



***North Island 9-1-1 Corporation
Consolidated Financial Statements
Year Ended December 31, 2010***

North Island 9-1-1 Corporation

Incorporated 1995

2010

Board of Directors

R. Grant (President)	Strathcona Regional District
K. McRae	Alberni-Clayoquot Regional District
L. Jangula	Comox Valley Regional District
P. Wainwright	Regional District of Mount Waddington
J. Stanhope	Regional District of Nanaimo
C. Palmer	Powell River Regional District

North Island 9-1-1 Corporation
Consolidated Financial Statements
Year ended December 31, 2010

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North Island 9-1-1 Corporation

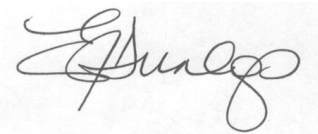
Management's Responsibility for Financial Reporting

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards for British Columbia local governments and are outlined under "Significant Accounting Policies" in the notes to the financial statements. Management is responsible for the integrity and objectivity of these statements as well as the supplementary schedules.

Management maintains a system of internal controls to provide reasonable assurance that assets are safeguarded and that transactions are authorized, recorded and reported properly. Management also maintains a program of proper business compliance.

The board of directors is responsible for reviewing and approving the financial statements and for ensuring that management fulfils its responsibilities for financial reporting and internal control.

Meyers Norris Penny LLP, Chartered Accountants, the corporation's independent auditors, have conducted an examination of the financial statements in accordance with generally accepted auditing standards and have expressed their opinion in a report accompanying this statement.

A handwritten signature in black ink, appearing to read "E. Dunlop", is written over a light grey rectangular background.

E.J. Dunlop, CGA
Officer responsible for Financial Administration,
pursuant to Section 199 of the Local Government Act

Independent Auditors' Report

To the Shareholders of North Island 9-1-1 Corporation:

We have audited the consolidated statement of financial position of North Island 9-1-1 Corporation as at December 31, 2010 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2010 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

MNP LLP

Campbell River, British Columbia

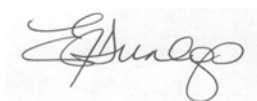
June 17, 2011

Chartered Accountants

North Island 9-1-1 Corporation
Statement of Financial Position
December 31, 2010

	2010	2009
Financial Assets		
Cash	\$ 1,467,028	\$ 1,563,500
Security deposits	2,000	2,000
Receivables -Federal government	29,564	13,137
-Provincial government	7,000	3,675
-Local government	46,675	10,944
-Other	2,620	5,234
Total Financial Assets	1,554,887	1,598,490
Liabilities		
Payables -Federal government	88,741	253,226
-Provincial government	814	2,560
-Local government	31,241	29,514
Trade accounts and accrued liabilities	26,261	87,768
Deferred revenue	9,105	11,115
Total Liabilities	156,162	384,183
Net Financial Assets	1,398,725	1,214,307
Non-Financial Assets		
Prepaid expenses	23,716	23,743
Tangible capital assets (Schedule A)	821,159	814,355
Total Non-Financial Assets	844,875	838,098
Accumulated Surplus (Note 6)	\$ 2,243,600	\$ 2,052,405

Subsequent Event (Note 8)



E.J. Dunlop, CGA
 Corporate Financial Officer

The accompanying notes and schedules are an integral part of these financial statements.

North Island 9-1-1 Corporation
Statement of Operations
Year ended December 31, 2010

	2010	2010	2009
	Actual	Budget	Actual
		Unaudited - Note 7	
Revenue			
Conditional transfers from local governments (Schedule B)	\$ 1,915,513	\$ 1,915,513	\$ 1,877,954
Sales of service - Other local governments	2,152	1,614	1,663
Sub-licence revenue	31,233	29,200	30,655
Interest	11,469	5,000	8,505
Other revenue	74,691	21,900	12,271
Total Revenue	2,035,058	1,973,227	1,931,048
Expenses			
General government services (Schedule C)	196,600	197,360	193,337
Protective services (Schedule D)	1,647,263	1,746,379	1,511,745
Total Expenses	1,843,863	1,943,739	1,705,082
Annual Surplus	191,195	29,488	225,966
Accumulated Surplus, beginning	2,052,405	2,052,405	1,826,439
Accumulated Surplus, ending	\$ 2,243,600	\$ 2,081,893	\$ 2,052,405

The accompanying notes and schedules are an integral part of these financial statements.

