenue and expenses compared to the budget for informational purposes. Northern Development's 2025 Financial Audit will be presented at the 2026 Annual Public Meeting. The Auditors issued a clean audit report for fiscal 2025 and a report confirming the fair market value of the investments and bank balance.

The report also confirms that the BC Hydro Peace Agricultural Compensation Fund balance sheet is recorded in the Trust's general ledger and included in the audited financial statements as funds administered in accordance with Canadian generally accepted standards for specified auditing procedures.

Refer to:

Appendix A

Report on Specified Auditing Procedures

Appendix B

Northern Development Independent Auditors' Report

Appendix C

Actual versus Budget

Appendix A

Report on Agreed-Upon Procedures

**NORTHERN DEVELOPMENT
INITIATIVE TRUST**

Year ended December 31, 2025



KPMG LLP
177 Victoria Street, Suite 400
Prince George BC V2L 5R8
Canada
Telephone 250 563-7151
Fax 250 563-5693

AGREED-UPON PROCEDURES REPORT

To the Board of Directors of Northern Development Initiative Trust and British Columbia Hydro and Power Authority

Purpose of this Agreed-Upon Procedures Report

Our report is solely for the purpose of providing Northern Development Initiative Trust with information to assist in complying with British Columbia Hydro and Power Authority reporting requirements ("Purpose") and may not be suitable for another purpose.

Responsibilities of the Engaging Party

Northern Development Initiative Trust has acknowledged that the agreed-upon procedures performed are appropriate for the purpose of the engagement.

Northern Development Initiative Trust is responsible for the subject matter on which the agreed-upon procedures are performed.

Practitioner's Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the Canadian Standard on Related Services (CSRS) 4400, Agreed-Upon Procedures Engagements.

An agreed-upon procedures engagement involves our performing the procedures that have been agreed with Northern Development Initiative Trust and reporting the findings, which are the factual results of the agreed-upon procedures performed.

We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.



Professional Ethics

We have complied with ethical requirements, including those pertaining to independence, relevant to assurance engagements in Canada.

Procedures and Findings

We have performed the procedures described below, which were agreed upon with Northern Development Initiative Trust.

Procedures	Findings
Confirm the fair market value of the investment account held for the BC Hydro Agricultural Fund with the British Columbia Investment Management Corporation.	No exceptions.
Confirm the bank balance held for the BC Hydro Agricultural Fund with the Royal Bank of Canada.	No exceptions.
Confirm the BC Hydro Agricultural Fund Balance Sheet provided for December 31, 2025 is recorded in the general ledger and included in the audited financial statements of the Northern Development Initiative Trust as funds administered for others liability.	No exceptions.

Chartered Professional Accountants
Prince George, Canada
February 25, 2026

BC Hydro Agricultural Fund

Balance sheet as at December 31, 2025

with comparative information for 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets		
Cash	\$ 200,976	\$ 466,048
Accounts receivables	445	1,500
Total Current Assets	<u>201,421</u>	<u>467,548</u>
Investments		
Investments	20,000,000	20,000,000
Accumulated market change	14,804,579	11,496,961
Accumulated withdrawals	(5,912,524)	(5,535,895)
Accumulated repayments	1,101,842	1,101,842
Net total investments	<u>29,993,897</u>	<u>27,062,908</u>
TOTAL ASSETS	<u>\$ 30,195,318</u>	<u>\$ 27,530,456</u>
LIABILITIES AND EQUITY		
Liabilities		
Accounts payable & accrued liabilities	\$ 1,157,355	\$ 281,538
Funds administered for other parties	29,037,963	27,248,918
	<u>30,195,318</u>	<u>27,530,456</u>
Equity		
Externally Restricted - Uncommitted	-	-
Externally Restricted - Committed	-	-
Unrestricted	-	-
TOTAL EQUITY	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 30,195,318</u>	<u>\$ 27,530,456</u>

Appendix B

Financial Statements of

Northern Development Initiative Trust

And Independent Auditor's Report thereon

Year ended December 31, 2025



KPMG LLP
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Fax 250 563-5693

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Northern Development Initiative Trust

Opinion

We have audited the financial statements of Northern Development Initiative Trust (the Trust), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of operations and fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2025 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 auditor's report.

We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in the Schedule of Externally Restricted – Committed Funds.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the Schedule of Externally Restricted – Committed Funds as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Trust'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 Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Trust'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 misstatement, 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 error 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout 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 control.



