



## Financial Statements

NL 911 Bureau Inc.

March 31, 2020

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# Statement of responsibility

The accompanying financial statements are the responsibility of the management of the NL 911 Bureau Inc. ("NL 911") and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.


In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

The Board of Directors met with management and its external auditors to review a draft of the financial statements and to discuss any significant financial reporting or internal control matters prior to their approval of the finalized financial statements.

Grant Thornton LLP, as the NL 911's appointed external auditors, have audited the financial statements. The auditors' report is addressed to the Directors of NL 911 and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position and results of the NL 911 in accordance with Canadian public sector accounting standards.



Chair



Director

# Independent auditor's report

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To the Directors of the NL 911 Bureau Inc.

## Opinion

We have audited the financial statements of NL 911 Bureau Inc. ("NL 911"), which comprise the statements of financial position as at March 31, 2020, and the statements of operations and change in accumulated surplus, net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NL 911 Bureau Inc. as at March 31, 2020, and the results of its operations and change in accumulated surplus, net financial assets, 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 NL 911 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 and those charged with governance 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.

In preparing the financial statements, management is responsible for assessing NL 911's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate NL 911 or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing NL 911'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 public sector accounting 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 NL 911'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 NL 911'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 NL 911 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.



St. John's, Canada

July 7, 2020

Chartered Professional Accountants

NL 911 Bureau Inc.  
Statement of Financial Position

March 31	2020	2019
<b>Financial assets</b>		
Cash and cash equivalents	<b>\$14,522,032</b>	\$11,244,835
Receivables (Note 3)	<u>544,348</u>	<u>877,663</u>
	<b><u>15,066,380</u></b>	<u>12,122,498</u>
<b>Liabilities</b>		
Payables and accruals (Note 4)	<u>754,743</u>	<u>992,655</u>
<b>Net financial assets</b>	<b><u>14,311,637</u></b>	<u>11,129,843</u>
<b>Non-financial assets</b>		
Tangible capital assets (Page 13)	<b>67,141</b>	96,243
Prepays	<u>63,617</u>	<u>181,748</u>
	<b><u>130,758</u></b>	<u>277,991</u>
<b>Accumulated surplus (Note 5)</b>	<b><u>\$14,442,395</u></b>	<u>\$11,407,834</u>

Commitment (Note 6)

On behalf of NL 911

 Chair

 Director

See accompanying notes and schedules to the financial statements.

NL 911 Bureau Inc.  
 Statements of Operations and Change in Accumulated Surplus

Year ended March 31	(Note 9)		Actual 2019
	Budget 2020	Actual 2020	
Revenue			
Fees	\$ 6,225,939	\$ 6,097,673	\$ 6,166,209
Billing and collection charges	(581,088)	(569,086)	(575,519)
Allowance for bad debts incurred by telecommunication service providers (Note 7)	<u>(59,996)</u>	<u>(48,726)</u>	<u>(49,587)</u>
	<b>5,584,855</b>	<b>5,479,861</b>	5,541,103
Interest income	<u>96,000</u>	<u>252,500</u>	<u>167,182</u>
	<b>5,680,855</b>	<b>5,732,361</b>	<b>5,708,285</b>
Expenses (Page 14)			
Public Safety Answering Point centres Management, administration, and operations	<b>1,965,712</b>	<b>1,797,629</b>	1,787,547
	<u>1,079,684</u>	<u>900,171</u>	<u>884,433</u>
	<b>3,045,396</b>	<b>2,697,800</b>	<b>2,671,980</b>
Annual surplus	<u>2,635,459</u>	<u>3,034,561</u>	<u>3,036,305</u>
Accumulated surplus, beginning of year	<u>11,407,834</u>	<u>11,407,834</u>	<u>8,371,529</u>
Accumulated surplus, end of year	<b><u>\$14,043,293</u></b>	<b><u>\$14,442,395</u></b>	<b><u>\$11,407,834</u></b>

See accompanying notes and schedules to the financial statements.

