



Grant Thornton

Financial Statements

NL 911 Bureau Inc.

March 31, 2017

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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.

 Acting Chair  Director



Independent auditor's report

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To the Directors of the

NL 911 Bureau Inc.

We have audited the accompanying financial statements of NL 911 Bureau Inc. ("NL 911"), which comprise the statements of financial position as at March 31, 2017, and the statements of operations and change in net financial assets, 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 our 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 NL 911'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 NL 911 Bureau Inc. as at March 31, 2017, and the results of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



St. John's, Canada

June 16, 2017

Chartered Professional Accountants

NL 911 Bureau Inc.
Statement of Financial Position

March 31	2017	2016
Financial assets		
Cash and cash equivalents	\$ 5,170,693	\$ 2,051,565
Receivables (Note 3)	<u>884,886</u>	<u>547,824</u>
	<u>6,055,579</u>	<u>2,599,389</u>
Liabilities		
Payables and accruals (Note 4)	<u>852,013</u>	<u>763,523</u>
Net financial assets	<u>5,203,566</u>	<u>1,835,866</u>
Non-financial assets		
Tangible capital assets (Page 12)	117,828	161,689
Prepays	<u>30,449</u>	<u>33,872</u>
	<u>148,277</u>	<u>195,561</u>
Accumulated surplus	<u>\$ 5,351,843</u>	<u>\$ 2,031,427</u>

Commitment (Note 5)

On behalf of NL 911

 Acting Chair  Director

See accompanying notes and schedules to the financial statements.

NL 911 Bureau Inc.

Statement of Operations and Change in Accumulated Surplus

Year ended March 31	(Note 7)		
	Budget 2017	Actual 2017	Actual 2016
Revenue			
Fees	\$ 6,114,969	\$ 6,226,873	\$ 6,137,732
Billing and collection charges	(570,730)	(578,873)	(571,528)
Allowance for bad debts incurred by telecom providers (Note 6)	<u>(56,605)</u>	<u>(48,110)</u>	<u>(52,416)</u>
	5,487,634	5,599,890	5,513,788
Interest income	-	24,289	13,975
Other income	<u>-</u>	<u>709</u>	<u>-</u>
	<u>5,487,634</u>	<u>5,624,888</u>	<u>5,527,763</u>
Expenses (Page 13)			
Public Safety Answering Point centres	1,616,679	1,596,186	1,498,012
Management, administration, and operations	<u>1,969,928</u>	<u>708,286</u>	<u>793,595</u>
	<u>3,586,607</u>	<u>2,304,472</u>	<u>2,291,607</u>
Annual surplus	<u>1,901,027</u>	<u>3,320,416</u>	<u>3,236,156</u>
Accumulated surplus (deficit), beginning of year	<u>2,031,427</u>	<u>2,031,427</u>	<u>(1,204,729)</u>
Accumulated surplus, end of year	<u>\$ 3,932,454</u>	<u>\$ 5,351,843</u>	<u>\$ 2,031,427</u>

See accompanying notes and schedules to the financial statements.

NL 911 Bureau Inc.
Statement of Net Financial Assets

Year ended March 31	(Note 7) Budget 2017	Actual 2017	Actual 2016
Annual surplus	\$ 1,901,027	\$ 3,320,416	\$ 3,236,156
Acquisition of tangible capital assets	-	(3,819)	(36,958)
Amortization of tangible capital assets	47,000	47,680	61,030
Decrease (increase) in prepaids	-	3,423	(33,872)
Increase in net financial assets	1,948,027	3,367,700	3,226,356
Net financial assets (debt), beginning of year	1,835,865	1,835,865	(1,390,491)
Net financial assets, end of year	\$ 3,783,892	\$ 5,203,565	\$ 1,835,865

See accompanying notes and schedules to the financial statements.

NL 911 Bureau Inc.
Statement of Cash Flows

Year ended March 31	2017	2016
Increase (decrease) in cash and cash equivalents		
Operating		
Annual surplus	\$ 3,320,416	\$ 3,236,156
Change in non-cash items		
Amortization of capital assets	47,680	61,030
Change in non-cash operating working capital		
Receivables	(337,062)	(178,941)
Payables and accruals	88,490	459,124
Prepays	<u>3,423</u>	<u>(33,872)</u>
Cash provided by operating transactions	<u>3,122,947</u>	<u>3,543,497</u>
Capital		
Purchase of tangible capital assets	<u>(3,819)</u>	<u>(36,958)</u>
Financing		
Repayment of Fire and Emergency Services - Newfoundland and Labrador	<u>-</u>	<u>(2,254,004)</u>
Net increase in cash and cash equivalents	3,119,128	1,252,535
Cash and cash equivalents, beginning of year	<u>2,051,565</u>	<u>799,030</u>
Cash and cash equivalents, end of year	<u>\$ 5,170,693</u>	<u>\$ 2,051,565</u>

See accompanying notes and schedules to the financial statements.

NL 911 Bureau Inc.

Notes to the Financial Statements

March 31, 2017

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 telephone service providers, who retain \$0.07 for administration for each fee they collect. The remaining \$0.68 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.

