

Financial Statements of

**PRIMECORP - POLICE RECORDS INFORMATION  
MANAGEMENT ENVIRONMENT INCORPORATED**

Year ended March 31, 2015



**KPMG LLP**  
**Chartered Accountants**  
Metrotower II  
Suite 2400 - 4720 Kingsway  
Burnaby BC V5H 4N2  
Canada

Telephone (604) 527-3600  
Fax (604) 527-3636  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## **INDEPENDENT AUDITORS' REPORT**

To the Directors of PRIMECORP - Police Records Information Management  
Environment Incorporated

We have audited the accompanying financial statements of PRIMECorp - Police Records Information Management Environment Incorporated, which comprise the statement of financial position as at March 31, 2015, the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes comprising 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.

### *Auditors' 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 an 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 our 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, we consider internal control relevant to the entity'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, these financial statements present fairly, in all material respects, the financial position of PRIMECorp - Police Records Information Management Environment Incorporated as at March 31, 2015 and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*

Chartered Accountants

June 24, 2015

Burnaby, Canada

# PRIMECORP - POLICE RECORDS INFORMATION MANAGEMENT ENVIRONMENT INCORPORATED

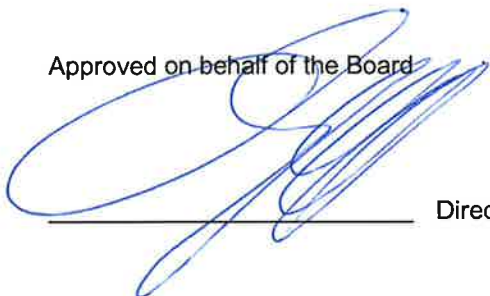
## Statement of Financial Position

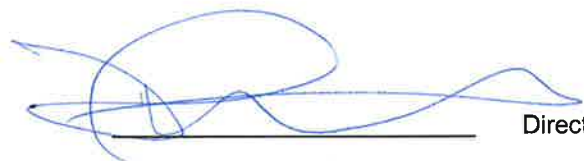
March 31, 2015, with comparative information for 2014

	2015	2014
<b>Financial assets:</b>		
Cash	\$ 3,653,840	\$ 1,906,768
Accounts receivable (note 4)	768,123	1,240,538
User license inventory	626,200	691,100
	<u>5,048,163</u>	<u>3,838,406</u>
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	1,248,952	739,141
Deferred revenue (note 5)	72,816	82,324
Deferred lease inducement (note 6)	183,677	-
Obligation on leased tangible capital assets (note 7)	783,929	1,053,620
	<u>2,289,374</u>	<u>1,875,085</u>
<b>Net financial assets</b>	<b>2,758,789</b>	<b>1,963,321</b>
<b>Non-financial assets:</b>		
Tangible capital assets (note 9)	1,994,959	2,165,380
Prepaid expenses	201,387	152,028
	<u>2,196,346</u>	<u>2,317,408</u>
<b>Commitments (note 11)</b>		
<b>Accumulated surplus</b>	<b>\$ 4,955,135</b>	<b>\$ 4,280,729</b>

See accompanying notes to financial statements.

Approved on behalf of the Board

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# PRIMECORP - POLICE RECORDS INFORMATION MANAGEMENT ENVIRONMENT INCORPORATED