NL 911 Bureau Inc.  
Statement of Net Financial Assets

Year ended March 31	(Note 9) Budget 2020	Actual 2020	Actual 2019
Annual surplus	\$ 2,635,459	\$ 3,034,561	\$ 3,036,305
Acquisition of tangible capital assets	(1,015,970)	(4,734)	(45,953)
Amortization of tangible capital assets	80,000	33,836	34,300
Decrease (increase) in prepaids	-	118,131	(151,275)
Increase in net financial assets	1,699,489	3,181,794	2,873,377
Net financial assets, beginning of year	11,129,843	11,129,843	8,256,466
Net financial assets, end of year	\$12,829,332	\$14,311,637	\$11,129,843

See accompanying notes and schedules to the financial statements.



NL 911 Bureau Inc.  
Statement of Cash Flows

Year ended March 31	2020	2019
Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Annual surplus	\$ 3,034,561	\$ 3,036,305
Change in non-cash items		
Amortization of tangible capital assets	33,836	34,300
Change in non-cash operating working capital		
Receivables	333,315	27,760
Payables and accruals	(237,912)	321,816
Prepays	<u>118,131</u>	<u>(151,275)</u>
Cash provided by operating transactions	<u>3,278,931</u>	<u>3,268,906</u>
<b>Capital</b>		
Purchase of tangible capital assets	<u>(4,734)</u>	<u>(45,953)</u>
Net increase in cash and cash equivalents	3,277,197	3,222,953
Cash and cash equivalents, beginning of year	<u>11,244,835</u>	<u>8,021,882</u>
Cash and cash equivalents, end of year	<u>\$14,522,032</u>	<u>\$11,244,835</u>

See accompanying notes and schedules to the financial statements.

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# NL 911 Bureau Inc.

## Notes to the Financial Statements

March 31, 2020

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### 1. Nature of operations

The NL 911 Bureau Inc. ("NL 911") is a not for profit corporation that was formally established in March 2015, and operates under the *Emergency 911 Act* and the Emergency 911 Fee Regulations. NL 911 is responsible for; developing, establishing and operating an emergency 911 telephone service that protects personal information and is efficient, cost-effective and responsive to changing technologies.

NL 911 is funded by a \$0.75 monthly fee which is applied to every landline and mobile telephone account within the province. This fee is collected by the individual telecommunication service providers, who retain \$0.07 for administration for each fee they collect. The remaining \$0.68, net of any bad debt expense incurred by the telecommunication service providers, is remitted to the NL 911 Fund on a monthly basis.

NL 911 is exempt from income tax under Section 149 of the Income Tax Act.

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### 2. Summary of significant accounting policies

#### Basis of presentation

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Standards Board (PSAB) of the Chartered Professional Accountants of Canada and reflect the following significant accounting policies.

#### Use of estimates

In preparing NL 911's financial statements in conformity with Canadian public sector accounting standards, management is required 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 period. Items requiring the use of significant estimates include the useful life of capital assets and rates of amortization.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

#### Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks.

#### Capital expenditures

Expenditures of a capital nature made by the Public Safety Answering Points (PSAPs) and charged to NL 911 are expensed in NL 911 when title to the acquired assets is retained by the PSAPs, otherwise, they are recorded as tangible capital assets in NL 911.

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NL 911 Bureau Inc.  
Notes to the Financial Statements

March 31, 2020

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**2. Summary of significant accounting policies (cont'd.)**

**Prepaid expenses**

Prepaid expenses include T911 service contract, software maintenance contracts, insurance, and rent that NL 911 has paid but the services have not been provided as of year-end.

**Tangible capital assets**

Tangible capital assets are recorded at cost. Depreciation is provided annually at rates calculated to write off the assets over their estimated useful life as follows:

Office furniture and equipment	20%, declining balance
Computer equipment	55%, declining balance
Computer software	30%, declining balance

**Impairment of long-lived assets**

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. The net write downs would be accounted for as expenses in the statement of operations.

**Revenue recognition**

Revenues from telecommunication service providers are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, based on when remittances from the telecommunication service providers are received or receivable and collection is likely. Interest income is recognized as earned.

**Financial instruments**

NL 911 considers any contract creating a financial asset, liability, or equity instrument as a financial instrument, except in certain limited circumstances. NL 911 accounts for the following as financial instruments:

- cash and cash equivalents;
- receivables; and
- payables and accruals.

