



***North Island 9-1-1 Corporation
Financial Statements
Year Ended December 31, 2013***

North Island 9-1-1 Corporation

Incorporated 1995

2013

Board of Directors

J. Ambler (President)	Comox Valley Regional District
C. Solda	Alberni-Clayoquot Regional District
M. Hathaway	Powell River Regional District
P. Wainwright	Regional District of Mount Waddington
J. Stanhope	Regional District of Nanaimo
L. Samson	Strathcona Regional District

North Island 9-1-1 Corporation
Financial Statements
Year ended December 31, 2013

Statement of Management Responsibility
Independent Auditor's Report
Statement of Financial Position
Statement of Operations
Statement of Change in Net Financial Assets
Statement of Cash Flows
Notes to the Financial Statements

Schedules

- A Schedule of Tangible Capital Assets
- B Schedule of Funding from Local Governments
- C General Government Services Expenses
- D Protective Services Expenses



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, has 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. Dunlop', 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 Board of Directors
North Island 9-1-1 Corporation

We have audited the accompanying financial statements of North Island 9-1-1 Corporation, which comprise the Statement of Financial Position as at December 31, 2013, and the Statement of Operations 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

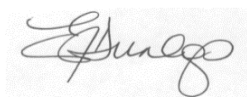
In our opinion, the financial statements present fairly, in all material respects, the financial position of North Island 9-1-1 Corporation as at December 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants

Vancouver, British Columbia
June 20, 2014

North Island 9-1-1 Corporation
Statement of Financial Position
December 31, 2013

	2013	2012
Financial Assets		
Cash (Note 3)	\$ 1,520,330	\$ 1,543,921
Security deposits	1,000	1,000
Receivables -Federal government	23,483	25,675
-Provincial government	1,500	-
-Local government	8,869	20,706
-Other	1,850	4,420
Total Financial Assets	1,557,032	1,595,722
Liabilities		
Payables -Federal government	248,060	88,234
-Provincial government	20,738	1,231
-Local government	215,314	12,928
Trade accounts and accrued liabilities	118,191	56,660
Deferred revenue	17,199	17,105
Total Liabilities	619,502	176,158
Net Financial Assets	937,530	1,419,564
Non-Financial Assets		
Prepaid expenses	52,077	10,231
Tangible capital assets (Schedule A)	1,172,048	1,036,736
Total Non-Financial Assets	1,224,125	1,046,967
Accumulated Surplus (Note 4)	\$ 2,161,655	\$ 2,466,531



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, 2013

	2013	2013	2012
	<u>Budget</u> (Note 7)	<u>Actual</u>	<u>Actual</u>
Revenue			
Funding from local governments (Schedule B)	\$ 1,988,445	\$ 1,988,445	\$ 1,915,514
Sales of service - other local governments	2,058	2,058	2,058
Sub-licence revenue	37,547	37,484	48,234
Interest	5,000	18,574	17,706
Other revenue	33,200	46,772	22,501
Total Revenue	<u>2,066,250</u>	<u>2,093,333</u>	<u>2,006,013</u>
Expenses			
General government services (Schedule C)	208,236	206,825	200,728
Protective services (Schedule D)	1,990,069	2,191,384	1,766,035
Total Expenses	<u>2,198,305</u>	<u>2,398,209</u>	<u>1,966,763</u>
Annual Surplus (Deficit)	(132,055)	(304,876)	39,250
Accumulated Surplus, beginning of year	<u>2,466,531</u>	<u>2,466,531</u>	<u>2,427,281</u>
Accumulated Surplus, end of year	<u>\$ 2,334,476</u>	<u>\$ 2,161,655</u>	<u>\$ 2,466,531</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, 2013