- 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 purpose of expressing an opinion on the effectiveness of the Trust'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 Trust'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 Trust's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

KPMG LLP

Chartered Professional Accountants

Prince George, Canada

February 25, 2026

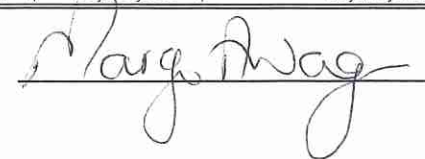
Appendix C

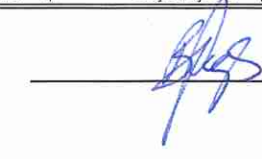
Northern Development Initiative Trust
Statement of Financial Position

As at December 31, 2025, with comparative information for 2024

	Unrestricted and Endowment	Restricted									Total	
	Operating	Invested in Capital Assets	Cross Regional	Pine Beetle	Cariboo-Chilcotin Lillooet Regional Development	Northwest Regional Development	Northeast Regional Development	Prince George Regional Development	Other Trust Funds	Province of British Columbia	2025	2024
ASSETS												
Current Assets												
Cash	\$ 6,250,987	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 606,857	\$ 245,648,939	\$ 252,506,783	\$ 281,900,974
Accounts receivable and accrued interest	14,083	-	-	-	-	-	-	-	1,325	548,794	564,202	909,252
Prepaid expenses	170,222	-	-	-	-	-	-	-	-	-	170,222	141,166
Current portion of loans receivable (Note 2)	-	-	-	-	-	-	-	-	-	-	406,837	393,200
Derivative financial instruments (Note 3)	1,954,053	-	4,550,176	1,446,494	1,582,125	1,695,145	2,194,318	1,923,939	1,395,209	-	16,741,459	-
Total Current Assets	8,389,345	-	4,550,176	1,446,494	1,582,125	1,695,145	2,194,318	2,330,776	2,003,391	246,197,733	270,389,503	283,344,592
Other Non-Current Assets												
Loans receivable (Note 2)	-	-	-	-	-	-	-	839,270	-	-	839,270	1,183,923
Investments (Note 4)	43,214,372	-	100,628,284	31,989,566	34,989,092	37,488,545	48,527,890	42,548,382	31,119,531	-	370,505,662	337,361,750
Tangible capital assets (Note 5)	-	60,586	-	-	-	-	-	-	-	-	60,586	106,002
Derivative financial instruments (Note 3)	1,972	-	4,592	1,460	1,597	1,711	2,215	1,942	1,405	-	16,894	-
TOTAL ASSETS	\$ 51,605,689	\$ 60,586	\$ 105,183,052	\$ 33,437,520	\$ 36,572,814	\$ 39,185,401	\$ 50,724,423	\$ 45,720,370	\$ 33,124,327	\$ 246,197,733	\$ 641,811,915	\$ 621,996,267
LIABILITIES AND EQUITY												
Current Liabilities												
Accounts payable and accrued liabilities (Note 6)	87,726	-	-	-	-	-	-	-	-	214,850	302,576	227,020
Due to (from) other funds	(157,716)	-	157,716	-	-	-	-	-	-	-	-	-
Funds administered for others (Note 7)	-	-	-	-	-	-	-	-	30,912,927	-	30,912,927	28,350,100
Unearned revenue (Note 8)	3,731,557	-	-	-	-	-	-	-	-	-	3,731,557	4,386,041
Current portion of obligation under capital lease (Note 9)	-	6,708	-	-	-	-	-	-	-	-	6,708	6,546
Derivative financial instruments (Note 3)	1,958,858	-	4,561,364	1,450,050	1,586,015	1,699,313	2,199,713	1,928,669	1,398,612	-	16,782,594	-
Total Current Liabilities	5,620,425	6,708	4,719,080	1,450,050	1,586,015	1,699,313	2,199,713	1,928,669	32,311,539	214,850	51,736,362	32,969,707
Other Non-current Liabilities												
Obligation under capital lease (Note 9)	-	-	-	-	-	-	-	-	-	-	-	6,708
Derivative financial instruments (Note 3)	1,980	-	4,610	1,466	1,603	1,717	2,223	1,949	1,411	-	16,959	-
TOTAL LIABILITIES	5,622,405	6,708	4,723,690	1,451,516	1,587,618	1,701,030	2,201,936	1,930,618	32,312,950	214,850	51,753,321	32,976,415
Equity												
Endowment fund (Note 10)	25,000,000	-	-	-	-	-	-	-	-	-	25,000,000	25,000,000
Externally restricted - uncommitted	-	-	96,913,835	29,999,828	31,868,800	33,233,151	44,307,683	41,169,331	752,832	107,536,627	385,782,087	382,082,040
Externally restricted - committed	-	-	3,545,527	1,986,176	3,116,396	4,251,220	4,214,804	2,620,421	58,545	138,446,256	158,239,345	164,515,723
Invested in tangible capital assets (Note 11)	-	53,878	-	-	-	-	-	-	-	-	53,878	92,748
Unrestricted	20,983,284	-	-	-	-	-	-	-	-	-	20,983,284	17,329,341
TOTAL EQUITY	45,983,284	53,878	100,459,362	31,986,004	34,985,196	37,484,371	48,522,487	43,789,752	811,377	245,982,883	590,058,594	589,019,852
Contingencies (Note 12)												
Commitments (Note 13)												
TOTAL LIABILITIES AND EQUITY	\$ 51,605,689	\$ 60,586	\$ 105,183,052	\$ 33,437,520	\$ 36,572,814	\$ 39,185,401	\$ 50,724,423	\$ 45,720,370	\$ 33,124,327	\$ 246,197,733	\$ 641,811,915	\$ 621,996,267

