

NOVA SCOTIA E911 COST RECOVERY FUND

FINANCIAL STATEMENTS
for the year ended March 31, 2009

LYLE TILLEY DAVIDSON
Chartered Accountants



AUDITOR'S REPORT

To the Minister responsible for the **Nova Scotia E911 Cost Recovery Fund**

We have audited the statement of financial position of **Nova Scotia E911 Cost Recovery Fund** (the "Fund") as at March 31, 2009 and the statements of operations and fund equity and cash flow for the year then ended. These financial statements are the responsibility of the fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Fund is managed by the Nova Scotia Emergency Management Office (EMO), and the EMO and the Government of Nova Scotia have the ability to incur expenses on behalf of the Fund, which may not have been charged to the Fund; therefore, the completeness of the expenses of the Fund are not susceptible to satisfactory audit verification. Accordingly, our verification of these expenses was limited to the amounts recorded in the records of the Fund and we were not able to determine whether any adjustments might be necessary to expenses, excess of revenues over expenses, current liabilities, net assets and Fund equity.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the expenses referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the fund as at March 31, 2009 and the results of its operations and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads "Lyle Tilley Davidson". The signature is written in a cursive, flowing style.

CHARTERED ACCOUNTANTS

Halifax, Nova Scotia

June 19, 2009

NOVA SCOTIA E911 COST RECOVERY FUND
 STATEMENT OF FINANCIAL POSITION
as at March 31, 2009

	2009	2008
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 6,592,634	\$ 6,314,102
Accounts receivable (note 3)	990,706	1,021,260
Accrued interest receivable	676	5,804
	\$ 7,584,016	\$ 7,341,166
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 2,647,868	\$ 215,120
Amount due to Province of Nova Scotia	1,843,327	1,544,505
	4,491,195	1,759,625
FUND EQUITY		
FUND EQUITY	3,092,821	5,581,541
	\$ 7,584,016	\$ 7,341,166

Signed on behalf of the Board

_____ Director

_____ Director

NOVA SCOTIA E911 COST RECOVERY FUND
 STATEMENT OF OPERATIONS AND FUND EQUITY
 for the year ended March 31, 2009

	2009 Budget	2009 Actual	2008 Actual
REVENUE			
Fees	\$ 7,283,000	\$ 5,553,083	\$ 6,825,269
Billing and collection charges	(1,186,000)	(901,163)	(1,099,218)
Allowance for bad debts incurred by carriers (note 4)	(60,000)	(48,114)	(55,949)
	6,037,000	4,603,806	5,670,102
INVESTMENT INCOME	263,000	145,512	226,234
	6,300,000	4,749,318	5,896,336
OPERATING EXPENSES			
911 management, administration and operation (schedule)	3,567,000	3,425,140	3,190,589
IWK Poison Centre Operations	731,000	731,461	813,300
Service Nova Scotia and municipal relations digital Municipalities	410,000	410,000	462,620
Department of Transportation distance markers	301,400	301,437	299,149
	10,000	10,000	5,088
	5,019,400	4,878,038	4,770,746
	1,280,600	(128,720)	1,125,590
OTHER EXPENSES			
Refund of revenue (note 6)	-	(2,360,000)	-
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE) FOR THE YEAR	1,280,600	(2,488,720)	1,125,590
FUND EQUITY - BEGINNING OF YEAR		5,581,541	4,455,951
FUND EQUITY - END OF YEAR		\$ 3,092,821	\$ 5,581,541

NOVA SCOTIA E911 COST RECOVERY FUND

STATEMENT OF CASH FLOW for the year ended March 31, 2009

	2009	2008
CASH FLOW FROM OPERATING ACTIVITIES		
Excess of revenue over expenses (expenses over revenue) for the year	\$(2,488,720)	\$ 1,125,590
Changes in non-cash working capital:		
Accounts receivable	30,557	(12,430)
Accrued interest receivable	5,128	7,980
Accounts payable and accrued liabilities	2,432,745	215,120
Amount due to Province of Nova Scotia	298,822	(672,655)
INCREASE IN CASH DURING THE YEAR	278,532	663,605
CASH AND EQUIVALENTS - BEGINNING OF YEAR	6,314,102	5,650,497
CASH AND EQUIVALENTS - END OF YEAR	\$ 6,592,634	\$ 6,314,102
Cash and equivalents is comprised of the following:		
Cash	\$ 1,515,299	\$ 23,495
Short-term investments	5,077,335	6,290,607
	\$ 6,592,634	\$ 6,314,102

NOVA SCOTIA E911 COST RECOVERY FUND

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2009

1. DESCRIPTION OF THE FUND

The Nova Scotia E911 Cost Recovery Fund (the "Fund") was established on February 2, 2001, pursuant to the *Emergency 911 Act*. The purpose of the Fund is to recover costs incurred to carry out Emergency 911 operations by charging a monthly fee to telephone subscribers in Nova Scotia.

