



Grant Thornton

Financial Statements

NL 911 Bureau Inc.

For the period ended July 31, 2022

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Statement of responsibility

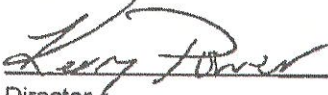
The accompanying financial statements are the responsibility of the management of the NL 911 Bureau Inc. ("NL 911") and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered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


Deputy Minister


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 July 31, 2022, and the statements of operations and change in accumulated surplus, net financial assets, and cash flows for the period 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 July 31, 2022, and the results of its operations and change in accumulated surplus, net financial assets, and its cash flows for the period 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
June 29, 2023

Chartered Professional Accountants

NL 911 Bureau Inc.
Statement of Financial Position

(Note 11)

July 31,
2022

March 31,
2022

Financial assets

Cash and cash equivalents	\$ 1,012,487	\$20,461,293
Receivables (Note 3)	892,345	558,462
Due from Government (Note 4)	<u>19,229,634</u>	<u>-</u>

21,134,466 21,019,755

Liabilities

Payables and accruals (Note 5)	<u>253,131</u>	<u>1,132,880</u>
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Net financial assets

20,881,335 19,886,875

Non-financial assets

Tangible capital assets (Page 13)	56,865	66,124
Prepays	<u>40,674</u>	<u>56,317</u>

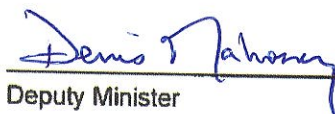
97,539 122,441

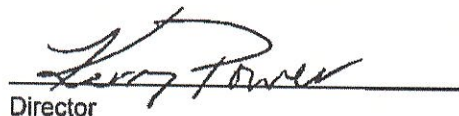
Accumulated surplus (Note 6)

\$20,978,874 \$20,009,316

Commitment (Note 7)

On behalf of NL 911


Deputy Minister


Director

See accompanying notes and schedules to the financial statements.

NL 911 Bureau Inc.

Statements of Operations and Change in Accumulated Surplus

For the four months ended	(Note 10) Budget July 31, 2022	Actual July 31, 2022	(Note 11) Actual March 31, 2022
Revenue			
Fees	\$ 2,009,798	\$ 2,022,977	\$ 6,046,862
Billing and collection charges	(187,581)	(188,333)	(564,372)
Allowance for bad debts incurred by telecommunication service providers (Note 8)	<u>(20,432)</u>	<u>(16,808)</u>	<u>(49,739)</u>
	1,801,785	1,817,836	5,432,751
Interest income	<u>52,000</u>	<u>108,094</u>	<u>163,969</u>
	<u>1,853,785</u>	<u>1,925,930</u>	<u>5,596,720</u>
Expenses (Page 14)			
Public Safety Answering Point centres	723,552	669,196	2,015,083
Management, administration, and operations	<u>312,608</u>	<u>287,176</u>	<u>878,264</u>
	<u>1,036,160</u>	<u>956,372</u>	<u>2,893,347</u>
Annual surplus	<u>817,625</u>	<u>969,558</u>	<u>2,703,373</u>
Accumulated surplus, beginning of year	<u>20,009,316</u>	<u>20,009,316</u>	<u>17,305,943</u>
Accumulated surplus, end of year	<u>\$20,826,941</u>	<u>\$20,978,874</u>	<u>\$20,009,316</u>

See accompanying notes and schedules to the financial statements.

NL 911 Bureau Inc.
Statement of Net Financial Assets

For the four months ended	(Note 10) Budget July 31, 2022	Actual July 31, 2022	(Note 11) Actual March 31, 2022
Annual surplus	\$ 817,625	\$ 969,558	\$ 2,703,373
Acquisition of tangible capital assets	(8,904)	-	(10,889)
Amortization of tangible capital assets	15,817	9,259	48,708
Decrease (increase) in prepaids	-	15,643	(1,064)
Increase in net financial assets	824,538	994,460	2,740,128
Net financial assets, beginning of year	<u>19,886,875</u>	<u>19,886,875</u>	<u>17,146,747</u>
Net financial assets, end of year	<u>\$20,711,413</u>	<u>\$20,881,335</u>	<u>\$19,886,875</u>

See accompanying notes and schedules to the financial statements.

