



***North Island 9-1-1 Corporation
Financial Statements
Year Ended December 31, 2024***

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

**Board of Directors
As at December 31, 2024**

| | |
|---------------------------------------|--------------|
| Alberni-Clayoquot Regional District | B. Beckett |
| qathet Regional District | R. Southcott |
| Comox Valley Regional District | K. Grant |
| Regional District of Mount Waddington | A. Hory |
| Regional District of Nanaimo | S. McLean |
| Strathcona Regional District | J. Rice |

North Island 9-1-1 Corporation
Financial Statements
Year ended December 31, 2024

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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 'Lucy Wiwcharuk', written over a horizontal line.

Lucy Wiwcharuk, CPA, CMA
Chief Financial Officer
Comox Valley Regional District

March 28, 2025

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

Qualified 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, 2024, and the statements of operations and accumulated surplus, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2024, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

As at December 31, 2024 the Corporation has recorded an asset retirement obligation of \$396,348 for remediation costs related to communication towers and equipment on leased properties. Due to a lack of supporting documentation for management's estimates for the costs related to returning leased sites to their natural state, we were unable to obtain sufficient appropriate audit evidence. Consequently, we were not able to determine whether any adjustments would be necessary to asset retirement obligations, tangible capital assets, amortization and accretion expenses, annual surplus (deficit), accumulated surplus or change in net financial assets (net debt) for the year ended December 31, 2024.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements 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 qualified opinion.

Responsibilities of Management and Those Charged with Governance 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.

- 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 28, 2025

MNP LLP

Chartered Professional Accountants

North Island 9-1-1 Corporation
Statement of Financial Position
December 31, 2024

| | <u>2024</u> | <u>2023</u> |
|--|---------------------|---------------------|
| Financial Assets | | |
| Cash | \$ 1,406,974 | \$ 393,578 |
| Security deposits | 1,000 | 1,000 |
| Accounts receivable (Note 4 and Note 6) | 463,984 | 1,776,719 |
| Total Financial Assets | <u>1,871,958</u> | <u>2,171,297</u> |
| Liabilities | | |
| Accounts payable and accrued liabilities (Note 5 and Note 6) | 162,010 | 157,858 |
| Deferred revenue (Note 8) | 865,066 | 990,473 |
| Asset retirement obligations (Note 12) | 396,348 | 378,786 |
| Total Liabilities | <u>1,423,424</u> | <u>1,527,117</u> |
| Net Financial Assets | <u>448,534</u> | <u>644,180</u> |
| Non-Financial Assets | | |
| Prepaid expenses | 736,392 | 207,106 |
| Inventories | 77,468 | 77,468 |
| Tangible capital assets (Schedule A) | 924,202 | 892,193 |
| Total Non-Financial Assets | <u>1,738,062</u> | <u>1,176,767</u> |
| Accumulated Surplus (Note 7) | <u>\$ 2,186,596</u> | <u>\$ 1,820,947</u> |

Commitments (Note 11)
Contractual Rights (Note 14)
Subsequent Event (Note 13)



Lucy Wiwcharuk, CPA, CMA
Chief Financial Officer
Comox Valley Regional District



Andrew Hory
Vice - President

North Island 9-1-1 Corporation
Statement of Operations and Accumulated Surplus
Year ended December 31, 2024