North Island 9-1-1 Corporation
Statement of Change in Net Financial Assets
Year ended December 31, 2010

	2010	2010	2009
	<u>Actual</u>	<u>Budget</u> Unaudited - Note 7	<u>Actual</u>
Annual Surplus	\$ 191,195	\$ 29,488	\$ 225,966
Acquisition of tangible capital assets	(125,033)	(182,000)	(164,914)
Amortization of tangible capital assets	118,229	-	100,871
Change in prepaid expenses	27	-	(1,476)
Loss on disposal of tangible capital asset	<u>-</u>	<u>-</u>	<u>1,564</u>
Increase (Decrease) in Net Financial Assets	184,418	(152,512)	162,011
Net Financial Assets, beginning	<u>1,214,307</u>	<u>1,214,307</u>	<u>1,052,296</u>
Net Financial Assets, ending	<u>\$ 1,398,725</u>	<u>\$ 1,061,795</u>	<u>\$ 1,214,307</u>

The accompanying notes and schedules are an integral part of these financial statements.

North Island 9-1-1 Corporation
Statement of Cash Flows
Year ended December 31, 2010

	<u>2010</u>	<u>2009</u>
Operating Activities		
Annual Surplus	\$ 191,195	\$ 225,966
Items not affecting operating activities:		
Amortization of tangible capital assets	118,229	100,871
Change in prepaid expenses	27	(1,476)
Receivables	(52,869)	17,554
Security deposits	-	1,000
Loss on disposal of tangible capital asset	-	1,564
Payables and accrued liabilities	(226,011)	207,982
Deferred revenue	(2,010)	2,010
Cash Provided by Operating Activities	<u>28,561</u>	<u>555,471</u>
Capital Activities		
Acquisition of tangible capital assets	(125,033)	(164,914)
Cash Applied to Capital Activities	<u>(125,033)</u>	<u>(164,914)</u>
Net change in Cash	(96,472)	390,557
Cash, beginning	<u>1,563,500</u>	<u>1,172,943</u>
Cash, ending	<u>\$ 1,467,028</u>	<u>\$ 1,563,500</u>

The accompanying notes and schedules are an integral part of these financial statements.

North Island 9-1-1 Corporation
Notes to the Financial Statements
Year ended December 31, 2010

1. Purpose

The North Island 9-1-1 Corporation (the corporation) was incorporated in 1995 for the purpose of providing emergency 9-1-1 telephone service to Vancouver Island and the surrounding coastal area from Nanaimo north. The corporation is exempt from taxation.

2. Significant Accounting Policies

a) General

As the North Island 9-1-1 Corporation shares are 100% owned by British Columbia regional districts (Note 4), the corporation follows recommendations and guidance with respect to matters of accounting and auditing in the public sector as issued by the Public Sector Accounting Board (PSAB).

b) Financial Instruments

The corporation's financial instruments consist of cash, receivables, payables and trade accounts and accrued liabilities. Unless otherwise noted, it is management's opinion that the corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

c) Tangible Capital Assets

Tangible capital assets are recorded at cost, net of tangible capital asset disposals, write-downs and amortization. The cost of the tangible capital assets, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset, is amortized on a straight line basis over their estimated useful lives as follows:

Office furniture and equipment	5-10 years
Vehicles	6 years
Information technology infrastructure	5 years
Communication infrastructure	
Radio and satellite systems and components	7-10 years
Communication towers and equipment shelters	30-40 years

One-half of the annual amortization is charged in the year of acquisition. Capital work in progress is not amortized until the asset is put into use.

d) Revenue Recognition

The corporation recognizes revenue based on assessments issued to the regional districts in its service area. These assessments are issued on an annual basis to meet the expenditures of the corporation. Interest revenue is recorded when earned. Deferred revenue consists of sub-license revenue unearned at year end and will be recorded as revenue when earned.

e) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 revenues and expenses during the reporting period.