Northern Development Initiative Trust Approval:

 Board Chair

 Vice Chair

Northern Development Initiative Trust
Statement of Operations and Fund Balances

As at December 31, 2025, with comparative information for 2024

	Unrestricted and Endowment	Restricted									Total	
	Operating	Invested in Capital Assets	Cross Regional	Pine Beetle	Cariboo-Chilcotin Lillooet Regional Development	Northwest Regional Development	Northeast Regional Development	Prince George Regional Development	Other Trust Funds	Province of British Columbia	2025	2024
REVENUE												
Investment income, net of fees (Note 4)	\$ 1,282,275	\$ -	\$ 2,967,867	\$ 949,160	\$ 1,037,174	\$ 1,114,870	\$ 1,431,428	\$ 1,254,115	\$ 21,994	\$ -	\$ 10,058,883	\$ 2,657,737
Interest income	211,013	-	-	-	159	-	-	-	1,414	7,838,204	8,050,790	14,569,252
Contributions (Note 14)	-	-	-	-	-	-	-	-	60,000	4,500,000	4,560,000	10,240,000
Net unrealized gains	3,419,309	-	7,854,444	2,497,838	2,749,937	2,971,220	3,803,479	3,325,416	58,555	-	26,680,198	26,583,462
Financial services revenue	-	-	-	-	-	-	-	-	-	-	-	25,000
Third party revenue	1,294,487	-	-	-	-	-	-	-	-	-	1,294,487	1,435,792
TOTAL REVENUE	6,207,084	-	10,822,311	3,446,998	3,787,270	4,086,090	5,234,907	4,579,531	141,963	12,338,204	50,644,358	55,511,243
EXPENSES												
ADMINISTRATION EXPENSES												
Amortization	-	58,253	-	-	-	-	-	-	-	-	58,253	55,387
General administration	193,912	-	-	-	-	-	-	-	-	-	193,912	198,669
S/C, fees, dues, licenses	9,800	-	-	-	-	-	-	-	2	5,009	14,811	13,469
Office expenses	291,179	-	-	-	-	-	-	-	-	-	291,179	291,801
Professional services	282,905	-	-	-	-	-	-	-	-	-	282,905	262,326
Rentals and maintenance	72,829	-	-	-	-	-	-	-	-	-	72,829	78,305
Office supplies	28,313	-	-	-	-	-	-	-	-	-	28,313	23,269
Salaries and benefits	1,588,100	-	-	-	-	-	-	-	-	-	1,588,100	1,624,083
TOTAL ADMINISTRATION EXPENSES	2,467,038	58,253	-	-	-	-	-	-	2	5,009	2,530,302	2,547,309
BOARD & RAC EXPENSES												
Board costs	51,758	-	-	-	-	-	-	-	-	-	51,758	57,939
RAC - Prince George	5,063	-	-	-	-	-	-	-	-	-	5,063	5,143
RAC - Northeast	4,408	-	-	-	-	-	-	-	-	-	4,408	6,242
RAC - Cariboo-Chilcotin/Lillooet	6,723	-	-	-	-	-	-	-	-	-	6,723	7,283
RAC - Northwest	8,768	-	-	-	-	-	-	-	-	-	8,768	9,740
TOTAL BOARD & RAC EXPENSES	76,720	-	-	-	-	-	-	-	-	-	76,720	86,347
TOTAL ADMINISTRATION COSTS	2,543,758	58,253	-	-	-	-	-	-	2	5,009	2,607,022	2,633,656
INCREMENTAL PROJECT EXPENSES												
Salesforce implementation	-	-	-	-	-	-	-	-	-	-	-	482,927
TOTAL INCREMENTAL PROJECT EXPENSES	-	-	-	-	-	-	-	-	-	-	-	482,927
Grants and loans	-	-	2,344,215	1,214,486	1,285,517	1,383,969	1,244,590	1,352,969	1,455	38,298,986	47,126,187	38,920,700
Fair value adjustment for interest free loans receivable (Note 2)	-	-	-	-	-	-	-	(127,593)	-	-	(127,593)	(214,246)
NET GRANTS	-	-	2,344,215	1,214,486	1,285,517	1,383,969	1,244,590	1,225,376	1,455	38,298,986	46,998,594	38,706,454
TOTAL EXPENSES	2,543,758	58,253	2,344,215	1,214,486	1,285,517	1,383,969	1,244,590	1,225,376	1,457	38,303,995	49,605,616	41,823,037
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 3,663,326	\$ (58,253)	\$ 8,478,096	\$ 2,232,512	\$ 2,501,753	\$ 2,702,121	\$ 3,990,317	\$ 3,354,155	\$ 140,506	\$ (25,965,791)	\$ 1,038,742	\$ 13,688,206
Fund Balances, Beginning of Year	42,329,341	92,748	91,981,266	29,753,492	32,483,443	34,782,250	44,532,170	40,435,597	670,871	271,958,674	589,019,852	575,331,646
Investment in Capital Assets	(19,383)	19,383	-	-	-	-	-	-	-	-	-	-
Transfer	10,000	-	-	-	-	-	-	-	-	(10,000)	-	-
FUND BALANCES, END OF YEAR	\$ 45,983,284	\$ 53,878	\$ 100,459,362	\$ 31,986,004	\$ 34,985,196	\$ 37,484,371	\$ 48,522,487	\$ 43,789,752	\$ 811,377	\$ 245,982,883	\$ 590,058,594	\$ 589,019,852