| | 2024 Budget (Note 10) | 2024 Actual | 2023 Actual |
|--|-----------------------------|------------------------|----------------|
| Revenue | | | |
| Contributions from local governments (Note 15) | \$ 2,996,513 | \$ 2,996,513 | \$ 2,756,682 |
| Sales of service - other local governments | 774,368 | 824,489 | 603,439 |
| Grant revenue (Note 8) | 650,561 | 125,754 | 527,867 |
| Other revenue | 90,550 | 143,071 | 123,676 |
| Sub-license revenue | 40,100 | 28,183 | 45,570 |
| Interest | 5,000 | 118,203 | 26,635 |
| Gain on disposal of tangible capital assets | - | 21,050 | - |
| Total Revenue | 4,557,092 | 4,257,263 | 4,083,869 |
| Expenses | | | |
| Administrative and support services (Note 6) | 175,000 | 175,000 | 132,600 |
| Mapping and information technology support services (Note 6) | 197,818 | 190,460 | 191,813 |
| Advertising | 5,000 | - | - |
| Amortization | 184,390 | 184,390 | 171,024 |
| Accretion expenses (Note 12) | - | 17,562 | 16,784 |
| Bank charges and interest | 1,000 | 1,513 | 1,453 |
| Contract services - City of Campbell River fire dispatch | 1,799,000 | 1,801,405 | 1,481,000 |
| Contract services - E-Comm PSAP call answer services | 589,326 | 589,330 | 610,190 |
| Insurance | 52,961 | 62,682 | 53,308 |
| Licences and permits | 319,387 | 310,250 | 226,698 |
| Minor capital | 97,200 | 19,101 | 32,327 |
| Office supplies and other | 4,850 | 3,959 | 2,868 |
| Professional fees | 37,000 | 32,009 | 41,929 |
| Property taxes | 1,305 | 1,418 | 1,309 |
| Rental/lease - land/machine and equipment | 36,496 | 32,665 | 48,313 |
| Repairs and maintenance | 81,000 | 79,696 | 67,618 |
| Telecommunications | 186,818 | 196,513 | 185,343 |
| Travel and training | 71,102 | 55,353 | 20,986 |
| Wages and employee benefits | 148,874 | 138,308 | 133,213 |
| Total Expenses | 3,988,527 | 3,891,614 | 3,418,776 |
| Annual Surplus | 568,565 | 365,649 | 665,093 |
| Accumulated Surplus, beginning of year | 1,820,947 | 1,820,947 | 1,155,854 |
| Accumulated Surplus, end of year | \$ 2,389,512 | \$ 2,186,596 | \$ 1,820,947 |

North Island 9-1-1 Corporation
Statement of Change in Net Financial Assets (Net Debt)
Year ended December 31, 2024

| | 2024 Budget (Note 10) | 2024 Actual | 2023 Actual |
|---|-----------------------------|------------------------|-------------------|
| Annual Surplus | \$ 568,565 | \$ 365,649 | \$ 665,093 |
| Acquisition of tangible capital assets | (921,031) | (216,399) | (104,111) |
| Amortization of tangible capital assets | (184,390) | 184,390 | 171,024 |
| Change in prepaid expenses | - | (529,286) | 357,358 |
| Change in inventories | - | - | (77,468) |
| Loss (Gain) on disposal of tangible capital assets | - | (21,050) | - |
| Proceeds from disposal of tangible capital assets | - | 21,050 | - |
| Change in Net Financial Assets (Net Debt) | (536,856) | (195,646) | 1,011,896 |
| Net Financial Assets (Net Debt), beginning of year | 644,180 | 644,180 | (367,716) |
| Net Financial Assets, end of year | \$ 107,324 | \$ 448,534 | \$ 644,180 |

North Island 9-1-1 Corporation
Statement of Cash Flows
Year ended December 31, 2024

| | <u>2024</u> | <u>2023</u> |
|---|----------------------------|--------------------------|
| Operating Transactions | | |
| Annual Surplus | \$ 365,649 | \$ 665,093 |
| Changes in non-cash operating balances | | |
| Receivables | 1,312,735 | (1,593,511) |
| Payables and accrued liabilities | 4,152 | (145,655) |
| Prepaid expenses | (529,286) | 357,358 |
| Deferred revenue | (125,407) | 973,473 |
| Inventories | - | (77,468) |
| Items not utilizing cash | | |
| Accretion expenses | 17,562 | 16,784 |
| Gain on disposal of tangible capital assets | (21,050) | - |
| Amortization of tangible capital assets | 184,390 | 171,024 |
| Cash Provided by Operating Transactions | <u>1,208,745</u> | <u>367,098</u> |
| Capital Transactions | | |
| Proceeds on disposal of tangible capital assets | 21,050 | - |
| Acquisition of tangible capital assets | (216,399) | (104,111) |
| Cash Used for Capital Transactions | <u>(195,349)</u> | <u>(104,111)</u> |
| Increase in Cash | 1,013,396 | 262,987 |
| Cash, beginning of year | <u>393,578</u> | <u>130,591</u> |
| Cash, end of year | <u>\$ 1,406,974</u> | <u>\$ 393,578</u> |

North Island 9-1-1 Corporation
Notes to the Financial Statements
Year ended December 31, 2024

1. Purpose

The North Island 9-1-1 Corporation (the Corporation) was incorporated under the British Columbia *Business Corporations Act* 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 9), 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) Non-financial Assets

Non-financial assets include prepaid expenses, inventories 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.

c) 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 |
| Radio and satellite systems | 7-10 years |
| Communication towers and equipment shelters | 30-40 years |

North Island 9-1-1 Corporation
Notes to the Financial Statements
Year ended December 31, 2024

2. Significant Accounting Policies (continued)

d) Revenue Recognition

The Corporation recognizes revenue based on contributions collected annually from the regional districts in the shareholders service area. Revenue from transactions with performance obligations is recognized when (or as) the performance obligation is satisfied. Sales of services and sub-license revenue are recognized as revenue at the time the services or products are provided, and when collectability is reasonably assured. Deferred revenue consists of sub-license revenue received during the year that relates to future periods and a grant related to the implementation of Next Generation 911 received in a prior year which remains partially unspent at year end. Other revenue and interest are recorded when earned.

e) 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, 2024 as no such sites exist.

