



***North Island 9-1-1 Corporation
Financial Statements
Year Ended December 31, 2020***

**North Island 9-1-1 Corporation
Incorporated 1995**

**Board of Directors
As at December 31, 2020**

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

North Island 9-1-1 Corporation
Financial Statements
Year ended December 31, 2020

Statement of Management's Responsibility
Independent Auditor's Report
Statement of Financial Position
Statement of Operations and Accumulated Surplus
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 | Schedule of General Government Services Expenses |
| D | Schedule of 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.

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 'Myriah Foort', written over a horizontal line.

Myriah Foort, BBA, CPA, CA
Chief Financial Officer

March 12, 2021

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, 2020, 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, 2020, 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

March 12, 2021

MNP LLP

Chartered Professional Accountants

North Island 9-1-1 Corporation
Statement of Financial Position
December 31, 2020

	2020	2019
Financial Assets		
Cash (Note 3)	517,907	\$ 563,968
Security deposits	1,000	1,000
Receivables -Federal government	31,655	31,657
-Provincial government	3,000	3,000
-Local government	1,551	57,267
-Other	9,739	13,547
Total Financial Assets	564,852	670,439
Liabilities		
Payables -Federal government	5,370	4,621
-Provincial government	3,932	3,265
-Local government (Note 6)	37,985	42,515
Trade accounts and accrued liabilities	42,484	38,783
Short term loan	-	35,000
Deferred revenue	17,504	17,504
Total Liabilities	107,275	141,688
Net Financial Assets	457,576	528,751
Non-Financial Assets		
Prepaid expenses	102,207	106,220
Tangible capital assets (Schedule A)	906,796	898,414
Total Non-Financial Assets	1,009,003	1,004,634
Accumulated Surplus (Note 4)	\$ 1,466,579	\$ 1,533,385

Commitments (Note 8)

Significant Event (Note 10)



Myriah Foort, BBA, CPA, CA
 Chief Financial Officer



John McNabb
 President

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

North Island 9-1-1 Corporation
Statement of Operations and Accumulated Surplus
Year ended December 31, 2020

	2020 Budget (Note 7)	2020 Actual	2019 Actual
Revenue			
Funding from local governments (Schedule B)	\$ 2,514,684	\$ 2,514,683	\$ 2,385,261
Sales of service - other local governments	129,202	129,202	126,668
Sub-licence revenue	41,200	43,180	39,940
Interest	5,000	5,567	12,899
Other revenue	46,956	59,462	75,223
Total Revenue	2,737,042	2,752,094	2,639,991
Expenses			
General government services (Note 6) (Schedule C)	265,456	225,444	220,589
Protective services (Schedule D)	2,571,054	2,593,456	2,527,600
Total Expenses	2,836,510	2,818,900	2,748,189
Annual Deficit	(99,468)	(66,806)	(108,198)
Accumulated Surplus, beginning of year	1,533,385	1,533,385	1,641,583
Accumulated Surplus, end of year	\$ 1,433,917	\$ 1,466,579	\$ 1,533,385

The accompanying notes 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, 2020

	2020	2020	2019
	Budget	Actual	Actual
	(Note 7)		
Annual Deficit	\$ (99,468)	\$ (66,806)	\$ (108,198)
Acquisition of tangible capital assets	(303,000)	(143,839)	(93,912)
Amortization of tangible capital assets	-	135,458	133,222
Change in prepaid expenses	-	4,013	5,634
Change in Net Financial Assets	(402,468)	(71,175)	(63,254)
Net Financial Assets, beginning of year	528,751	528,751	592,005
Net Financial Assets, end of year	\$ 126,283	\$ 457,576	\$ 528,751

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

North Island 9-1-1 Corporation
Statement of Cash Flows
Year ended December 31, 2020

