



***North Island 9-1-1 Corporation
Financial Statements
Year Ended December 31, 2011***

North Island 9-1-1 Corporation

Incorporated 1995

2011

Board of Directors

R. Grant (President)	Strathcona Regional District
H. Chopra	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
Financial Statements
Year ended December 31, 2011

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North Island 9-1-1 Corporation

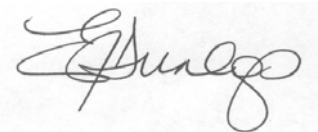
Management's Responsibility for Financial Reporting

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards 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.

BDO Canada LLP, Chartered Accountants, the corporation's independent auditor, have conducted an examination of the financial statements in accordance with Canadian 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.J. 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



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Independent Auditor's Report

To the Shareholders
North Island 9-1-1 Corporation

We have audited the accompanying financial statements of the North Island 9-1-1 Corporation, which comprise the Statement of Financial Position as at December 31, 2011, and the Statements of Operations, Change in Net Financial Assets 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 the 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 the North Island 9-1-1 Corporation as at December 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Other Matter

The financial statements of the North Island 9-1-1 Corporation for the year ended December 31, 2010 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 17, 2011.

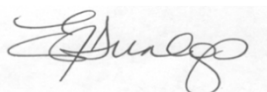
BDO Canada LLP

Chartered Accountants

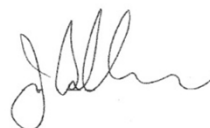
Vancouver, British Columbia
June 15, 2012

North Island 9-1-1 Corporation
Statement of Financial Position
December 31, 2011

	2011	2010
Financial Assets		
Cash (Note 3)	\$ 1,430,697	\$ 1,467,028
Security deposits	2,000	2,000
Receivables -Federal government	32,107	29,564
-Provincial government	838	7,000
-Local government	34,201	46,675
-Other	56,413	2,620
Total Financial Assets	1,556,256	1,554,887
Liabilities		
Payables -Federal government	85,968	88,741
-Provincial government	1,397	814
-Local government	22,432	31,241
Trade accounts and accrued liabilities	78,484	26,261
Deferred revenue	2,438	9,105
Total Liabilities	190,719	156,162
Net Financial Assets	1,365,537	1,398,725
Non-Financial Assets		
Prepaid expenses	8,395	23,716
Tangible capital assets (Schedule A)	1,053,349	821,159
Total Non-Financial Assets	1,061,744	844,875
Accumulated Surplus (Note 4)	\$ 2,427,281	\$ 2,243,600



E.J. Dunlop, CGA
 Corporate Financial Officer



J. Ambler
 President

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, 2011

	2011	2011	2010
	<u>Actual</u>	<u>Budget</u> (Note 7)	<u>Actual</u>
Revenue			
Conditional transfers from local governments (Schedule B)	\$ 1,915,514	\$ 1,915,514	\$ 1,915,513
Sales of service - other local governments	2,233	2,152	2,152
Sub-licence revenue	38,790	30,200	31,233
Interest	16,581	5,000	11,469
Other revenue	18,675	6,000	74,691
Gain on foreign exchange currency transactions	12,177	-	-
Gain on disposal of tangible capital assets	10,045	-	-
Total Revenue	<u>2,014,015</u>	<u>1,958,866</u>	<u>2,035,058</u>
Expenses			
General government services (Schedule C)	201,735	202,536	196,600
Protective services (Schedule D)	1,628,599	1,729,180	1,647,263
Total Expenses	<u>1,830,334</u>	<u>1,931,716</u>	<u>1,843,863</u>
Annual Surplus	183,681	27,150	191,195
Accumulated Surplus, beginning of year	<u>2,243,600</u>	<u>2,243,600</u>	<u>2,052,405</u>
Accumulated Surplus, end of year	<u>\$ 2,427,281</u>	<u>\$ 2,270,750</u>	<u>\$ 2,243,600</u>