	2013 <u>Budget</u> (Note 7)	2013 <u>Actual</u>	2012 <u>Actual</u>
Annual Surplus (Deficit)	\$ (132,055)	\$ (304,876)	\$ 39,250
Acquisition of tangible capital assets	602,000	(318,161)	(136,765)
Amortization of tangible capital assets	-	182,849	144,449
Change in prepaid expenses	-	(41,846)	(1,836)
Proceeds from disposal of tangible capital assets	-	-	10
Gain (loss) on disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>8,919</u>
Increase (Decrease) in Net Financial Assets	469,945	(482,034)	54,027
Net Financial Assets, beginning of year	<u>1,419,564</u>	<u>1,419,564</u>	<u>1,365,537</u>
Net Financial Assets, end of year	<u>\$ 1,889,509</u>	<u>\$ 937,530</u>	<u>\$ 1,419,564</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, 2013

	<u>2013</u>	<u>2012</u>
Operating Transactions		
Annual Surplus (Deficit)	\$ (304,876)	\$ 39,250
Changes in non-cash operating balances		
Receivables	15,099	73,758
Payables and accrued liabilities	443,250	(29,228)
Prepaid expenses	(41,846)	(1,836)
Deferred revenue	94	14,667
Items not utilizing cash		
Amortization of tangible capital assets	182,849	144,449
Gain (loss) on disposal of tangible capital assets	-	8,919
Cash Provided by Operating Transactions	<u>294,570</u>	<u>249,979</u>
Capital Transactions		
Proceeds from disposal of tangible capital assets	-	10
Acquisition of tangible capital assets	(318,161)	(136,765)
Cash Applied to Capital Transactions	<u>(318,161)</u>	<u>(136,755)</u>
Net change in Cash	(23,591)	113,224
Cash, beginning of year	<u>1,543,921</u>	<u>1,430,697</u>
Cash, end of year	<u>\$ 1,520,330</u>	<u>\$ 1,543,921</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, 2013

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 Chartered Professional Accountants Canada.

b) Financial Instruments

The corporation's financial instruments consist of cash in Canadian and United States dollars, 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 rate, currency or credit risks arising from these financial instruments.

c) Non-financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of business.

d) Tangible Capital Assets

Tangible capital assets are a special class of non-financial assets and are recorded at cost, net of disposals, write-downs and amortization and includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization is recorded on a straight line basis over the estimated life of the tangible capital asset. Assets under construction are not amortized until the asset is put into use. Estimated useful lives are 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

e) 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.

North Island 9-1-1 Corporation
Notes to the Financial Statements
Year ended December 31, 2013

f) 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.

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 \$1,017 in US funds which has been translated to \$1,082 Canadian at the December 31, 2013 exchange rate (2012 - \$4,463 USD translated to \$4,440 CAD). Transactions in US foreign currency during the year resulted in a loss on foreign currency transactions of \$236 (2012 - \$1,575).

4. Accumulated Surplus

	2013	2012
Equity in tangible capital assets	\$1,172,048	\$1,036,736
Operating surplus	107,999	280,970
General operating contingency reserve	-	97,969
Future expenditure reserve	831,220	1,000,468
Insurance reserve	50,367	50,367
Share capital (Note 5)	21	21
	<u>\$2,161,655</u>	<u>\$2,466,531</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:	2013	2012
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>

North Island 9-1-1 Corporation
Notes to the Financial Statements
Year ended December 31, 2013

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 \$206,825 (2012 - \$200,728) to the corporation as detailed on Schedule C.

Payables to local governments at year end include \$14,256 (2012 - \$11,591) due to the Comox Valley Regional District.

7. Restatement of 2013 Budget

The budget amounts presented throughout these financial statements represent the budget approved by the corporation's board on March 15, 2013.

The budget anticipated use of surpluses and reserves 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 2013 approved budget to the Statement of Operations.

Budgeted surplus, as approved March 15, 2013	\$ -
Add:	
Capital acquisitions	602,000
Transfer to reserves	148,915
Less:	
Transfers from reserves	(602,000)
Transfers from previous years' surpluses	(280,970)
Budgeted Annual Deficit, as restated	<u>\$ (132,055)</u>

8. Commitment

In June 2013, the corporation board approved entering into a contract with Avtec, Inc. for the supply and installation of a radio interface system for the fire dispatch centre. At December 31, 2013, the project was approximately 50% complete with \$204,100 remaining of the total \$408,200 commitment. The project will be completed in 2014.

