



***North Island 9-1-1 Corporation
Financial Statements
Year Ended December 31, 2018***

North Island 9-1-1 Corporation

Incorporated 1995

**Board of Directors
As at December 31, 2018**

Alberni-Clayoquot Regional District	J. McNabb
qathet Regional District	G. Doubt
Regional District of Mount Waddington	A. Hory
Regional District of Nanaimo	C. Gourlay
Strathcona Regional District	C. Moglove
Comox Valley Regional District	M. Swift

North Island 9-1-1 Corporation
Financial Statements
Year ended December 31, 2018

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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.

MNP LLP, Chartered Professional 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, CPA, CGA
Officer responsible for Financial Administration,
pursuant to Section 237 of the Local Government Act (RSBC 2015, C.1)

May 10, 2019

Independent Auditor's Report

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

Opinion

We have audited the financial statements of North Island 9-1-1 Corporation (the "Corporation"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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

Those charged with governance are responsible for overseeing the Corporation'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 these 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 Corporation'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 Corporation'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 Corporation 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.

We 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.

Courtenay, British Columbia

May 10, 2019

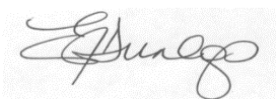
MNP LLP

Chartered Professional Accountants

North Island 9-1-1 Corporation
Statement of Financial Position
December 31, 2018

	2018	2017
Financial Assets		
Cash (Note 3)	\$ 633,127	\$ 488,120
Security deposits	1,000	1,000
Receivables -Federal government	80,064	68,822
-Provincial government	3,000	-
-Local government	56,920	131,114
-Other	1,249	648
Total Financial Assets	775,360	689,704
Liabilities		
Payables -Federal government	7,511	7,203
-Provincial government	9,978	2,244
-Local government (Note 6)	29,509	16,281
Trade accounts and accrued liabilities	118,853	39,270
Deferred revenue	17,504	15,667
Total Liabilities	183,355	80,665
Net Financial Assets	592,005	609,039
Non-Financial Assets		
Prepaid expenses	111,853	89,381
Tangible capital assets (Schedule A)	937,725	963,200
Total Non-Financial Assets	1,049,578	1,052,581
Accumulated Surplus (Note 4)	\$ 1,641,583	\$ 1,661,620

Commitments (Note 8)



E.J. Dunlop, CPA, CGA
 Corporate Financial Officer



John McNabb
 President

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

North Island 9-1-1 Corporation
Statement of Operations and Accumulated Surplus
Year ended December 31, 2018

	2018	2018	2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(Note 7)		
Revenue			
Funding from local governments (Schedule B)	\$ 2,385,261	\$ 2,385,261	\$ 2,356,742
Sales of service - other local governments	124,185	124,185	119,750
Sub-licence revenue	41,200	39,962	39,287
Interest	5,000	13,936	6,046
Other revenue	<u>67,911</u>	<u>93,285</u>	<u>83,342</u>
Total Revenue	<u>2,623,557</u>	<u>2,656,629</u>	<u>2,605,167</u>
 Expenses			
General government services (Schedule C)	217,327	219,801	217,468
Protective services (Schedule D)	<u>2,488,091</u>	<u>2,456,865</u>	<u>2,436,568</u>
Total Expenses	<u>2,705,418</u>	<u>2,676,666</u>	<u>2,654,036</u>
 Annual Deficit	(81,861)	(20,037)	(48,869)
 Accumulated Surplus, beginning of year	<u>1,661,620</u>	<u>1,661,620</u>	<u>1,710,489</u>
Accumulated Surplus, end of year	<u>\$ 1,579,759</u>	<u>\$ 1,641,583</u>	<u>\$ 1,661,620</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, 2018

	2018	2018	2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(Note 7)		
Annual Deficit	\$ (81,861)	\$ (20,037)	\$ (48,869)
Acquisition of tangible capital assets	(112,750)	(105,083)	(64,222)
Amortization of tangible capital assets	-	130,558	171,346
Change in prepaid expenses	-	(22,472)	(10,383)
Change in Net Financial Assets	<u>(194,611)</u>	<u>(17,034)</u>	<u>47,872</u>
Net Financial Assets, beginning of year	<u>609,039</u>	<u>609,039</u>	<u>561,167</u>
Net Financial Assets, end of year	<u>\$ 414,428</u>	<u>\$ 592,005</u>	<u>\$ 609,039</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, 2018