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, 2011

	2011	2011	2010
	<u>Actual</u>	<u>Budget</u> (Note 7)	<u>Actual</u>
Annual Surplus	\$ 183,681	\$ 27,150	\$ 191,195
Acquisition of tangible capital assets	(399,068)	(399,000)	(125,033)
Amortization of tangible capital assets	105,802	-	118,229
Change in prepaid expenses	15,321	-	27
Proceeds from disposal of tangible capital assets	71,121	-	-
Gain on disposal of tangible capital assets	(10,045)	-	-
Increase (Decrease) in Net Financial Assets	(33,188)	(371,850)	184,418
Net Financial Assets, beginning of year	<u>1,398,725</u>	<u>1,398,725</u>	<u>1,214,307</u>
Net Financial Assets, end of year	<u>\$ 1,365,537</u>	<u>\$ 1,026,875</u>	<u>\$ 1,398,725</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, 2011

	2011	2010
Operating Activities		
Annual Surplus	\$ 183,681	\$ 191,195
Changes in non-cash operating balances		
Receivables	(37,700)	(52,869)
Payables and accrued liabilities	41,224	(226,011)
Prepaid expenses	15,321	27
Deferred revenue	(6,667)	(2,010)
Items not utilizing cash		
Amortization of tangible capital assets	105,802	118,229
Gain on disposal of tangible capital assets	(10,045)	-
Cash Provided by Operating Activities	291,616	28,561
Capital Activities		
Proceeds from disposal of tangible capital assets	71,121	-
Acquisition of tangible capital assets	(399,068)	(125,033)
Cash Applied to Capital Activities	(327,947)	(125,033)
Net change in Cash	(36,331)	(96,472)
Cash, beginning of year	1,467,028	1,563,500
Cash, end of year	\$ 1,430,697	\$ 1,467,028

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, 2011

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 5), 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) of the Canadian Institute of Chartered Accountants.

b) Financial Instruments

The corporation's financial instruments consist of cash in Canadian and United States dollars, receivables, security deposits, payables and trade accounts and accrued liabilities. Unless otherwise noted, it is management's opinion that the corporation is not exposed to significant interest rate, 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, are 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

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 received during the year that relates to future periods. Sub-licence revenue is recorded when earned.

e) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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, 2011

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

3. Cash

Cash includes \$135,161 in US funds which has been translated to \$137,459 Canadian at the December 31, 2011 exchange rate. Transactions in US foreign currency during the year resulted in a gain on foreign currency transactions of \$12,177.

4. Accumulated Surplus

	<u>2011</u>	<u>2010</u>
Equity in tangible capital assets	\$1,053,349	\$ 821,159
Operating surplus	242,382	316,183
General operating contingency reserve	80,694	55,402
Future expenditure reserve	1,000,468	1,000,468
Insurance reserve	50,367	50,367
Share capital (Note 5)	21	21
	<u>\$2,427,281</u>	<u>\$2,243,600</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.

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

5. Share Capital

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

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

	<u>2011</u>	<u>2010</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>

6. Related Party Transactions

During the year, one of the shareholders, the Comox Valley Regional District, provided support services, including the services of a mapping coordinator, in the amount of \$201,735 (2010 - \$196,600) to the corporation as detailed on Schedule C.

Payables to local governments at year end include \$22,014 (2010 - \$31,241) due to the Comox Valley Regional District.

North Island 9-1-1 Corporation
Notes to the Financial Statements
Year ended December 31, 2011

7. Restatement of 2011 Budget

The budget amounts presented throughout these financial statements represent the budget approved by the corporation's board on March 11, 2011.

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 2011 approved budget to the Statement of Operations.