North Island 9-1-1 Corporation
Notes to the Financial Statements
Year ended December 31, 2010

Significant areas requiring management estimates are the determination of amortization of tangible capital assets and provisions for contingencies. Actual results may vary from the estimates and adjustments will be reported and reflected in operations as they become known.

3. Reserves

	<u>2010</u>	<u>2009</u>
General Operational Contingency	\$ 55,402	\$ 55,402
Future Expenditures	1,000,468	1,000,468
Insurance	50,367	50,367
Total	<u>\$1,106,237</u>	<u>\$1,106,237</u>

The reserve for future expenditures was established to provide for expenditure for capital works, machinery and equipment and the replacement of equipment and communication infrastructure made inefficient through amortization and obsolescence. There were no transfers to the future expenditure reserve in the year (2009 - \$363,841).

The insurance reserve represents self-insurance to assist with any deductible arising from insurance claims.

4. Share Capital

Authorized: 10,000 Class "A" common voting shares without par value

Issued: 21 Class "A" shares, as follows:

	<u>2010</u>	<u>2009</u>
Comox Valley Regional District	\$ 6	\$6
Regional District of Nanaimo	5	5
Alberni-Clayoquot Regional District	3	3
Regional District of Mount Waddington	1	1
Powell River Regional District	2	2
Strathcona Regional District	4	4
	<u>\$ 21</u>	<u>\$ 21</u>

5. Related Party Transactions

During the year, one of the shareholders, the Comox Valley Regional District, provided support services in the amount of \$196,600 (2009 - \$193,337) to the corporation as detailed on Schedule C.

Payables to local governments at year end include \$31,241 (2009 - \$29,842) due to the Comox Valley Regional District.

North Island 9-1-1 Corporation
Notes to the Financial Statements
Year ended December 31, 2010

6. Accumulated Surplus

	<u>2010</u>	<u>2009</u>
Equity in tangible capital assets	\$ 821,159	\$ 814,355
Operating surplus	316,183	131,792
Reserve funds (Note 3)	1,106,237	1,106,237
Share capital (Note 4)	21	21
	\$2,243,600	\$2,052,405

7. Restatement of 2010 Budget

The budget amounts presented throughout these financial statements are unaudited and represent the budget approved by the corporation's board on March 31, 2010.

The budget anticipated use of surpluses accumulated in previous years to balance against current year expenditures in excess of current year revenues. Another significant variance is that the budget anticipated capital expenditures rather than amortization expense.

The summary below reconciles the 2010 approved budget to the Statement of Operations.

Budgeted surplus from prior year applied to current year's operations, as approved March 31, 2010	(\$132,580)
Add:	
Capital acquisitions	182,000
Less:	
Transfers from reserves	(19,932)
Budgeted Annual Surplus, as restated	\$ 29,488

8. Subsequent Events

Subsequent to the year end, a communications tower located at the Mount Washington repeater site collapsed due to heavy ice and wind loading on the structure. The corporation's operations were unaffected due to system redundancies and the tower will be replaced when weather permits at an expected cost of \$40,000. This cost is expected to be recovered through insurance.