North Island 9-1-1 Corporation
Notes to the Financial Statements
Year ended December 31, 2024

2. Significant Accounting Policies (continued)

f) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring management estimates are accounts receivable, the determination of amortization of tangible capital assets, the determination of asset retirement obligations 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.

g) Asset Retirement Obligation

An asset retirement obligation ("ARO") is recognized when, as at the financial reporting date:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for the decommission of communication infrastructure owned by the corporation has been recognized based on estimated future expenses. Under the modified retrospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard. Assumptions used in the subsequent calculations will be revised only when significant changes apply.

The liability is discounted using a present value calculation, adjusted yearly for accretion expense. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The capital assets affected are being amortized in accordance with the accounting policies outlined in (c).

North Island 9-1-1 Corporation
Notes to the Financial Statements
Year ended December 31, 2024

2. Significant Accounting Policies (continued)

h) Financial Instruments

Financial instruments are classified into two categories fair value or cost.

(i) Fair value category: investments quoted in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date.

Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and related balances reversed from the Statement of Remeasurement Gains and Losses. The Corporation does not have any financial instruments classified in the fair value category as at December 31, 2024.

(ii) Cost category: investments not quoted in an active market, financial assets and liabilities are recorded at cost or amortized cost. Gains and losses are recognized in the Statement of Operations when the financial asset is derecognized due to disposal or impairment. Sales and purchases of investments are recorded on the trade date.

Transaction costs related to the acquisition of financial assets are included in the cost of the related instrument.

Financial assets are assessed for impairment on an annual basis. If there is an indicator of impairment, the Corporation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial adjusted cost base.

North Island 9-1-1 Corporation
Notes to the Financial Statements
Year ended December 31, 2024

3. Change in Accounting Policies

a) PS 3400 - Revenue

Effective January 1, 2024, the Corporation adopted the Public Sector Accounting Board's (PSAB) new accounting standard PS3400, Revenue ("PS 3400"). Under the new accounting standard, there are two types of revenue transactions being exchange and non-exchange. If the transaction creates one or more performance obligations, it is an exchange transaction. If no performance obligations exist, it is a non-exchange transaction. The Corporation assessed the impact of adopting PS 3400 and has found that there are no resulting impacts on the financial statements.

b) PSG-8 - Purchased Intangibles

Effective January 1, 2024, the Corporation adopted the Public Sector Guideline PSG-8, Purchased Intangibles. PSG-8 defines purchased intangibles as identifiable non-monetary economic resources without physical substance acquired through an arm's length exchange transaction. Management assessed the impact of PSG-8, and found that at present no such items meet the criteria to be recognized as a purchased intangible.

4. Accounts receivable

| | 2024 | 2023 |
|--------------------------------|-------------------|---------------------|
| Government of Canada | \$ 41,634 | \$ 34,712 |
| Province of British Columbia | - | 7,000 |
| Regional and local governments | 408,623 | 1,712,761 |
| Other trade receivables | 13,727 | 22,246 |
| | \$ 463,984 | \$ 1,776,719 |

5. Accounts payable and accrued liabilities

| | 2024 | 2023 |
|--|-------------------|-------------------|
| Government of Canada | \$ 8,280 | \$ 5,617 |
| Province of British Columbia | 23,106 | 17,206 |
| Regional and local governments | 81,262 | 119,849 |
| Other trade payables and accrued liabilities | 49,362 | 15,186 |
| | \$ 162,010 | \$ 157,858 |

North Island 9-1-1 Corporation
Notes to the Financial Statements
Year ended December 31, 2024

6. Related Party Transactions

During the year, one of the shareholders, the Comox Valley Regional District, provided administrative and information technology support services and the services of a mapping coordinator, in the amount of \$365,460 (2023 - \$324,413) to the Corporation.

Payables to regional and local governments at year end include \$56,265 (2023 - \$119,849) due to the Comox Valley Regional District.

