



***North Island 9-1-1 Corporation
Financial Statements
Year Ended December 31, 2014***

North Island 9-1-1 Corporation

Incorporated 1995

2014

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, 2014

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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, 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.J. 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

May 8, 2015



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Vancouver BC V6C 3L2 Canada

Independent Auditor's Report

To the Board of Directors North Island 9-1-1 Corporation

We have audited the accompanying financial statements of the North Island 9-1-1 Corporation, which comprise of the Statement of Financial Position as at December 31, 2014, 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

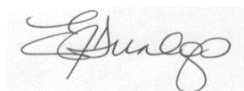
In our opinion, the financial statements present fairly, in all material respects, the financial position of the North Island 9-1-1 Corporation as at December 31, 2014, and the results of operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants

Vancouver, British Columbia
April 24, 2015

North Island 9-1-1 Corporation
Statement of Financial Position
December 31, 2014

	2014	2013
Financial Assets		
Cash (Note 3)	\$ 865,363	\$ 1,520,330
Security deposits	1,000	1,000
Receivables -Federal government	13,651	23,483
-Provincial government	-	1,500
-Local government	19,258	8,869
-Other	5,395	1,850
Total Financial Assets	904,667	1,557,032
Liabilities		
Payables -Federal government	7,060	248,060
-Provincial government	1,477	20,738
-Local government	138,324	215,314
Trade accounts and accrued liabilities	138,136	118,191
Deferred revenue	18,500	17,199
Total Liabilities	303,497	619,502
Net Financial Assets	601,170	937,530
Non-Financial Assets		
Prepaid expenses	57,849	52,077
Tangible capital assets (Schedule A)	1,296,250	1,172,048
Total Non-Financial Assets	1,354,099	1,224,125
Accumulated Surplus (Note 4)	\$ 1,955,269	\$ 2,161,655



E.J. Dunlop, CGA
 Corporate Financial Officer



Larry Samson
 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, 2014

	2014	2014	2013
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(Note 7)		
Revenue			
Funding from local governments (Schedule B)	\$ 2,119,400	\$ 2,119,400	\$ 1,988,445
Sales of service - other local governments	2,058	2,058	2,058
Sub-licence revenue	37,578	37,229	37,484
Interest	5,000	14,042	18,574
Other revenue	<u>6,720</u>	<u>26,583</u>	<u>46,772</u>
Total Revenue	<u>2,170,756</u>	<u>2,199,312</u>	<u>2,093,333</u>
Expenses			
General government services (Schedule C)	210,381	208,496	206,825
Protective services (Schedule D)	<u>2,068,373</u>	<u>2,197,202</u>	<u>2,191,384</u>
Total Expenses	<u>2,278,754</u>	<u>2,405,698</u>	<u>2,398,209</u>
Annual Deficit	(107,998)	(206,386)	(304,876)
Accumulated Surplus, beginning of year	<u>2,161,655</u>	<u>2,161,655</u>	<u>2,466,531</u>
Accumulated Surplus, end of year	<u>\$ 2,053,657</u>	<u>\$ 1,955,269</u>	<u>\$ 2,161,655</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, 2014

	2014	2014	2013
	<u>Budget</u> (Note 7)	<u>Actual</u>	<u>Actual</u>
Annual Deficit	\$ (107,998)	\$ (206,386)	\$ (304,876)
Acquisition of tangible capital assets	(357,000)	(310,059)	(318,161)
Amortization of tangible capital assets	-	185,857	182,849
Change in prepaid expenses	-	(5,772)	(41,846)
Decrease in Net Financial Assets	<u>(464,998)</u>	<u>(336,360)</u>	<u>(482,034)</u>
Net Financial Assets, beginning of year	<u>937,530</u>	<u>937,530</u>	<u>1,419,564</u>
Net Financial Assets, end of year	<u>\$ 472,532</u>	<u>\$ 601,170</u>	<u>\$ 937,530</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, 2014

	<u>2014</u>	<u>2013</u>
Operating Transactions		
Annual Deficit	\$ (206,386)	\$ (304,876)
Changes in non-cash operating balances		
Receivables	(2,602)	15,099
Payables and accrued liabilities	(317,306)	443,250
Prepaid expenses	(5,772)	(41,846)
Deferred revenue	1,301	94
Items not utilizing cash		
Amortization of tangible capital assets	<u>185,857</u>	<u>182,849</u>
Cash Provided by (Used in) Operating Transactions	<u>(344,908)</u>	<u>294,570</u>
Capital Transactions		
Acquisition of tangible capital assets	<u>(310,059)</u>	<u>(318,161)</u>
Cash Applied to Capital Transactions	<u>(310,059)</u>	<u>(318,161)</u>
Net change in Cash	(654,967)	(23,591)
Cash, beginning of year	<u>1,520,330</u>	<u>1,543,921</u>
Cash, end of year	<u>\$ 865,363</u>	<u>\$ 1,520,330</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, 2014

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	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, 2014

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 \$1,180 Canadian at the December 31, 2014 exchange rate (2013 - \$1,017 USD translated to \$1,082 CAD). Transactions in US foreign currency during the year resulted in a gain on foreign currency transactions of \$98 (2013 – loss of \$236).