Northern Development Initiative Trust

Statements of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenditures	\$ 1,038,742	\$ 13,688,206
Items not involving cash:		
Amortization	58,253	55,387
Net unrealized gains	(26,680,198)	(26,583,462)
Accrued interest on loans receivable	(158)	(228,681)
Fair value adjustment for interest free loans receivable	(127,593)	(214,246)
	(25,710,954)	(13,282,796)
Changes in non-cash operating working capital:		
Accounts receivable	345,050	553,068
Prepaid expenses	(29,056)	24,749
Funds administered for others	2,562,827	1,634,115
Accounts payable and accrued liabilities	75,556	(81,747)
Unearned revenue	(654,484)	(1,360,793)
	(23,411,061)	(12,513,404)
Financing:		
Repayment of obligations under capital lease	(6,546)	(6,388)
Investing		
Investments	(6,463,714)	(5,362,946)
Repayment of loans receivable	458,767	4,652,988
Acquisition of tangible capital assets	(12,837)	(39,131)
Derivative financial instruments	41,200	-
	(5,976,584)	(749,089)
Increase (decrease) in cash	(29,394,191)	(13,268,881)
Cash, beginning of year	281,900,974	295,169,855
Cash, end of year	\$ 252,506,783	\$ 281,900,974

See accompanying notes to financial statements.

Northern Development Initiative Trust

Notes to Financial Statements

Year ended December 31, 2025

Nature of Operations

Northern Development Initiative Trust (the "Trust"), a not-for-profit organization incorporated under the Northern Development Initiative Trust Act, operates primarily to be a catalyst for Northern B.C. and grow a strong diversified economy by stimulating sustainable economic growth through strategic and leveraged investments.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Trust's significant accounting policies are as follows:

(a) Restricted fund method of accounting:

The Trust follows the restricted fund method of accounting for contributions.

The Operating Fund accounts for the Trust's general activities.

The Restricted Funds are comprised of Invested in Capital Assets, Cross Regional Account, Pine Beetle Recovery Account, Cariboo-Chilcotin Lillooet Regional Development Account, Northwest Regional Development Account, Northeast Regional Development Account, Prince George Regional Development Account, Other Trust Funds and Province of British Columbia Account and report contributions restricted to activities outlined in their respective strategic plans. The Invested in Capital Asset fund reports the assets, liabilities, revenues and expenses related to the tangible capital assets of the Trust. The Other Trust Funds are comprised of the Prince George Agricultural Fund, Nechako Valley Regional Cattlemen's Association Fund, North Central Local Government Association Fund, BC Hydro AG Fund, and Local Government Management Association and report contributions restricted to activities outlined in their respective strategic plans.

The Operating Endowment Account reports restricted resources contributed for endowment. Investment income earned on endowment resources is used for purposes prescribed in the Northern Development Initiative Trust Act (Note 10).

(b) Investments:

Investments are recorded at fair value. The difference between historical cost and fair value is recorded as an unrealized gain or loss and recorded in the excess (deficiency) of revenue over expenditures in the period in which the difference occurred. Gains and losses realized during the year are computed using the average cost method and recognized directly in the excess (deficiency) of revenue over expenditures.

(c) Tangible capital assets:

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution. Assets acquired under capital lease are amortized over the estimated life of the assets or over the lease term, as appropriate. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a tangible capital asset no longer contributes to the Trust's ability to provide services, its carrying amount is written down to its residual value.

Tangible capital assets are amortized on a straight-line basis using the following annual rates:

Asset	Rate
Computer hardware	33%
Computer software	100%
Furniture and fixtures	20%
Leasehold improvements	16%
Vehicles	33%
Assets under capital lease	20%

(d) Externally restricted - uncommitted funds:

Uncommitted externally restricted funds represents funds not committed at year end to specific project proposals.

(e) Externally restricted - committed funds:

Committed externally restricted funds represent funds at year end for specific project proposals that have been approved by the Board of Directors and cash disbursement will not occur until a future date after year end once the conditions of the signed funding agreement are met.

Northern Development Initiative Trust

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policy (continued):

(e) Externally restricted - committed funds (continued):

Funds committed are recorded as a payable when the final review of the project claim is completed and approved by management.