Accounts receivable at year end includes \$ Nil (2023 - \$1,500,000) due from the Comox Valley Regional District.

7. Accumulated Surplus

| | <u>2024</u> | <u>2023</u> |
|---------------------------------------|---------------------|---------------------|
| Equity in tangible capital assets | \$ 924,202 | \$ 892,193 |
| Unappropriated surplus | 51,921 | 421,150 |
| General operating contingency reserve | 221,604 | 103,573 |
| Future expenditure reserve | 938,402 | 353,564 |
| Insurance reserve | 50,367 | 50,367 |
| Share capital (Note 9) | 100 | 100 |
| | <u>\$ 2,186,596</u> | <u>\$ 1,820,947</u> |

The reserve for future expenditures was established to provide for the expenditure for new capital works, machinery and equipment and the replacement of existing equipment and communication infrastructure. The insurance reserve represents self-insurance to assist with any deductible arising from insurance claims.

8. Deferred Revenue

| | <u>2024</u> | <u>2023</u> |
|-----------------------------|-------------------|-------------------|
| Sub-license advance payment | \$ 18,687 | \$ 18,340 |
| Next Generation 911 grant | 846,379 | 972,133 |
| | <u>\$ 865,066</u> | <u>\$ 990,473</u> |

The Corporation received a \$1,500,000 grant related to the implementation of Next Generation 911 during 2023. The grant funds may be used towards specific eligible costs under the program. The following is a schedule of the Next Generation 911 grant receipts and spending.

| | <u>2024</u> | <u>2023</u> |
|--|-------------------|-------------------|
| Opening balance | \$ 972,133 | \$ - |
| Add: Amounts received during the year | - | 1,500,000 |
| Less: Amounts expended during the year | (125,754) | (527,867) |
| Closing balance of unspent funds | <u>\$ 846,379</u> | <u>\$ 972,133</u> |

North Island 9-1-1 Corporation
Notes to the Financial Statements
Year ended December 31, 2024

9. Share Capital

The Corporation entered into an updated shareholder agreement in September 2023 with the member Regional Districts. The number of shares issued to each Regional District was reallocated per the table below.

Authorized: 10,000 Class "A" common voting shares (2023 -10,000 shares) without par value.

Issued: 100 Class "A" shares (2023 - 100 shares). as follows:

| | 2024 | 2023 |
|---------------------------------------|----------------------|----------------------|
| Regional District of Mount Waddington | \$ 4 | \$ 4 |
| Strathcona Regional District | 19 | 19 |
| Comox Valley Regional District | 31 | 31 |
| qathet Regional District | 8 | 8 |
| Regional District of Nanaimo | 24 | 24 |
| Alberni-Clayoquot Regional District | 14 | 14 |
| | <u>\$ 100</u> | <u>\$ 100</u> |

10. Restatement of Budget

The budget amounts presented throughout these financial statements represent the budget approved by the Corporation's board on March 15, 2024

The budget was prepared on a modified accrual basis while Canadian public sector accounting standards require financial statements to be prepared on a full accrual basis.

The budget anticipated use of surpluses and reserves accumulated in prior years to reduce current year expenditures in excess of current year revenues. In addition, capital acquisitions were recognized as capital expenditures in the budget rather than amortization expense. While the Board does not budget for amortization expense, it has been added to the Statement of Operations for comparability purposes.

The summary below reconciles the 2024 approved budget to the Statement of Operations.

| | |
|---|--------------------------|
| Budgeted surplus, as approved on March 15, 2024 | \$ - |
| Add: | |
| Capital acquisitions | 921,031 |
| Budgeted transfers to reserves | 835,007 |
| Less: | |
| Transfers from reserves | (235,971) |
| Transfers from previous years' surplus | (767,112) |
| Amortization | (184,390) |
| Budgeted Annual Surplus, as restated | <u>\$ 568,565</u> |

North Island 9-1-1 Corporation
Notes to the Financial Statements
Year ended December 31, 2024

11. Commitments

On October 5, 2022, the Corporation entered into an agreement with the City of Campbell River for the provision of fire dispatch services. The agreement, which expires December 31, 2025, may be extended for an additional two year term, provided that both parties agree to the operating costs for the additional term. The agreement was amended on February 13, 2024 and has a remaining commitment of up to \$2,009,000.