	2020	2019
Operating Transactions		
Annual Deficit	\$ (66,806)	\$ (108,198)
Changes in non-cash operating balances		
Receivables	59,526	35,762
Payables and accrued liabilities	587	(76,667)
Prepaid expenses	4,013	5,634
Items not utilizing cash		
Amortization of tangible capital assets	135,458	133,222
Cash Provided by (Applied to) Operating Transactions	132,778	(10,247)
Capital Transactions		
Acquisition of tangible capital assets	(143,839)	(93,912)
Cash Applied to Capital Transactions	(143,839)	(93,912)
Financing Transactions		
Short term loan proceeds/(payments)	(35,000)	35,000
Cash Provided by Financing Transactions	(35,000)	35,000
Decrease in Cash	(46,061)	(69,159)
Cash, beginning of year	563,968	633,127
Cash, end of year	\$ 517,907	\$ 563,968

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

North Island 9-1-1 Corporation
Notes to the Financial Statements
Year ended December 31, 2020

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:

North Island 9-1-1 Corporation
Notes to the Financial Statements
Year ended December 31, 2020

2. Significant Accounting Policies (continued)

d) Tangible Capital Assets

Office furniture and equipment	10 years
Vehicles	6 years
Information technology infrastructure	5 years
Radio and satellite systems	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. Other revenue and interest are recorded when earned.

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, 2020 as no such sites exist.

North Island 9-1-1 Corporation
Notes to the Financial Statements
Year ended December 31, 2020

2. Significant Accounting Policies (continued)

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.

3. Cash

Cash includes \$1,017 in US funds which has been translated to \$1,295 Canadian at the December 31, 2020 exchange rate of 1.2737 (2019 - \$1,017 USD translated to \$1,321 CAD). Transactions in US foreign currency during the year resulted in a loss on foreign currency transactions of \$26 (2019 – loss of \$66).

4. Accumulated Surplus

	<u>2020</u>	<u>2019</u>
Equity in tangible capital assets	\$906,796	\$898,414
Operating surplus	168,120	150,968
General operating contingency reserve	93,073	89,573
Future expenditure reserve	248,203	344,042
Insurance reserve	50,367	50,367
Share capital (Note 5)	21	21
	<u>\$1,466,579</u>	<u>\$1,533,385</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.

North Island 9-1-1 Corporation
Notes to the Financial Statements
Year ended December 31, 2020

5. Share Capital

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

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

	<u>2020</u>	<u>2019</u>
Regional District of Mount Waddington	\$ 1	\$ 1
Strathcona Regional District	4	4
Comox Valley Regional District	6	6
qathet Regional District	2	2
Regional District of Nanaimo	5	5
Alberni-Clayoquot Regional District	3	3
	<u>\$ 21</u>	<u>\$ 21</u>

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 \$225,444 (2019 - \$220,589) to the corporation as detailed on Schedule C.

Payables to local governments at year end include \$36,178 (2019 - \$40,873) due to the Comox Valley Regional District.

7. Restatement of 2020 Budget

The budget amounts presented throughout these financial statements represent the budget approved by the corporation's board on March 13, 2020.

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 2020 approved budget to the Statement of Operations.

North Island 9-1-1 Corporation
Notes to the Financial Statements
Year ended December 31, 2020

7. Restatement of 2020 Budget (continued)

Budgeted surplus, as approved on March 13, 2020	\$	-
Add:		
Capital acquisitions		303,000
Budgeted transfers to reserves		51,500
Less:		
Transfers from reserves	\$	(303,000)
Transfers from previous years' surplus	\$	(150,968)
Budgeted Annual (Surplus)/Deficit, as restated		<u>(99,468)</u>

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 \$1,378,000.

The corporation extended their agreement with E-Comm Emergency Communications for Southwest British Columbia Incorporated until December 31, 2022 for the provision of public safety answer point (PSAP) services. The commitment for this extension is approximately \$966,750.