	2018	2017
Operating Transactions		
Annual Deficit	\$ (20,037)	\$ (48,869)
Changes in non-cash operating balances		
Receivables	59,351	(173,596)
Payables and accrued liabilities	100,853	(41,162)
Prepaid expenses	(22,472)	(10,383)
Deferred revenue	1,837	(1,838)
Items not utilizing cash		
Amortization of tangible capital assets	130,558	171,346
Cash Provided by (Applied to) Operating Transactions	250,090	(104,502)
Capital Transactions		
Acquisition of tangible capital assets	(105,083)	(64,222)
Cash Applied to Capital Transactions	(105,083)	(64,222)
Net change in Cash	145,007	(168,724)
Cash, beginning of year	488,120	656,844
Cash, end of year	\$ 633,127	\$ 488,120

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, 2018

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 per cent 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 include prepaid expenses and tangible capital assets and 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. Sales of services and sub-licence revenue is recognized in the year that the service is provided or the amount is earned, and when collectability is reasonably assured. Deferred revenue consists of sub-licence revenue received during the year that relates to future periods. Interest revenue is recorded when earned.

North Island 9-1-1 Corporation
Notes to the Financial Statements
Year ended December 31, 2018

2. Significant Accounting Policies (continued)

f) Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. Management reviews the sites annually for any potential liability under the standard which would be recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the corporation:
 - is directly responsible; or
 - accepts responsibility; and
- iv. it is expected that future economic benefits will be given up; and
- iv. a reasonable estimate of the amount can be made.

The Corporation has not recorded any liability for contaminated sites as at December 31, 2018 as no such sites exist.

g) 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 accounts receivable, the determination of amortization of tangible capital assets, the useful lives of these assets, liability for contaminated sites 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.

h) Related Parties

Effective January 1, 2018, the corporation adopted the recommendation relating to PS 2200 Related Party Disclosures as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendation, the changes were applied prospectively, and prior periods have not been restated.

This new section defines a related party and establishes disclosures required for related party transactions. Disclosure is required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, a material financial effect on the financial statements.

There was no material impact on the financial statements of adopting this new section.

North Island 9-1-1 Corporation
Notes to the Financial Statements
Year ended December 31, 2018

i) Assets, Contingent Assets and Contractual Rights

Effective January 1, 2018, the corporation adopted the recommendations relating to PS 3210 Assets, PS 3320 Contingent Assets, and PS 3380 Contractual Rights, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated.

PS 3210 Assets provides additional guidance to clarify the definition of assets set out in PS 1000 Financial Statement Concepts.

PS 3320 Contingent Assets establishes disclosure standards on contingent assets.

PS 3380 Contractual Rights establishes disclosure standards on contractual rights, and does not include contractual rights to exchange assets where revenue does not arise. The main features of this Section are as follows:

- Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.
- Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right.
- Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.

There was no material impact on the financial statements of adopting the new Sections.

3. Cash

Cash includes \$1,017 in US funds which has been translated to \$1,387 Canadian at the December 31, 2018 exchange rate of 1.364 (2017 - \$1,017 USD translated to \$1,276 CAD). Transactions in US foreign currency during the year resulted in a gain on foreign currency transactions of \$111 (2017 – loss of \$90).

4. Accumulated Surplus

	2018	2017
Equity in tangible capital assets	\$ 937,725	\$ 963,200
Operating surplus	195,663	173,398
General operating contingency reserve	86,073	82,573
Future expenditure reserve	371,734	392,061
Insurance reserve	50,367	50,367
Share capital (Note 5)	21	21
	\$1,641,583	\$1,661,620

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.

North Island 9-1-1 Corporation
Notes to the Financial Statements
Year ended December 31, 2018

5. Share Capital

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

Issued: 21 Class "A" shares, as follows:	2018	2017
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
qathet Regional District	2	2
Strathcona Regional District	4	4
	\$ 21	\$ 21

6. Related Party Transactions

During the year, one of the shareholders, the Comox Valley Regional District, provided administrative support services and the services of a mapping coordinator, in the amount of \$219,801 (2017 - \$217,468) to the corporation as detailed on Schedule C.

Payables to local governments at year end include \$25,866 (2017 - \$11,014) due to the Comox Valley Regional District.

7. Restatement of 2018 Budget

The budget amounts presented throughout these financial statements represent the budget approved by the corporation's board on March 2, 2018.

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 2018 approved budget to the Statement of Operations.

Budgeted surplus, as approved on March 2, 2018	\$	-
Add:		
Capital acquisitions		112,750
Budgeted transfers to reserves		171,416
Less:		
Transfers from reserves		(195,909)
Transfers from previous years' surplus		(170,118)
Budgeted Annual Deficit, as restated		\$ (81,861)

North Island 9-1-1 Corporation
Notes to the Financial Statements
Year ended December 31, 2018

8. Commitments

On December 20, 2016, the corporation entered into a five year agreement with the City of Campbell River for the provision of fire dispatch services. The agreement, which expires December 31, 2021, has a remaining commitment of up to \$4,000,000.