North Island 9-1-1 Corporation
Schedule of Tangible Capital Assets
Year ended December 31, 2013

Schedule A

	Office Furniture & Equipment	Vehicles	IT Infrastructure	Communication Infrastructure	Work in Progress	December 31, 2013	December 31, 2012
Cost							
Balance, beginning of year	\$ 58,233	\$ 53,534	\$ 416,004	\$ 1,441,362	\$ 31,163	\$ 2,000,296	\$ 1,879,061
Add:							
Additions	-	-	91,284	2,311	224,566	318,161	136,765
Less:							
Disposals	-	-	-	-	-	-	(15,530)
Balance, end of year	58,233	53,534	507,288	1,443,673	255,729	2,318,457	2,000,296
Accumulated Amortization							
Balance, beginning of year	38,512	13,384	97,208	814,456	-	963,560	825,712
Add:							
Amortization	3,034	8,923	85,634	85,258		182,849	144,449
Less:							
Accumulated amortization on disposals	-	-	-	-		-	(6,601)
Balance, end of year	41,546	22,307	182,842	899,714		1,146,409	963,560
Net Book Value of Tangible Capital Assets	\$ 16,687	\$ 31,227	\$ 324,446	\$ 543,959	\$ 255,729	\$ 1,172,048	\$ 1,036,736

**North Island 9-1-1 Corporation
Schedule of Funding from Local Governments
Year ended December 31, 2013**

Schedule B

	2013		2012	
Regional District Participants				
Comox Valley	31.22%	\$ 620,760	30.82%	\$ 590,398
Nanaimo	27.07%	538,255	26.92%	515,536
Strathcona	17.12%	340,439	17.42%	333,665
Alberni-Clayoquot	12.92%	256,848	13.07%	250,328
Powell River	8.42%	167,470	8.59%	164,613
Mount Waddington	3.25%	64,673	3.18%	60,974
	<u>100.00%</u>	<u>\$ 1,988,445</u>	<u>100.00%</u>	<u>\$ 1,915,514</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, 2013

Schedule C

	2013 Budget (Note 7)	2013 Actual	2012 Actual
Comox Valley Regional District Support Services			
Administrative support services	\$ 130,000	\$ 130,000	\$ 126,195
Mapping co-ordinator support services	78,236	76,825	74,533
	<u>\$ 208,236</u>	<u>\$ 206,825</u>	<u>\$ 200,728</u>

Schedule of Protective Services Expenses
Year ended December 31, 2013

Schedule D

	2013 Budget (Note 7)	2013 Actual	2012 Actual
Advertising	\$ 5,000	\$ 856	\$ -
Amortization of tangible capital assets (Schedule A)	-	182,849	144,449
Bank charges and interest	5,000	610	1,934
Contract services - City of Campbell River fire dispatch	912,541	1,111,985	848,771
Contract services - RCMP primary call answer	498,000	462,162	303,506
Insurance	30,270	28,857	28,546
Licences and permits	60,174	26,819	11,813
Loss on disposal of tangible capital asset (Schedule A)	-	-	8,919
Minor capital	36,500	24,351	66,480
Office supplies and other	6,000	4,293	5,559
Professional fees	90,500	68,508	51,899
Rental/lease - land/machine and equipment	31,381	25,753	23,633
Repairs and maintenance	80,000	34,029	63,277
Telephone	119,124	112,403	103,763
Training and development	7,000	1,273	1,202
Travel	7,000	5,190	3,069
Vehicle insurance	2,000	2,125	1,815
Wages and employee benefits	99,579	99,321	97,400
	<u>\$ 1,990,069</u>	<u>\$ 2,191,384</u>	<u>\$ 1,766,035</u>