NL 911 Bureau Inc.
Statement of Cash Flows
For the four months ended

(Note 11)

July 31,
2022

March 31,
2022

Decrease (increase) in cash and cash equivalents

Operating

Annual surplus \$ 969,558 \$ 2,703,373

Change in non-cash items

Amortization of tangible capital assets 9,259 48,708

Change in non-cash operating working capital

Receivables (333,883) (3,871)

Due from Government (Note 4) (19,229,634) -

Payables and accruals (879,749) 121,582

Prepays 15,643 (1,064)

Cash provided by operating transactions (19,448,806) 2,868,728

Capital

Purchase of tangible capital assets - (10,889)

Net (decrease) increase in cash and cash equivalents (19,448,806) 2,857,839

Cash and cash equivalents, beginning of year 20,461,293 17,603,454

Cash and cash equivalents, end of year \$ 1,012,487 \$20,461,293

See accompanying notes and schedules to the financial statements.

NL 911 Bureau Inc.
Notes to the Financial Statements
July 31, 2022

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.

NL 911 is subject to significant restructuring by the Government of Newfoundland and Labrador effective August 1, 2022. See Note 11 of these financial statements for further details.

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.

NL 911 Bureau Inc.

Notes to the Financial Statements

July 31, 2022

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;
- due from Government; 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

July 31, 2022

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 and due from Government.

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	July 31, 2022	March 31, 2022
Remittances due from telecommunication service providers	\$ 892,345	\$ 557,771
Harmonized sales tax receivable	-	691
	<u>\$ 892,345</u>	<u>\$ 558,462</u>

4. Due from Government

In advance of the restructuring transaction described in Note 11, the Government of Newfoundland and Labrador requested that NL 911 transfer cash of \$19,229,634 to it on July 31, 2022. The *Emergency 911 Act* was not repealed and replaced until August 1, 2022, therefore NL 911 still maintained ownership rights to the \$19,229,634 of cash on July 31, 2022.

5. Payables and accruals	July 31, 2022	March 31, 2022
Trade	\$ 33,024	\$ 70,529
PSAPs	167,298	1,042,063
Harmonized sales tax payable	7,823	-
Payroll and vacation pay accruals	<u>44,986</u>	<u>20,288</u>
	<u>\$ 253,131</u>	<u>\$ 1,132,880</u>

NL 911 Bureau Inc. Notes to the Financial Statements

July 31, 2022

6. 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.

7. Commitment

NL 911 is committed to future lease payments for office space in the following fiscal years: March 31, 2023 - \$65,667; March 31, 2024 - \$98,500; March 31, 2025 - \$90,292.

8. 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.

9. 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 July 31, 2022.

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 \$892,345 (March 31, 2022 - \$557,771) and due from Government of \$19,229,634 (March 31, 2022 - \$Nil). 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 \$226,142 (March 31, 2022 - \$1,129,745). 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.

NL 911 Bureau Inc. Notes to the Financial Statements

July 31, 2022

10. 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. For presentation purpose of these four months ended financial statements, the approved financial plan has also been presented in this schedule for the four month period ended July 31, 2022.

11. Subsequent adoption of changes to legislation

On August 1, 2022, the Government of Newfoundland and Labrador ("the Government") officially repealed the original *Emergency 911 Act* and replaced it with the new *Emergency 911 Act, 2022* which transferred all assets and rights, and all liabilities and obligations of NL 911 to Government. The Government also legally took over all contracts of which NL 911 was party to. The responsibilities formerly held by NL 911 are now the responsibilities of the 911 Division of the Department of Justice and Public Safety under the Government of Newfoundland and Labrador. The Government announced during its presentation of the 2021 provincial budget that this restructuring was part of its realignment/greater accountability plan for crown corporations and organizations, aimed at improving accountability, improving performance, and eliminating duplicate expenses and finding cost savings. All the assets and liabilities at July 31, 2022 presented in these financial statements were transferred to the Government, creating a restructuring expense for NL 911 of \$20,978,874 on August 1, 2022. There were no restructuring costs incurred by NL 911, nor any compensation received by it under the terms of restructuring.

As a result of the restructuring, the current year figures are for the four month period ended July 31, 2022 and the prior year comparative figures are for the twelve month period ended March 31, 2022.