In October 2014, the corporation entered into a five year agreement with E-Comm Emergency Communications for Southwest British Columbia Incorporated for 9-1-1 public safety answer point (PSAP) services. The remaining commitment under this agreement, which expires October 20, 2019, is approximately \$373,490.

9. Contractual Rights

Contractual rights are rights to economic resources arising from contracts that will result in revenues and assets in the future. The corporation's contractual rights arise due to a contract entered into in May 2017 with the Peace River Regional District for the provision of secondary safety answering point services for fire dispatch to the regional district's 11 fire departments. The contractual rights arising from this agreement will result in future assets as follows:

2019	\$ 126,668
2020	129,202
2021	131,786
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	\$ 387,656
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North Island 9-1-1 Corporation
Schedule of Tangible Capital Assets
Year Ended December 31, 2018

Schedule A

	Office Furniture & Equipment	Vehicles	IT Infrastructure	Communication Infrastructure	Work in Progress	December 31, 2018	December 31, 2017
Cost							
Balance, beginning of year	\$ 58,252	\$ 61,039	\$ 590,279	\$ 1,842,278	\$ 18,869	\$ 2,570,717	\$ 2,798,056
Add: Additions	10,050	-	76,051	37,851	-	123,952	64,222
Less:							
Disposals	-	-	(11,485)	-	-	(11,485)	(291,561)
Work in progress capitalized	-	-	-	-	(18,869)	(18,869)	-
Balance, end of year	<u>68,302</u>	<u>61,039</u>	<u>654,845</u>	<u>1,880,129</u>	<u>-</u>	<u>2,664,315</u>	<u>2,570,717</u>
Accumulated Amortization							
Balance, beginning of year	35,484	54,159	539,753	978,121	-	1,607,517	1,727,732
Add: Amortization	3,538	1,251	32,590	93,179	-	130,558	171,346
Less: Accumulated amortization on disposals	-	-	(11,485)	-	-	(11,485)	(291,561)
Balance, end of year	<u>39,022</u>	<u>55,410</u>	<u>560,858</u>	<u>1,071,300</u>	<u>-</u>	<u>1,726,590</u>	<u>1,607,517</u>
Net Book Value of Tangible Capital Assets	\$ 29,280	\$ 5,629	\$ 93,987	\$ 808,829	\$ -	\$ 937,725	\$ 963,200

**North Island 9-1-1 Corporation
Schedule of Funding from Local Governments
Year ended December 31, 2018**

Schedule B

	2018		2017	
Regional District Participants				
Comox Valley	31.39%	\$ 748,636	31.22%	\$ 735,931
Nanaimo	27.99%	667,725	27.17%	640,241
Strathcona	17.07%	407,145	17.59%	414,434
Alberni-Clayoquot	12.42%	296,261	12.62%	297,515
qathet	8.07%	192,403	8.07%	190,247
Mount Waddington	3.06%	73,091	3.33%	78,374
	<u>100.00%</u>	<u>\$ 2,385,261</u>	<u>100.00%</u>	<u>\$ 2,356,742</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, 2018

Schedule C

	2018 Budget (Note 7)	2018 Actual	2017 Actual
Comox Valley Regional District Support Services			
Administrative support services	\$ 132,600	\$ 132,600	\$ 132,600
Mapping co-ordinator support services	84,727	87,201	84,868
	<u>\$ 217,327</u>	<u>\$ 219,801</u>	<u>\$ 217,468</u>

Schedule of Protective Services Expenses
Year ended December 31, 2018

Schedule D

	2018 Budget (Note 7)	2018 Actual	2017 Actual
Advertising	\$ 25,000	\$ 22,221	\$ 7,375
Amortization of tangible capital assets (Schedule A)	-	130,558	171,346
Bank charges and interest	1,500	561	1,056
Contract services - City of Campbell River fire dispatch	1,247,000	1,247,000	1,196,000
Contract services - E-Comm PSAP call answer services	437,265	426,410	413,450
Insurance	32,100	30,615	21,190
Licences and permits	235,378	216,531	104,026
Minor capital	55,500	30,331	110,509
Office supplies and other	4,400	7,701	5,678
Professional fees	31,000	11,410	40,407
Rental/lease - land/machine and equipment	43,801	37,053	38,674
Repairs and maintenance	83,000	31,988	61,322
Telephone	142,424	124,453	119,614
Training and development	3,500	3,863	10,570
Travel	14,500	10,493	15,111
Vehicle insurance	2,739	2,692	2,536
Wages and employee benefits	128,984	122,985	117,704
	<u>\$ 2,488,091</u>	<u>\$ 2,456,865</u>	<u>\$ 2,436,568</u>