On behalf of the Province of Nova Scotia, the 911 service is managed, operated and administered by the Nova Scotia Emergency Management Office. These financial statements do not include the assets and liabilities of the Nova Scotia Emergency Management Office.

2. ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents consist of amounts held on account at financial institutions and short-term investments readily convertible to cash.

Revenue

The Fund recognizes revenue when remittances from carriers owe and collections of the resulting receivable is probable. Any cumulative excess of revenue over expenses of the Fund are deferred to cover cost of operations in future years.

Capital expenditures

Expenditures of a capital nature are expensed in the Fund as the resultant assets are owned and operated by the Nova Scotia Emergency Management Office.

Financial instruments

The Fund's financial instruments are classified as follows:

Held for trading:

Cash and cash equivalents

Loans and receivables:

Accounts receivable

Accrued interest receivable

Other liabilities:

Accounts payable and accrued liabilities

Amount due to the Province of Nova Scotia

The fund is exposed to credit risk by its customers and suppliers. However, because of the large number of customers and different suppliers, credit risk concentration has been reduced to a minimum.

The fair value of the short-term investments are determined by the closing market value for these investments.

NOVA SCOTIA E911 COST RECOVERY FUND

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2009

2. ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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. Actual results may differ from these estimates.

3. ACCOUNTS RECEIVABLE

Accounts receivable represents the net of gross fees receivable less a provision for bad debts and collection charges.

	<u>2009</u>	<u>2008</u>
Gross fees	\$ 1,187,360	\$ 1,220,862
Provision for bad debts	(2,349)	(9,597)
Collection charges	(194,305)	(197,417)
TPW receivable	-	7,412
	<u>\$ 990,706</u>	<u>\$ 1,021,260</u>

4. ALLOWANCE FOR DOUBTFUL ACCOUNTS

Under the terms of the Billing and Collections Agreement, prior to remitting fees to the Fund, each carrier may deduct from the gross billings an amount equal to the rate of bad debts experienced by the carrier in the previous month.

5. EQUIPMENT USAGE

New equipment which is purchased by the Province of Nova Scotia and is being charged to the Fund based on the amortization recorded by the Province. This is a charge by the Province of Nova Scotia for equipment used by the fund.

6. REFUND OF REVENUE

During the year, it was determined that a carrier had overpaid revenues for the period from January 2004 to May 2008 in the amount of \$2,360,000. This amount has been recorded as other expense and accounts payable and accrued liabilities in the current fiscal year.

NOVA SCOTIA E911 COST RECOVERY FUND
 SCHEDULE OF 911 MANAGEMENT, ADMINISTRATION AND OPERATIONS EXPENSES
for the year ended March 31, 2009

	2009 Budget	2009 Actual	2008 Actual
911 call answer charges	\$ 1,161,900	\$ 846,123	\$ 915,992
Direct salaries and benefits	684,700	545,233	438,546
911 call taker equipment purchase	263,300	445,696	404,152
Telecommunications	100,300	119,553	122,042
Call taker training	50,600	241,382	37,023
Professional services	581,100	418,761	511,076
Advertising and public information	148,000	147,654	44,424
Consulting services	-	-	2,000
Travel	41,700	21,196	26,188
Office furniture and equipment	26,100	85,481	5,874
Office space rental	110,700	178,476	53,650
Meeting	36,000	6,286	5,071
Staff training	10,000	9,587	5,001
Office supplies	25,000	11,692	11,905
Audit	8,000	5,800	6,600
Rentals of faxes and photocopiers	3,500	2,734	4,188
Postage, courier and taxi	3,700	2,265	3,179
Parking	1,700	3,714	3,451
Legal	12,500	16,886	12,500
Automobile operations	2,300	3,426	3,997
Automobile leases	4,800	6,468	6,468
Equipment usage (note 5)	289,900	302,227	567,262
Insurance	1,200	4,500	-
	\$ 3,567,000	\$ 3,425,140	\$ 3,190,589