NL 911 Bureau Inc.
Schedule of Tangible Capital Assets
Period Ended July 31, 2022

	Office furniture and equipment	Computer equipment	Computer software	July 31, 2022	(Note 11) March 31, 2022
Cost					
Cost, beginning of period	\$ 35,822	\$ 132,680	\$ 234,302	\$ 402,804	\$ 391,915
Additions during the year	-	-	-	-	10,889
Cost, end of period	<u>\$ 35,822</u>	<u>\$ 132,680</u>	<u>\$ 234,302</u>	<u>\$ 402,804</u>	<u>\$ 402,804</u>
Accumulated Amortization					
Accumulated amortization, beginning of period	\$ 25,961	\$ 96,981	\$ 213,738	\$ 336,680	\$ 287,972
Amortization	<u>658</u>	<u>6,545</u>	<u>2,056</u>	<u>9,259</u>	<u>48,708</u>
Accumulated amortization end of period	<u>\$ 26,619</u>	<u>\$ 103,526</u>	<u>\$ 215,794</u>	<u>\$ 345,939</u>	<u>\$ 336,680</u>
Net book value of tangible capital assets	<u>\$ 9,203</u>	<u>\$ 29,154</u>	<u>\$ 18,508</u>	<u>\$ 56,865</u>	<u>\$ 66,124</u>

NL 911 Bureau Inc.
Schedule of Expenses
For the four months ended

(Note 11)

July 31,
2022

March 31,
2022

Public Safety Answering Point centres

St. John's	\$ 403,482	\$ 1,227,552
Corner Brook	<u>265,714</u>	<u>787,531</u>
	<u>669,196</u>	<u>2,015,083</u>

Management, administration, and operations

Advertising and public relations	7,965	61,695
Amortization	9,259	48,708
Bad debts	-	2,435
Board meetings	3,245	5,115
Communications	6,986	42,218
Computer expense	3,308	10,220
Conferences and training	3,941	11,499
Consulting - IT	8,753	25,322
Insurance	3,941	11,443
Interest and bank charges	10	55
Meetings	54	805
Miscellaneous	1,368	1,158
Office space rental	32,833	98,500
Office supplies and printing	1,246	1,047
Professional fees	25,695	22,308
Professional fees - T911	8,761	26,282
Salaries and benefits	164,951	504,103
Travel	<u>4,860</u>	<u>5,351</u>
	<u>287,176</u>	<u>878,264</u>

Total expenses

\$ 956,372 **\$ 2,893,347**

NL 911 Bureau Inc.

Schedule of Reconciliation of the Financial Plan to the Budget

For the four months ended July 31, 2022

	<u>2022-23 Financial Plan</u>	<u>Adjustments</u>	<u>2022-23 PSAS Budget</u>	<u>PSAS budget prorated to July 31</u>
Revenue				
Fees	\$ 6,029,393	\$ -	\$ 6,029,393	\$ 2,009,798
Billing and collection charges	(562,743)	-	(562,743)	(187,581)
Allowance for bad debts incurred by telecommunication service providers (Note 7)	<u>(61,297)</u>	<u>-</u>	<u>(61,297)</u>	<u>(20,432)</u>
	5,405,353	-	5,405,353	1,801,785
Interest income	<u>156,000</u>	<u>-</u>	<u>56,000</u>	<u>52,000</u>
	<u>5,561,353</u>	<u>-</u>	<u>5,561,353</u>	<u>1,853,785</u>
Expenses				
Public Safety Answering Point centres	2,170,657	-	2,170,657	723,552
Management, administration, and operations	<u>964,535</u>	<u>(26,712)</u>	<u>937,823</u>	<u>312,608</u>
	<u>3,135,192</u>	<u>(26,712)</u>	<u>3,108,480</u>	<u>1,036,160</u>
Annual surplus	<u>2,426,161</u>	<u>26,712</u>	<u>2,452,873</u>	<u>817,625</u>
Accumulated surplus, beginning of year	<u>20,009,316</u>	<u>-</u>	<u>20,009,316</u>	<u>20,009,316</u>
Accumulated surplus, end of year	<u>\$22,435,477</u>	<u>\$ 26,712</u>	<u>\$22,462,189</u>	<u>\$20,826,941</u>