## Statement of Operations

Year ended March 31, 2015, with comparative information for 2014

	Budget (note 13)	2015	2014
<b>Revenue:</b>			
User service fees	\$ 9,817,500	\$ 9,846,500	\$ 9,441,500
Deferred contributions recognized	-	-	42,299
Sales of computer hardware and software licenses	162,510	261,228	348,524
RTID maintenance	122,320	122,315	244,662
Sales of RTID user licenses	22,600	64,900	9,870
RSS project	-	4,668	15,593
Interest	39,800	43,346	40,697
	<u>10,164,730</u>	<u>10,342,957</u>	<u>10,143,145</u>
<b>Expenses:</b>			
Maintenance and technology	4,292,570	3,774,461	4,049,383
Amortization of tangible capital assets	683,710	755,519	808,223
Computer hardware and software licenses, cost of sales	162,510	261,228	348,524
Salaries and benefits	4,157,970	3,941,631	3,501,429
RTID user licenses, cost of sales	22,600	64,900	9,870
Premises	330,410	347,563	230,129
Professional fees	226,000	124,547	378,352
Office supplies and communication	280,460	227,915	262,609
Employee related	110,510	98,137	91,474
Interest on leased tangible capital assets	58,750	58,747	75,413
Other	31,510	13,903	511,975
	<u>10,357,000</u>	<u>9,668,551</u>	<u>10,267,381</u>
Annual surplus (deficit)	(192,270)	674,406	(124,236)
Accumulated surplus, beginning of year	4,280,729	4,280,729	4,404,965
Accumulated surplus, end of year	<u>\$ 4,088,459</u>	<u>\$ 4,955,135</u>	<u>\$ 4,280,729</u>

See accompanying notes to financial statements.

# PRIMECORP - POLICE RECORDS INFORMATION MANAGEMENT ENVIRONMENT INCORPORATED

## Statement of Changes in Net Financial Assets

Year ended March 31, 2015, with comparative information for 2014

	Budget (note 13)	2015	2014
Annual surplus (deficit)	\$ (192,270)	\$ 674,406	\$ (124,236)
Acquisition of tangible capital assets	(100,000)	(585,098)	(544,349)
Amortization of tangible capital assets	683,710	755,519	808,223
Acquisition of prepaid expenses	-	(4,441,307)	(2,521,261)
Use of prepaid expenses	-	4,391,948	2,971,121
Change in net financial assets	391,440	795,468	589,498
Net financial assets, beginning of year	889,266	1,963,321	1,373,823
Net financial assets, end of year	\$ 1,280,706	\$ 2,758,789	\$ 1,963,321

See accompanying notes to financial statements.

# PRIMECORP - POLICE RECORDS INFORMATION MANAGEMENT ENVIRONMENT INCORPORATED

## Statement of Cash Flows

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operations:		
Annual surplus (deficit)	\$ 674,406	\$ (124,236)
Items not involving cash:		
Amortization of tangible capital assets	755,519	808,223
Amortization of deferred lease inducement	(23,962)	-
Changes in non-cash items:		
Accounts receivable	472,415	(415,794)
Prepaid expenses	(49,359)	449,860
User license inventory	64,900	9,870
Accounts payable and accrued liabilities	509,811	14,459
Deferred revenue	(9,508)	(130,514)
	<u>2,394,222</u>	<u>611,868</u>
Capital:		
Acquisition of tangible capital assets	(564,294)	(523,546)
Financing:		
Receipt of lease inducement	207,639	-
Use of deferred contributions for tangible capital assets	-	(42,299)
Repayment of obligation on leased tangible capital assets	(290,495)	(282,728)
	<u>(82,856)</u>	<u>(325,027)</u>
Increase (decrease) in cash	1,747,072	(236,705)
Cash, beginning of year	1,906,768	2,143,473
Cash, end of year	<u>\$ 3,653,840</u>	<u>\$ 1,906,768</u>
Non-cash transactions:		
Acquisition of leased tangible capital assets	\$ 20,804	\$ 20,803

See accompanying notes to financial statements.

# PRIMECORP - POLICE RECORDS INFORMATION MANAGEMENT ENVIRONMENT INCORPORATED

Notes to Financial Statements

Year ended March 31, 2015

---

## 1. Operations:

PRIMECorp - Police Records Information Management Environment Incorporated (the "Company" or "PRIMECorp") is incorporated under the Business Corporations Act (British Columbia). E-Comm Emergency Communications for British Columbia Incorporated ("E-Comm") owns the sole issued and outstanding share of the Company. E-Comm has transferred its voting rights as the sole shareholder to the Province of British Columbia, Ministry of Public Safety and Solicitor General. The board of directors is comprised of various members of police agencies, municipal representatives, an appointee of the Government of the Province of British Columbia, and an appointee from E-Comm.