A financial asset or liability is recognized when NL 911 becomes party to contractual provisions of the instrument.

NL 911 initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

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NL 911 Bureau Inc.  
Notes to the Financial Statements

March 31, 2020

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**2. Summary of significant accounting policies (cont'd.)**

NL 911 subsequently measures its financial assets and financial liabilities at cost or amortized cost.

Financial assets measured at fair value include cash and cash equivalents. Financial assets measured at cost include receivables.

Financial liabilities measured at cost include payables and accruals.

NL 911 removes financial liabilities, or a portion of, when the obligation is discharged, cancelled, or expires.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net annual surplus.

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<b>3. Receivables</b>	<u>2020</u>	<u>2019</u>
Remittances due from telecommunication service providers	\$ 544,348	\$ 866,071
Harmonized sales tax receivable	<u>-</u>	<u>11,592</u>
	<u>\$ 544,348</u>	<u>\$ 877,663</u>

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<b>4. Payables and accruals</b>	<u>2020</u>	<u>2019</u>
Trade	\$ 47,410	\$ 45,656
PSAPs	700,451	925,316
Harmonized sales tax payable	2,432	-
Payroll and vacation pay accruals	<u>4,450</u>	<u>21,683</u>
	<u>\$ 754,743</u>	<u>\$ 992,655</u>

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**5. Accumulated surplus**

NL 911 has accumulated surplus that is intended and will be required for the implementation of a Next Generation 911 (NG911) service. The necessary costs of the NG911 implementation and service cannot be reasonably estimated at this time but is expected by management to have a significant impact to the cost of operations in the future.

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# NL 911 Bureau Inc.

## Notes to the Financial Statements

March 31, 2020

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### 6. Commitment

NL 911 is committed to future lease payments for office space in each of the next five years as follows: 2021 - \$98,500; 2022 - \$98,500; 2023 - \$98,500; 2024 - \$98,500; 2025 - \$90,292.

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### 7. Allowance for bad debts incurred by telecommunication service providers

Prior to remitting fees to NL 911, each telecommunication service provider may deduct from the gross fees an amount equal to the rate of bad debts experienced by the telecommunication service provider.

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### 8. Financial instruments

NL 911's financial instruments consist of cash and cash equivalents, receivables, and payables and accruals.

#### Risks and concentrations

NL 911 is exposed to various risks through its financial instruments. The following analysis provides a measure of NL 911's risk exposure and concentrations at March 31, 2020.

##### *Credit risk*

Credit risk is the risk of loss associated with counterparty's inability to fulfil its payment obligations. NL 911's credit risk is attributable to receivables in the amount of \$544,348 (2019 - \$866,071). As the telecommunication service providers are required to remit fee to NL 911 under the *Emergency 911 Act*, management believes that the credit risk concentration with respect to financial instruments included in receivables is remote. There was no significant change in exposure from the prior year.

##### *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. NL 911 is exposed to this risk mainly in respect of its payables and accruals in the amount of \$751,140 (2019 - \$986,856). NL 911 reduces its exposure to liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash available to meet its obligations and liabilities. In the opinion of management, the liquidity risk exposure to NL 911 is low and not material. There was no significant change in exposure from the prior year.

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### 9. Budget figures

The reconciliation between NL 911's approved financial plan and the PSAS budget figures used in these statements is disclosed in the Schedule of Reconciliation of the Financial Plan to the Budget.

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NL 911 Bureau Inc.  
Notes to the Financial Statements

March 31, 2020

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**10. Subsequent events**

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

No subsequent events regarding COVID-19 have been recorded as adjusting events in these financial statements. There have been no significant impacts on NL 911's operations and financial performance, and none are currently anticipated by management; however, it is not possible to reliably estimate the duration and severity of future consequences of COVID-19, as well as the potential impact on the financial statements of future periods.