(f) Revenue recognition:

Externally restricted contributions received for the Cross Regional Account, Pine Beetle Recovery Account, Cariboo-Chilcotin Lillooet Regional Development Account, Northwest Regional Development Account, Northeast Regional Development Account, Prince George Regional Development Account, Other Trust Funds and Province of British Columbia are recognized as revenue in the year received. All other externally restricted contributions received are recognized in the Operating Fund as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue in the Operating Fund in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted contributions with related expenses are recognized as revenue in the year in which the related expenses are incurred.

Investment income is recognized to the extent received or receivable.

(g) Grants and repayable grants:

Grants and repayable grants awarded by the Trust are recognized when the conditions of the signed funding agreement are met.

Grants are advanced to proponents from time-to-time based on the conditions of the funding agreement. Funds advanced are expensed on advancement as it is considered that project requirements will be met and the funds are unlikely to be returned.

(h) Income taxes:

No provision has been made for income taxes in these financial statements as the Trust is exempt under Paragraph 149(1)(c) of the Income Tax Act.

(i) Foreign currency translation:

Monetary assets and liabilities denominated in foreign currencies, and that have not been hedged, are translated into Canadian dollars at the rates of exchange in effect at the statement of financial position date. Other assets, liabilities and items affecting earnings are translated into Canadian dollars at rates of exchange in effect at the date of the transaction. Gains or losses arising from these foreign currency transactions are included in the determination of excess (deficiency) of revenue over expenditures.

(j) Use of estimates:

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

(k) Financial instruments:

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

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

Northern Development Initiative Trust

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policy (continued):

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

(l) Cloud computing arrangement:

The simplification approach is used to record cloud computing expenditures. In applying this approach, the expenditures in the arrangement are treated as the supply of services. Included on the Statement of Operations and Fund Balances in incremental project expenses are Salesforce implementation expenditures of \$nil (2024 - \$482,927). Included in administrative costs are Salesforce licensing fees of \$65,621 (2024 - \$56,326) and Sage licensing fees of \$33,224 (2024 - \$33,224).

2. Loans receivable:

	2025	2024
Cariboo-Chilcotin Lillooet Regional Development Repaid during the year	\$ -	\$ 5,737
Prince George Regional Development Account Repayable in annual installments over the next four years of \$452,873 in 2026, \$339,362 in 2027, \$314,838 in 2028, and \$300,400 in 2029, non-interest bearing. Due July 2029	1,361,437	1,794,935
	1,361,437	1,800,672
Current portion of loans receivable	(452,873)	(458,610)
Current portion of fair value adjustment	46,036	65,410
	(406,837)	(393,200)
Fair value adjustment for interest free loans receivable	(115,330)	(223,549)
	\$ 839,270	\$ 1,183,923

During the year, the Trust recorded a recovery of \$127,593 (2024 - \$214,246) for the change in fair value adjustment for interest free loans receivable. This recovery was a result of fluctuations in the discount rate used to determine the adjustment.

3. Derivative financial instruments:

	Nominal value	Maturity	Fair Values	
			Asset	Liability
Current				
FX forward	\$ 206,201	2026	\$ 16,741,267	\$ 16,782,402
FX spot	(73)	2026	192	192
	206,128		16,741,459	16,782,594
Non-current				
Cross currency swap	1,569	2027	1,475	1,551
Interest rate swap	-	2027	15,419	15,408
	1,569		16,894	16,959
	\$ 207,697		\$ 16,758,353	\$ 16,799,553

Northern Development Initiative Trust

Notes to Financial Statements (continued)

Year ended December 31, 2025

4. Investments:

	2025	2024
Fixed income balances:		
Cash	3,205	-
Canadian Money Market Fund ST1	11,268,974	33,138,997
U.S. Dollar Money Market Fund ST3	9,172,389	-
Government Bond Fund	93,644,033	102,716,200
	114,088,601	135,855,197
Equity balances:		
Indexed Canadian Equity Fund	60,280,550	66,930,138
Emerging Markets Equity Fund	18,674,640	16,179,427
Indexed Global Equity Fund	95,481,289	102,204,046
Private Equity Fund	16,854,033	1,021
	191,290,512	185,314,632
Credit balances:		
BCI QuadReal Real Estate Debt	4,835,258	-
Mortgage Limited Partnership	2,943,975	-
Private Debt Limited Partnership	13,423,207	2,000
Corporate Bond Fund	26,667,657	16,189,921
	47,870,097	16,191,921
Real asset balances:		
BCI QuadReal Multi-Asset Realty	3,502,375	-
Real Estate Limited Partnership	2,732,895	-
Infrastructure Fund	2,176,992	-
Infrastructure Limited Partnership	8,844,190	-
	17,256,452	-
	\$ 370,505,662	\$ 337,361,750

Investment income is presented net of management fees charged for the year ended December 31, 2025, of \$742,895 (2024 - \$690,665).