2021	472,740
2022	494,010
	<u>\$ 966,750</u>

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 and revenues as follows:

2021	<u>131,786</u>
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North Island 9-1-1 Corporation
Notes to the Financial Statements
Year ended December 31, 2020

10. Significant Event

In March 2020, the COVID-19 outbreak caused governments worldwide to enact emergency measures to combat the spread of coronavirus. These measures, which include the implementation of facility closures, travel restrictions, self-isolation periods, and social and physical distancing, has had a significant impact on the local and global economies.

At this time it is not possible to reliably estimate the length and severity of the COVID-19 outbreak and how it may impact the corporation's financial results for 2021.

North Island 9-1-1 Corporation
Consolidated Statement of Tangible Capital Assets

Schedule A

For the Year Ended December 31, 2020

	Office Equipment & Furniture	Vehicles	IT Infrastructure	Communication Infrastructure	Work in Progress	2020 Total	2019 Total
COST							
Opening Balance	68,301	61,040	697,755	1,602,364	-	2,429,460	2,664,315
Add: Additions	11,090	-	46,783	85,966	-	143,839	93,912
Less: Disposals	-	-	-	-	-	-	(328,768)
Work in progress capitalized	-	-	-	-	-	-	-
Closing Balance	79,392	61,040	744,538	1,688,330	-	2,573,299	2,429,460
ACCUMULATED AMORTIZATION							
Opening Balance	43,062	56,661	572,242	859,080	-	1,531,045	1,726,591
Add: Amortization	4,414	1,251	36,684	93,108	-	135,458	133,222
Less: Acc. Amortization on Disposal	-	-	-	-	-	-	(328,768)
Closing Balance	47,476	57,912	608,927	952,188	-	1,666,503	1,531,045
Net Book Value for year ended December 31, 2020	31,915	3,128	135,611	736,142	-	906,796	898,414

North Island 9-1-1 Corporation
Schedule of Funding from Local Governments
Year ended December 31, 2020

Schedule B

	2020		2019	
Regional District Participants				
Comox Valley	32.04%	\$ 805,657	31.52%	\$ 751,748
Nanaimo	28.26%	710,686	28.56%	681,225
Strathcona	16.94%	425,908	16.71%	398,513
Alberni-Clayoquot	12.48%	313,874	12.41%	296,064
qathet	7.74%	194,585	8.07%	192,435
Mount Waddington	2.54%	63,973	2.73%	65,276
	100.00%	\$ 2,514,683	100.00%	\$ 2,385,261

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, 2020

Schedule C

	2020 Budget (Note 7)	2020 Actual	2019 Actual
Comox Valley Regional District Support Services			
Administrative support services	\$ 132,600	\$ 132,600	\$ 132,600
Mapping co-ordinator support services	89,472	92,844	87,989
Information technology support services	43,384	-	-
	\$ 265,456	\$ 225,444	\$ 220,589

Schedule of Protective Services Expenses Year ended December 31, 2020

Schedule D

	2020 Budget (Note 7)	2020 Actual	2019 Actual
Advertising	\$ 5,000	\$ 800	\$ 933
Amortization of tangible capital assets (Schedule A)	-	135,458	133,222
Bank charges and interest	1,500	1,751	3,082
Contract services - City of Campbell River fire dispatch	1,333,000	1,333,000	1,289,000
Contract services - E-Comm PSAP call answer services	457,108	452,380	439,200
Insurance	36,445	36,856	34,901
Licences and permits	201,827	201,406	197,651
Minor capital	62,000	38,418	23,650
Office supplies and other	6,250	2,796	4,127
Professional fees	29,000	34,741	14,551
Property taxes	6,456	-	6,268
Rental/lease - land/machine and equipment	40,712	35,988	34,375
Repairs and maintenance	72,000	40,275	50,157
Telephone	141,584	144,510	142,518
Training and development	12,766	1,062	1,903
Travel	22,334	908	21,328
Vehicle insurance	4,594	4,887	2,855
Wages and employee benefits	138,478	128,220	127,879
	\$ 2,571,054	\$ 2,593,456	\$ 2,527,600