North Island 9-1-1 Corporation
Schedule of Tangible Capital Assets
Year ended December 31, 2010

Schedule A

	Office Furniture & Equipment	Vehicles	IT Infrastructure	Communication Infrastructure	Work in Progress	December 31, 2010	December 31, 2009
Cost							
Balance, beginning	\$ 58,233	\$ 49,398	\$ 69,319	\$ 1,225,793	\$ 57,981	\$ 1,460,724	\$ 1,301,249
Add:							
Additions	-	-	9,935	173,079	(57,981)	125,033	164,914
Less:							
Disposals	-	-	-	-	-	-	(5,439)
Balance, ending	58,233	49,398	79,254	1,398,872	-	1,585,757	1,460,724
Accumulated Amortization							
Balance, beginning	21,043	32,932	30,364	562,030	-	646,369	549,373
Add:							
Amortization	5,823	8,233	14,858	89,315	-	118,229	100,871
Less:							
Accumulated amortization on disposals	-	-	-	-	-	-	(3,875)
Balance, ending	26,866	41,165	45,222	651,345	-	764,598	646,369
Net Book Value of Tangible Capital Assets	\$ 31,367	\$ 8,233	\$ 34,032	\$ 747,527	\$ -	\$ 821,159	\$ 814,355

The accompanying notes and schedules are an integral part of these financial statements.

North Island 9-1-1 Corporation
Schedule of Conditional Transfers from Local Governments
Year ended December 31, 2010

Schedule B

	2010		2009	
Regional District Participants				
Comox Valley	30.31%	\$ 580,637	30.39%	\$ 570,727
Nanaimo	26.75%	512,449	26.74%	502,075
Strathcona	17.99%	344,695	17.99%	337,913
Alberni-Clayoquot	13.32%	255,185	13.18%	247,503
Powell River	8.48%	162,343	8.52%	159,947
Mount Waddington	3.14%	60,204	3.18%	59,789
	100.00%	\$ 1,915,513	100.00%	\$ 1,877,954

Shareholders' Contribution Percentage

Section 4.4 of Schedule A, Bylaw 1711, cited as "Comox-Strathcona North Island 9-1-1 Corporation By-law, 1994" reads as follows:

"Each Shareholders' respective contribution percentage of funds required from time to time by the Company shall be reassessed by the Company annually, on the basis of net taxable value of land and improvements assessed for hospital purposes, within the Shareholders' jurisdiction, commencing from the date of this Agreement, and upon the withdrawal or addition of a Shareholder, any such change to be determined as if a Major Decision of the Board."

North Island 9-1-1 Corporation
Schedule of General Government Services Expenses
Year ended December 31, 2010

Schedule C

	<u>2010 Actual</u>	<u>2010 Budget</u> <small>Unaudited - Note 7</small>	<u>2009 Actual</u>
Comox Valley Regional District Support Services			
Administrative support services	\$ 125,438	\$ 125,438	\$ 121,784
Mapping co-ordinator support services	71,162	71,922	71,553
	<u>\$ 196,600</u>	<u>\$ 197,360</u>	<u>\$ 193,337</u>

Schedule of Protective Services Expenses
Year ended December 31, 2010

Schedule D

	<u>2010 Actual</u>	<u>2010 Budget</u> <small>Unaudited - Note 7</small>	<u>2009 Actual</u>
Advertising	\$ 243	\$ 8,000	\$ 522
Amortization of tangible capital assets (Schedule A)	118,229	-	100,871
Bank charges and interest	-	5,000	-
Contract services - City of Campbell River fire dispatch	823,861	870,536	754,790
Contract services - RCMP	327,728	415,084	249,503
Insurance	14,477	17,500	12,974
Licences and permits	52,400	9,715	11,788
Loss on disposal of tangible capital asset (Schedule A)	-	-	1,564
Minor capital assets	32,537	25,000	22,665
Office supplies and other	5,842	7,000	8,875
Professional fees	20,327	30,500	22,620
Rental/lease - land/machine and equipment	22,733	33,600	16,294
Repairs and maintenance	42,901	99,400	69,118
Telephone	93,641	114,544	92,937
Training and development	556	7,000	82
Travel	2,534	7,000	4,027
Vehicle insurance	1,478	2,000	1,494
Wages and employee benefits	87,093	93,750	140,079
Workers' Compensation Board	683	750	1,542
	<u>\$ 1,647,263</u>	<u>\$ 1,746,379</u>	<u>\$ 1,511,745</u>