5. Tangible capital assets:

	2025		2024	
	Cost	Accumulated amortization	Net book value	Net book value
Assets under capital lease	\$ 34,947	\$ 32,617	\$ 2,330	\$ 9,318
Computer hardware	461,141	430,571	30,570	37,684
Computer software	169,234	169,234	-	-
Furniture and fixtures	177,859	177,247	612	5,502
Leasehold improvements	217,283	190,209	27,074	53,498
Vehicles	77,473	77,473	-	-
	\$ 1,137,937	\$ 1,077,351	\$ 60,586	\$ 106,002

Northern Development Initiative Trust

Notes to Financial Statements (continued)

Year ended December 31, 2025

6. Accounts payable and accrued liabilities:

	2025	2024
Accounts payable and accrued liabilities	\$ 273,893	\$ 156,135
Payroll and withholding taxes	28,683	70,885
	\$ 302,576	\$ 227,020

7. Funds administered for others:

These funds are controlled by other organizations and are pooled for investment purposes with the Trust's cash and investments. Accordingly, these financial statements include assets administered for other organizations with a corresponding liability comprised of the following:

	2025	2024
Opening balance	\$ 28,350,100	\$ 26,715,985
Contributions	-	100,000
Investment income, net of fees	3,263,257	2,644,862
Administrative fees	(150,000)	(75,000)
Grants	(536,317)	(973,720)
Bank charges	(381)	(44)
Board travel	(12,156)	(13,081)
Website consulting	(1,576)	(1,023)
Funds returned	-	(47,879)
	\$ 30,912,927	\$ 28,350,100

8. Unearned revenue:

Unearned revenue consists of administrative fees that have been received but are recognized as income over time as they are earned.

	2025	2024
Connecting British Columbia	\$ 2,618,082	\$ 3,406,074
Ministry of Transportation	310,824	458,119
Northern Healthy Communities	329,637	462,660
Rural and Remote Employment Initiatives	473,014	-
Nechako Valley Rancher Cattlemen's Association	-	57
Rural Business & Community Recovery	-	59,131
	\$ 3,731,557	\$ 4,386,041

Northern Development Initiative Trust

Notes to Financial Statements (continued)

Year ended December 31, 2025

9. Obligation under capital lease:

	2025	2024
Wells Fargo lease with an implied interest rate of 2.45%, repayable in quarterly instalments of \$1,703. Due October 2026 and secured by equipment held by the Trust with a net book value of \$2,330.	\$ 6,708	\$ 13,254
	6,708	13,254
Repayment schedule		
2025	-	6,811
2026	6,811	6,811
Total minimum lease payments	6,811	13,622
Less amount representing interest at a rate of 2.45%	(103)	(368)
Present value of capital lease payments	6,708	13,254
Less current portion	6,708	6,546
	\$ -	\$ 6,708

During the year the Trust recognized \$265 (2024 - \$423) of interest on the capital lease.

10. Endowment fund:

The Endowment Fund was established to receive proceeds of \$25,000,000 from the Government of British Columbia pursuant to terms of the Northern Development Initiative Trust Act ("NDIT Act"). Interest or other income earned from the money invested may be used to cover operating expenditures incurred by the directors and officers of the Trust to perform their obligations under the NDIT Act. Income earned on the endowment is recorded fully in the Operating Fund. Included in operations is investment income of \$1,282,275 (2024 - \$339,901) and net unrealized gains of \$3,419,309 (2024 - \$3,367,272) for the year ended December 31, 2025.

11. Invested in tangible capital assets:

Invested in tangible capital assets is calculated as follows:

	2025	2024
Opening balance	\$ 92,748	\$ 102,616
Amortization	(58,253)	(55,387)
Acquisition of capital assets	12,837	39,131
Repayment of obligation under capital lease	6,546	6,388
	\$ 53,878	\$ 92,748

12. Contingencies:

The Trust has a revolving demand facility agreement with RBC with a maximum limit of \$10,000,000 by way of RBP based loans, letters of credit, and letters of guarantee. These facilities are secured by a general security agreement placing a first priority interest in present and future property of the Trust. The balance of these facilities at December 31, 2025 are \$nil (2024 - \$nil).

The Trust has provided certain partner program contracts to the Canada Revenue Agency in regards to Government Sales Tax requirements. The potential exposure is unknown at this time and the outcome of the ruling is not determinable.

Northern Development Initiative Trust

Notes to Financial Statements (continued)

Year ended December 31, 2025

13. Commitments:

The Trust leases premises under lease for \$12,170 monthly which expires May 2027. The Trust has a contract with Salesforce for \$50,319 yearly which expires September 2029. The minimum payments in the next five years are as follows:

2026	196,353
2027	111,166
2028	50,319
2029	37,739
2030	-
	\$ 395,577

14. Contributions:

	2025	2024
Ministry of Social Development and Poverty Reduction	\$ 4,500,000	\$ -
Local Government Management Association of British Columbia	60,000	-
Ministry of Jobs and Economic Growth	-	10,000,000
Ministry of Municipal Affairs	-	240,000
	\$ 4,560,000	\$ 10,240,000

In 2025, the funding from the Ministry of Social Development and Poverty Reduction is provided to address current economic gaps and potential economic impacts created by tariffs through several funding streams intended to help support rural and remote communities of Northern British Columbia.