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 as the resultant assets are owned and operated by the PSAPs.

NL 911 Bureau Inc.
Notes to the Financial Statements
March 31, 2017

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

Prepaid expenses

Prepaid expenses include 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	30%, 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 telecom 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 telecom 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.

NL 911 Bureau Inc.
Notes to the Financial Statements
March 31, 2017

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.

3. Receivables	2017	2016
Remittances due from telecom providers	\$ 867,172	\$ 541,818
Harmonized sales tax receivable	<u>17,714</u>	<u>6,006</u>
	<u>\$ 884,886</u>	<u>\$ 547,824</u>

4. Payables and accruals	2017	2016
Trade	\$ 46,053	\$ 37,737
PSAP's	794,129	711,205
Payroll and vacation pay accruals	<u>11,831</u>	<u>14,581</u>
	<u>\$ 852,013</u>	<u>\$ 763,523</u>

5. Commitment

NL 911 is committed to annual lease payments for office space in each of the next three years as follows: 2018 - \$102,463; 2019 - \$102,463; and 2020 - \$93,924.

6. Allowance for bad debts incurred by telecom providers

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

NL 911 Bureau Inc.

Notes to the Financial Statements

March 31, 2017

7. Budget figures

The reconciliation between the Bureau'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.

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, 2017.

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 \$847,106 (2016 - \$752,524). 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.

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 \$867,172 (2016 - \$541,818). As the telecom 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.

NL 911 Bureau Inc.
 Schedule of Tangible Capital Assets
 Year Ended March 31, 2017

	Office furniture and equipment	Computer equipment	Computer software	2017	2016
Cost					
Cost, beginning of year	\$ 29,613	\$ 9,636	\$ 216,651	\$ 255,900	\$ 218,943
Additions during the year	<u>2,861</u>	<u>653</u>	<u>305</u>	<u>3,819</u>	<u>36,957</u>
Cost, end of year	<u>\$ 32,474</u>	<u>\$ 10,289</u>	<u>\$ 216,956</u>	<u>\$ 259,719</u>	<u>\$ 255,900</u>
Accumulated Amortization					
Accumulated amortization, beginning of year	\$ 4,180	\$ 4,812	\$ 85,219	\$ 94,211	\$ 33,181
Amortization	5,372	2,833	39,475	47,680	61,030
Accumulated amortization end of year	<u>9,552</u>	<u>7,645</u>	<u>124,694</u>	<u>141,891</u>	<u>94,211</u>
Net book value of tangible capital assets	<u>\$ 22,922</u>	<u>\$ 2,644</u>	<u>\$ 92,262</u>	<u>\$ 117,828</u>	<u>\$ 161,689</u>

NL 911 Bureau Inc.

Schedule of Expenses

Year ended March 31	2017	2016
Public Safety Answering Point centres		
St. John's	\$ 916,865	\$ 871,344
Corner Brook	<u>679,321</u>	<u>626,668</u>
	\$ 1,596,186	\$ 1,498,012
Management, administration, and operations		
Advertising and public relations	\$ 70,712	\$ 161,515
Amortization	47,680	61,030
Board meetings	4,760	4,530
Communications	14,870	16,483
Computer expense	4,126	3,057
Conferences and training	1,974	1,423
Consulting - IT	21,400	16,000
Insurance	3,579	-
Interest and bank charges	50	170
Meetings	1,943	619
Memberships	917	1,256
Miscellaneous	3,137	562
Office space rental	99,338	89,793
Office supplies and printing	3,299	13,483
Professional fees	31,687	20,364
Salaries and benefits	370,297	379,225
Travel	<u>28,517</u>	<u>24,085</u>
	\$ 708,286	\$ 793,595
Total expenses	\$ 2,304,472	\$ 2,291,607

NL 911 Bureau Inc.

Schedule of Reconciliation of the Financial Plan to the Budget

Year ended March 31, 2017

	<u>Financial Plan</u>	<u>Adjustments</u>	<u>PSAS Budget</u>
Revenue			
Fees	\$ 6,114,969	\$ -	\$ 6,114,969
Billing and collection charges	(570,730)	-	(570,730)
Allowance for bad debts incurred by telecom providers (Note 6)	<u>(56,605)</u>	<u>-</u>	<u>(56,605)</u>
	5,487,634	-	5,487,634
Interest income	-	-	-
Other income	<u>-</u>	<u>-</u>	<u>-</u>
	<u>5,487,634</u>	<u>-</u>	<u>5,487,634</u>
Expenses (Page 13)			
Public Safety Answering Point centres	1,616,679	-	1,616,679
Management, administration, and operations	<u>1,922,928</u>	<u>47,000</u>	<u>1,969,928</u>
	<u>3,539,607</u>	<u>47,000</u>	<u>3,586,607</u>
Annual surplus	<u>1,948,027</u>	<u>(47,000)</u>	<u>1,901,027</u>
Accumulated surplus, beginning of year	<u>2,031,427</u>	<u>-</u>	<u>2,031,427</u>
Accumulated surplus, end of year	<u>\$ 3,979,454</u>	<u>\$ (47,000)</u>	<u>\$ 3,932,454</u>