4. Accumulated Surplus

	2014	2013
Equity in tangible capital assets	\$1,296,250	\$1,172,048
Operating surplus	72,469	107,999
General operating contingency reserve	-	-
Future expenditure reserve	536,162	831,220
Insurance reserve	50,367	50,367
Share capital (Note 5)	21	21
	\$1,955,269	\$2,161,655

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

	2014	2013
Issued: 21 Class "A" shares, as follows:		
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
	\$ 21	\$ 21

North Island 9-1-1 Corporation
Notes to the Financial Statements
Year ended December 31, 2014

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 \$208,496 (2013 - \$206,825) to the corporation as detailed on Schedule C.

Payables to local governments at year end include \$11,629 (2013 - \$14,256) due to the Comox Valley Regional District.

7. Restatement of 2014 Budget

The budget amounts presented throughout these financial statements represent the budget approved by the corporation's board on March 7, 2014.

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 2014 approved budget to the Statement of Operations.

Budgeted surplus, as approved March 7, 2014	\$ -
Add:	
Capital acquisitions	357,000
Less:	
Transfers from reserves	(357,000)
Transfers from previous years' surplus	(107,998)
Budgeted Annual Deficit, as restated	<u>\$ (107,998)</u>

8. Commitment

In April 2013, the corporation entered into a five year agreement with the City of Campbell River for fire dispatch services. The remaining commitment under the agreement, which expires March 31, 2018, is approximately \$4,695,571 and is based on the five year financial plan provided by the City.

During 2014, the corporation researched options for a call answer service provider for the public safety call answer point (PSAP). In October 2014, a five year agreement, with an approximate value of \$2,003,510, was awarded to E-Comm Emergency Communications for Southwest British Columbia Incorporated for call answer services.

North Island 9-1-1 Corporation
Schedule of Tangible Capital Assets
Year Ended December 31, 2014

Schedule A

	Office Furniture & Equipment	Vehicles	IT Infrastructure	Communication Infrastructure	Work in Progress	December 31, 2014	December 31 2013,
Cost							
Balance, beginning of year	\$ 58,233	\$ 53,534	\$ 507,289	\$ 1,443,673	\$ 255,730	\$ 2,318,457	\$ 2,000,296
Add:							
Additions	-	-	34,421	-	275,638	310,059	318,161
Less:							
Work in progress capitalized	-	-		524,105	(524,105)	-	
Balance, end of year	<u>58,233</u>	<u>53,534</u>	<u>541,710</u>	<u>1,967,778</u>	<u>7,262</u>	<u>2,628,516</u>	<u>2,318,457</u>
Accumulated Amortization							
Balance, beginning of year	41,546	22,306	182,843	899,714		1,146,409	963,560
Add:							
Amortization	3,034	8,922	94,621	79,281		185,857	182,849
Balance, end of year	<u>44,580</u>	<u>31,228</u>	<u>277,463</u>	<u>978,995</u>		<u>1,332,266</u>	<u>1,146,409</u>
Net Book Value of Tangible Capital Assets	<u>\$ 13,653</u>	<u>\$ 22,306</u>	<u>\$ 264,247</u>	<u>\$ 988,783</u>	<u>\$ 7,262</u>	<u>\$ 1,296,250</u>	<u>\$ 1,172,048</u>

**North Island 9-1-1 Corporation
Schedule of Funding from Local Governments
Year ended December 31, 2014**

Schedule B

	2014		2013	
Regional District Participants				
Comox Valley	31.70%	\$ 671,796	31.22%	\$ 620,760
Nanaimo	26.76%	567,172	27.07%	538,255
Strathcona	17.22%	364,941	17.12%	340,439
Alberni-Clayoquot	12.86%	272,503	12.92%	256,848
Powell River	8.23%	174,438	8.42%	167,470
Mount Waddington	3.23%	68,550	3.25%	64,673
	100.00%	\$ 2,119,400	100.00%	\$ 1,988,445

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, 2014

Schedule C

	2014 Budget (Note 7)	2014 Actual	2013 Actual
Comox Valley Regional District Support Services			
Administrative support services	\$ 130,000	\$ 130,000	\$ 130,000
Mapping co-ordinator support services	80,381	78,496	76,825
	<u>\$ 210,381</u>	<u>\$ 208,496</u>	<u>\$ 206,825</u>

Schedule of Protective Services Expenses
Year ended December 31, 2014

Schedule D

	2014 Budget (Note 7)	2014 Actual	2013 Actual
Advertising	\$ 2,500	\$ 363	\$ 856
Amortization of tangible capital assets (Schedule A)	-	185,857	182,849
Bank charges and interest	1,000	278	610
Contract services - City of Campbell River fire dispatch	1,040,451	1,039,987	1,111,985
Contract services - RCMP PSAP call answer services	477,324	405,385	462,162
Contract services - E-Comm PSAP call answer services	-	89,630	-
Insurance	30,875	28,856	28,857
Licences and permits	61,638	78,799	26,819
Minor capital	46,500	27,688	24,351
Office supplies and other	6,000	4,860	4,293
Professional fees	61,000	26,501	68,508
Rental/lease - land/machine and equipment	33,911	31,198	25,753
Repairs and maintenance	65,000	48,999	34,029
Telephone	119,924	111,485	112,403
Training and development	6,000	675	1,273
Travel	7,000	9,393	5,190
Vehicle insurance	2,500	1,737	2,125
Wages and employee benefits	106,750	105,511	99,321
	<u>\$ 2,068,373</u>	<u>\$ 2,197,202</u>	<u>\$ 2,191,384</u>