12. Asset Retirement Obligations

Asset Retirement Obligations represent the legal obligations associated with the retirement of a tangible capital asset that result from its acquisition, construction, development, or normal use. Where cash flows are expected over future periods, the liability is recognized using a present value technique wherein cash flows are discounted using a discount rate of 4.67% and the estimated liabilities at retirement are based on a 2% inflation rate based on the midpoint of Bank of Canada's target inflation range of 1% to 3%.

The Corporation owns and operates several communication towers located on sites that are known to have legal obligations to remove the towers at a future date. Following the adoption of PS 3280 Asset retirement obligations, the Corporation recognized an obligation as estimated at December 31, 2023.

Changes to the asset retirement obligations for the year ended are summarized in the table below:

| | <u>2024</u> | <u>2023</u> |
|--|-------------------|-------------------|
| Opening balance | \$ 378,786 | \$ 362,002 |
| Liability incurred in the current period | - | - |
| Liability settled in the current | - | - |
| Accretion expense | 17,562 | 16,784 |
| Closing balance | <u>\$ 396,348</u> | <u>\$ 378,786</u> |

13. Subsequent Event

On January 22, 2025, the Corporation extended their agreement with E-Comm Emergency Communications for Southwest British Columbia Incorporated until December 31, 2025 for the provision of public safety answer point (PSAP) services. The remaining commitment for this extension is approximately \$607,010.

North Island 9-1-1 Corporation
Notes to the Financial Statements
Year ended December 31, 2024

14. 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 two contracts.

The Corporation entered into a contract in June 2021 with the Cowichan Valley Regional District for the provision of secondary safety answering point services for fire dispatch to the regional district's 15 fire departments. The contractual rights arising from this agreement will result in future assets and revenues as follows:

| | | |
|------|-----------|----------------|
| 2025 | \$ | 307,346 |
| 2026 | | 161,727 |
| | \$ | 469,073 |

The Corporation entered into a contract in March 2022 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:

| | | |
|------|-----------|----------------|
| 2025 | \$ | 195,210 |
| 2026 | | 200,918 |
| | \$ | 396,128 |

15. Contributions from local governments

| | <u>2024</u> | <u>2023</u> |
|-------------------|----------------------------|----------------------------|
| Comox Valley | \$ 935,087 | \$ 861,793 |
| Nanaimo | 728,874 | 670,723 |
| Strathcona | 562,078 | 518,714 |
| Alberni-Clayoquot | 410,788 | 376,119 |
| qathet | 254,566 | 232,016 |
| Mount Waddington | 105,120 | 97,317 |
| | <u>\$ 2,996,513</u> | <u>\$ 2,756,682</u> |

North Island 9-1-1 Corporation
Notes to the Financial Statements
Year ended December 31, 2024

16. Comparative Figures

The comparative figures have been restated to conform with the current year's presentation.

17. Financial Instruments

The Corporation's financial instruments consist of cash, security deposits, accounts receivables, accounts payables 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.

North Island 9-1-1 Corporation
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2024

| | Office Equipment & Furniture | Vehicles | IT Infrastructure | Communication Infrastructure | Work in Progress | 2024 Total | 2023 Total |
|--|------------------------------------|-------------------|----------------------|---------------------------------|---------------------|-------------------|-------------------|
| COST | | | | | | | |
| Opening Balance | \$ 83,613 | \$ 141,359 | \$ 784,455 | \$ 2,042,988 | \$ 40,882 | \$ 3,093,297 | \$ 2,994,568 |
| Add: Additions | 3,670 | 86,434 | 48,258 | 42,863 | 35,174 | 216,399 | 104,111 |
| Less: Disposals | - | (53,534) | - | - | - | (53,534) | (5,382) |
| Closing Balance | 87,283 | 174,259 | 832,713 | 2,085,851 | 76,056 | 3,256,162 | 3,093,297 |
| ACCUMULATED AMORTIZATION | | | | | | | |
| Opening Balance | \$ 63,559 | \$ 81,119 | \$ 716,224 | \$ 1,340,202 | \$ - | \$ 2,201,104 | \$ 2,035,462 |
| Add: Amortization | 5,939 | 20,589 | 37,705 | 120,157 | - | 184,390 | 171,024 |
| Less: Accumulated Amortization on Disposals | - | (53,534) | - | - | - | (53,534) | (5,382) |
| Closing Balance | 69,498 | 48,174 | 753,929 | 1,460,359 | - | 2,331,960 | 2,201,104 |
| Net Book Value for year ended December 31, 2024 | \$ 17,785 | \$ 126,085 | \$ 78,784 | \$ 625,492 | \$ 76,056 | \$ 924,202 | \$ 892,193 |