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NL 911 Bureau Inc.  
 Schedule of Tangible Capital Assets

Year Ended March 31, 2020

	Office furniture and equipment	Computer equipment	Computer software	<b>2020</b>	2019
<b>Cost</b>					
Cost, beginning of year	\$ 33,213	\$ 38,818	\$ 234,302	<b>\$ 306,333</b>	\$ 260,380
Additions during the year	<u>250</u>	<u>4,484</u>	<u>-</u>	<b><u>4,734</u></b>	<u>45,953</u>
Cost, end of year	<b><u>\$ 33,463</u></b>	<b><u>\$ 43,302</u></b>	<b><u>\$ 234,302</u></b>	<b><u>\$ 311,067</u></b>	<b><u>\$ 306,333</u></b>
<b>Accumulated Amortization</b>					
Accumulated amortization, beginning of year	\$ 17,877	\$ 17,863	\$ 174,350	<b>\$ 210,090</b>	\$ 175,790
Amortization	<u>3,092</u>	<u>12,758</u>	<u>17,986</u>	<b><u>33,836</u></b>	<u>34,300</u>
Accumulated amortization end of year	<b><u>\$ 20,969</u></b>	<b><u>\$ 30,621</u></b>	<b><u>\$ 192,336</u></b>	<b><u>\$ 243,926</u></b>	<b><u>\$ 210,090</u></b>
<b>Net book value of tangible capital assets</b>	<b><u>\$ 12,494</u></b>	<b><u>\$ 12,681</u></b>	<b><u>\$ 41,966</u></b>	<b><u>\$ 67,141</u></b>	<b><u>\$ 96,243</u></b>

## NL 911 Bureau Inc. Schedule of Expenses

Year ended March 31	2020	2019
<b>Public Safety Answering Point centres</b>		
St. John's	\$ 1,090,151	\$ 1,058,330
Corner Brook	<u>707,478</u>	<u>729,217</u>
	<b><u>\$ 1,797,629</u></b>	<b><u>\$ 1,787,547</u></b>
<b>Management, administration, and operations</b>		
Advertising and public relations	\$ 61,988	\$ 56,936
Amortization	33,836	34,300
Board meetings	4,630	4,560
Communications	19,142	17,833
Computer expense	8,365	6,032
Conferences and training	9,818	8,764
Consulting - IT	22,968	21,721
Insurance	12,992	8,590
Interest and bank charges	276	288
Meetings	1,600	1,302
Miscellaneous	1,724	1,385
Office space rental	102,463	102,463
Office supplies and printing	3,400	3,309
Professional fees	26,816	26,499
Professional fees – T911	120,224	120,224
Salaries and benefits	454,564	449,701
Travel	<u>15,365</u>	<u>20,526</u>
	<b><u>\$ 900,171</u></b>	<b><u>\$ 884,433</u></b>
<b>Total expenses</b>	<b><u>\$ 2,697,800</u></b>	<b><u>\$ 2,671,980</u></b>



NL 911 Bureau Inc.  
 Schedule of Reconciliation of the Financial Plan to the Budget  
 Year ended March 31, 2020

	<u>Financial Plan</u>	<u>Adjustments</u>	<u>PSAS Budget</u>
Revenue			
Fees	\$ 6,225,939	\$ -	\$ 6,225,939
Billing and collection charges	(581,088)	-	(581,088)
Allowance for bad debts incurred by telecommunication service providers (Note 7)	<u>(59,996)</u>	<u>-</u>	<u>(59,996)</u>
	5,584,855	-	5,584,855
Interest income	<u>96,000</u>	<u>-</u>	<u>96,000</u>
	<u>5,680,855</u>	<u>-</u>	<u>5,680,855</u>
Expenses			
Public Safety Answering Point centres Management, administration, and operations	1,965,712	-	1,965,712
	<u>2,095,654</u>	<u>(1,015,970)</u>	<u>1,079,684</u>
	<u>4,061,366</u>	<u>(1,015,970)</u>	<u>3,045,396</u>
Annual surplus	<u>1,619,489</u>	<u>1,015,970</u>	<u>2,635,459</u>
Accumulated surplus, beginning of year	<u>11,407,834</u>	<u>-</u>	<u>11,407,834</u>
Accumulated surplus, end of year	<u>\$13,027,323</u>	<u>\$ 1,015,970</u>	<u>\$14,043,293</u>