15. Financial risks and concentration of credit risk:

(a) Currency risk:

The Trust is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, the Trust purchases investments denominated in a foreign currency. In order to minimize currency risk, the Trust has a policy to invest no greater than 40% (2024 - 40%) of its portfolio in global equities and no more than 10% (2024 - 10%) of its portfolio in emerging markets. As at December 31, 2025, global equities represents approximately 26% (2024 - 30%) and emerging markets represents approximately 5% (2024 - 5%) of the Trust's investment holdings.

(b) Market risk:

The Trust derives revenue from its cash equivalents, equity and fixed income investments which are subject to market fluctuations. Market risk is managed and mitigated through diversification between asset classes in which the Trust has set asset allocation guidelines in their investment policy. As at December 31, 2025, the Trust's investment holdings were aligned with their target asset allocations. Equity investments represent approximately 52% (2024 - 55%) of the holdings. It is estimated that a 10% change in returns would change the fair value of the equities portfolio by \$19,129,051 (2024 - \$18,531,463).

As at December 31, 2025, the Trust's annual return on investments was approximately a gain of 12.01% (2024 - 10.11%).

(c) Credit risk:

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered, resulting in a financial loss. It arises principally from debt instruments held, including government bonds and corporate bonds. Government bonds represent approximately 25% (2024 - 30%) of the Trust's investment holdings. Credit risk is minimized by dealing with borrowers considered to be of high quality and by monitoring their credit risk. The Trust has invested in AAA bonds to mitigate this risk. Corporate bonds represent approximately 7% (2024 - 5%) of the Trust's investment holdings. The corporate bond portfolio invests in high quality AAA to BBB bonds as well as higher risk BB to B bonds. Investment diversification is used to manage this risk.

The Trust is exposed to credit risk from the possibility that borrowers may default on their obligations. Management attempts to mitigate this risk by ensuring that proper due diligence is performed before loans are extended. As of December 31, 2025, all loan recipients are in full compliance of their agreement.

Northern Development Initiative Trust

Notes to Financial Statements (continued)

Year ended December 31, 2025

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

(d) Liquidity risk:

Liquidity risk is the risk that the Trust will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Trust manages its liquidity risk by monitoring its operating requirements. The Trust prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposure from 2024.

(e) Interest rate risk:

The Trust's fixed income securities, credit securities, and certain loans receivable are subject to interest rate risk. Rising interest rates would impact the value of these investments and loans. The Trust is exposed to prime lending rate fluctuations on loans receivable in the amount of \$nil (2024 - \$nil). As at December 31, 2025, fixed income securities represent approximately 31% (2024 - 40%) of the Trust's investment holdings and credit securities represent approximately 13% (2024 - 5%) of the Trust's investment holdings. It is estimated that 1.75% change in interest rates would change the fair value of the portfolio by \$2,834,277 (2024 - \$2,660,825). The Trust employs investment diversification to manage this risk.

16. Employee future benefits:

The Trust, and its employees, contribute to the BC Public Service Pension Plan (the "Plan"), a jointly trustee pension plan. The Board of Trustees, representing Plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of the benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has 79,532 active members and 57,519 retired members. Active members include approximately 100 contributors from the provincial government, crown corporations, government agencies and not-for-profit organizations.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The most recent valuation was performed as at March 31, 2023. The valuation shows an improvement in the actuarial position for the Basic Account, from a surplus of \$2,667 million as at March 31, 2020, to a surplus of \$4,491 million as at March 31, 2023. The actuary does not attribute portions of the surplus to individual employers. Consequently, the Trust's share of this surplus cannot be determined. The main reasons for the improvement in the actuarial position are that the investment returns were higher than were assumed and actual salary increases were lower than the long-term assumption offset by an excess investment return transfer to the Inflation Adjustment Account and changes in the economic assumptions. The Trust paid \$129,042 (2024 - \$129,008) for employer contributions to the Plan during the year.

Northern Development Initiative Trust

Schedule of Externally Restricted - Committed Funds

Year ended December 31, 2025

(Unaudited)

SCHEDULE 1

Account	Total Funding Approved	Grants and loans		2025	2024
		2025 Disbursements	2024 Disbursements	Outstanding Commitments	Outstanding Commitments
Cross Regional Account	\$ 61,761,842	\$ 2,344,215	\$ 1,847,425	\$ 3,545,527	\$ 2,867,793
Pine Beetle Recovery Account	38,836,830	1,214,486	1,891,478	1,986,176	1,951,250
Cariboo-Chilcotin/Lillooet Regional Development Account	25,572,483	1,285,517	962,844	3,116,396	2,859,363
Northwest Regional Development Account	29,424,277	1,383,969	904,309	4,251,220	4,024,691
Northeast Regional Development Account	23,645,843	1,244,590	1,225,083	4,214,804	3,054,658
Prince George Regional Development Account	32,704,244	1,352,969	1,379,024	2,620,421	2,110,489
Other Trust Funds	30,752,727	1,455	-	58,545	-
Province of British Columbia	289,284,693	38,298,986	30,710,537	138,446,256	147,647,479
TOTAL	\$ 531,982,939	\$ 47,126,187	\$ 38,920,700	\$ 158,239,345	\$ 164,515,723