Budgeted surplus, as approved March 11 2011	\$ -
Add:	
Capital acquisitions	399,000
Less:	
Transfers from reserves	(56,850)
Transfers from previous year surpluses	<u>(315,000)</u>
Budgeted Annual Surplus, as restated	<u>\$ 27,150</u>

North Island 9-1-1 Corporation
Schedule of Tangible Capital Assets
Year ended December 31, 2011

Schedule A

	Office Furniture & Equipment	Vehicles	IT Infrastructure	Communication Infrastructure	Work in Progress	December 31, 2011	December 31, 2010
Cost							
Balance, beginning of year	\$ 58,233	\$ 49,398	\$ 79,254	\$ 1,398,872	\$ -	\$ 1,585,757	\$ 1,460,724
Add:							
Additions	-	53,534	-	114,386	231,148	399,068	125,033
Less:							
Disposals	-	(49,398)	-	(56,366)	-	(105,764)	-
Balance, end of year	58,233	53,534	79,254	1,456,892	231,148	1,879,061	1,585,757
Accumulated Amortization							
Balance, beginning of year	26,866	41,165	45,222	651,345	-	764,598	646,369
Add:							
Amortization	5,823	4,461	9,156	86,362	-	105,802	118,229
Less:							
Accumulated amortization on disposals	-	(41,165)	-	(3,523)	-	(44,688)	-
Balance, end of year	32,689	4,461	54,378	734,184	-	825,712	764,598
Net Book Value of Tangible Capital Assets	\$ 25,544	\$ 49,073	\$ 24,876	\$ 722,708	\$ 231,148	\$ 1,053,349	\$ 821,159

North Island 9-1-1 Corporation
Schedule of Conditional Transfers from Local Governments
Year ended December 31, 2011

Schedule B

	2011		2010	
Regional District Participants				
Comox Valley	30.58%	\$ 585,855	30.31%	\$ 580,637
Nanaimo	26.69%	511,259	26.75%	512,449
Strathcona	17.67%	338,535	17.99%	344,695
Alberni-Clayoquot	13.21%	253,052	13.32%	255,185
Powell River	8.53%	163,483	8.48%	162,343
Mount Waddington	3.31%	63,330	3.14%	60,204
	<u>100.00%</u>	<u>\$ 1,915,514</u>	<u>100.00%</u>	<u>\$ 1,915,513</u>

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, 2011

Schedule C

	<u>2011 Actual</u>	<u>2011 Budget (Note 7)</u>	<u>2010 Actual</u>
Comox Valley Regional District Support Services			
Administrative support services	\$ 128,927	\$ 128,927	\$ 125,438
Mapping co-ordinator support services	72,808	73,609	71,162
	<u>\$ 201,735</u>	<u>\$ 202,536</u>	<u>\$ 196,600</u>

Schedule of Protective Services Expenses
Year ended December 31, 2011

Schedule D

	<u>2011 Actual</u>	<u>2011 Budget (Note 7)</u>	<u>2010 Actual</u>
Advertising	\$ 256	\$ 8,000	\$ 243
Amortization of tangible capital assets (Schedule A)	105,802	-	118,229
Bank charges and interest	-	5,000	-
Contract services - City of Campbell River fire dispatch	822,657	870,536	823,861
Contract services - RCMP	323,962	360,000	327,728
Insurance	26,886	29,000	14,477
Licences and permits	21,380	44,000	52,400
Minor capital assets	18,881	36,700	32,537
Office supplies and other	4,099	7,000	5,842
Professional fees	19,611	32,500	20,327
Rental/lease - land/machine and equipment	26,032	35,200	22,733
Repairs and maintenance	66,753	69,000	42,901
Telephone	96,632	126,184	93,641
Training and development	-	7,000	556
Travel	4,557	7,000	2,534
Vehicle insurance	1,563	2,000	1,478
Wages and employee benefits	88,754	89,250	87,093
Workers' Compensation Board	774	810	683
	<u>\$ 1,628,599</u>	<u>\$ 1,729,180</u>	<u>\$ 1,647,263</u>