Statement of Operations and Fund Balances

For the 12 months ending December 31, 2025

	2025 Budget	2025	2024	2023	2022	2021
REVENUE						
Investment Income	\$ 1,238,306	\$ 930,087	\$ 277,045	\$ 861,311	\$ 896,721	\$ 1,411,150
Net Unrealized Gains/Losses	\$ -	\$ 2,377,531	\$ 2,375,536	\$ 1,945,869	\$ (3,545,772)	\$ 1,790,467
Interest Income	\$ -	\$ 8,125	\$ 10,678	\$ 5,854	\$ 1,237	\$ 1,810
TOTAL REVENUE	\$ 1,238,306	\$ 3,315,743	\$ 2,663,259	\$ 2,813,034	\$ (2,647,814)	\$ 3,203,427
EXPENSES						
Administration Fee	\$ 130,000	\$ 150,000	\$ 75,000	\$ 75,000	\$ 175,000	\$ 75,000
Investment Management Fees*	\$ 70,627	\$ 100,916	\$ 62,315	\$ 70,622	\$ 70,408	\$ 72,856
Bank Service Charges	\$ -	\$ 317	\$ 62	\$ 124	\$ 232	\$ 53
Website Consulting	\$ 3,500	\$ 2,527	\$ 1,021	\$ 15,303	\$ 263	\$ -
Board Costs**	\$ 19,470	\$ 12,156	\$ 11,079	\$ 14,355	\$ 11,085	\$ 3,750
Incorporation of New Organization	\$ 39,500	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENSES	\$ 263,097	\$ 265,916	\$ 149,477	\$ 175,404	\$ 256,988	\$ 151,659
Grants Disbursed***	\$ 1,500,000	\$ 385,854	\$ 826,067	\$ 629,945	\$ 991,480	\$ 319,278
TOTAL GRANTS DISBURSED	\$ 1,500,000	\$ 385,854	\$ 826,067	\$ 629,945	\$ 991,480	\$ 319,278
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ (524,791)	\$ 2,663,974	\$ 1,687,715	\$ 2,007,685	\$ (3,896,282)	\$ 2,732,490
Fund Balance, Beginning of Year	\$ 27,530,350	\$ 27,530,350	\$ 25,842,635	\$ 23,834,950	\$ 27,731,232	\$ 24,998,742
Fund Balance, End of Year	\$ 27,005,559	\$ 30,194,324	\$ 27,530,350	\$ 25,842,635	\$ 23,834,950	\$ 27,731,232

*Investment management fees were budgeted for based on historical costs. Subsequent to budget approval a new investment manager was engaged, and actual fees were charged on a new basis.

**Board Costs are based on in-person meetings quarterly

***The timing of disbursements cannot be accurately determined. Therefore, the budget is based on approvals, however actuals show the disbursements.

Refer to the table below for additional information on approvals

Grant Allocation Budget

	Total	2025	2024	2023	2022	2021
Allocation	\$ 5,500,000	\$ 1,500,000	\$ 750,000	\$ 750,000	\$ 1,750,000	\$ 750,000
Approved						
March Intake	\$ 1,253,507	\$ 118,824	\$ 173,510	\$ 383,714	\$ 400,976	\$ 176,483
November Intake	\$ 1,023,532	\$ 148,023	\$ 71,314	\$ 107,155	\$ 180,298	\$ 516,742
IOI Intake	\$ 2,000,000	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000	\$ -
Total Approved	\$ 4,277,039	\$ 1,266,847	\$ 244,824	\$ 490,869	\$ 1,581,274	\$ 693,225
Remaining Allocation	\$ 1,222,961	\$ 233,153	\$ 505,176	\$ 259,131	\$ 168,726	\$ 56,775
Decommitted	\$ 155,692	\$ -	\$ -	\$ 1,325	\$ -	\$ 154,367
Slippage	\$ 110,021	\$ 2,725	\$ 3,182	\$ 17,007	\$ 82,797	\$ 4,310
Amount added back to Uncommitted Account Balance*	\$ 1,488,674	\$ 235,878	\$ 508,358	\$ 277,463	\$ 251,523	\$ 215,452
Grants Disbursed	\$ 3,152,624	\$ 385,854	\$ 826,067	\$ 629,945	\$ 991,480	\$ 319,278
Grants Remaining to be disbursed	\$ 1,156,361					

*Remaining dollars available in grant allocation are rolled into the capital base of the funds to increase the allowable granting allocation for future years. This builds additional resilience into the fund.