The mandate of the Company is to ensure that the Records Management System and Computer Aided Dispatch system is delivered and consistent in all police agencies in British Columbia. The operational requirements are funded by a user fee system assessed on all police agencies in British Columbia which is collected and remitted to PRIMECorp. The Company recovers its expenses from the user fees based on the annual budget. The capital requirements are funded by this same user fee as well as grants previously received from the Province of British Columbia, Ministry of Public Safety and Solicitor General (the "Province").

## 2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian public sector accounting standards as prescribed by the Canadian Public Sector Accounting Board ("PSAB"), incorporating the following significant accounting policies:

### (a) Revenue recognition:

Contributions restricted for specific types of operations or specific periods are deferred and recognized when the restrictions have been met. Government transfers received for the acquisition of capital assets are initially deferred and recorded as revenue when the stipulations associated with the contributions have been met, provided no liability exists.

User service fees, interest and other revenue is recognized when earned or over the service period.

Other revenue consists of various computer hardware and software licenses and maintenance which are purchased and resold to participating agencies at cost.



# PRIMECORP - POLICE RECORDS INFORMATION MANAGEMENT ENVIRONMENT INCORPORATED

Notes to Financial Statements (continued)

Year ended March 31, 2015

---

## 2. Significant accounting policies (continued):

(b) User license inventory:

The user license inventory consists of software user licenses to be sold to participating agencies at cost. Cost is measured on a weighted average basis of items in inventory at the time of sale and includes all the costs of purchase. During the year, \$64,900 (2014 - \$9,870) was recognized as an expense.

(c) Deferred revenue:

Deferred revenue is comprised of contributions restricted for RTID maintenance and road safety systems. When qualifying expenditures are incurred, the deferred amounts are recognized as revenue at amounts equal to the qualifying expenses.

(d) Deferred lease inducements:

Lease inducements, relating to the leasing of office premise, received on lease inception are deferred and amortized on a straight-line basis over the lease term.

(e) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. Tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Period
Furniture and fixtures	10 years
Computer hardware and system software	3 - 5 years
Computer Aided Dispatch ("CAD")	5 years
Records Management System ("RMS")	5 years
Real Time Identification System ("RTID")	5 years
Software licenses	5 years
Leasehold improvements	over the term of the lease

(f) Use of estimates:

In preparing the financial statements, management makes 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 revenue and expenses during the year. A significant area of estimate relates to the useful lives for amortization of tangible capital assets. Actual results could differ from those estimates.

(g) Segment disclosure and functional presentation of expenses:

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. Management believes that the Company's activities comprise only one segment and hence no additional disclosure is required. Furthermore, as the operations of the Company are comprised of a single function, delivery of a police records management system, the statement of operations presents expenses by object.

# PRIMECORP - POLICE RECORDS INFORMATION MANAGEMENT ENVIRONMENT INCORPORATED

Notes to Financial Statements (continued)

Year ended March 31, 2015

---

## 2. Significant accounting policies (continued):

### (h) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the Instruments at fair value.

Unrealized changes in fair value are recognized in the statement of re-measurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair values are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of re-measurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of re-measurement gains and losses are reversed and recognized in the statement of operations.

The Standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- o Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- o Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- o Level 3 - Unobservable Inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities

There are no financial instruments carried at fair value as at year end and as a result, the statement of re-measurement gains and losses has not been prepared.

## 3. Adoption of accounting policy:

Effective April 1, 2014, the Company adopted the PSA Handbook Section PS3260 – *Liabilities for contaminated sites*, which applies to fiscal years beginning on or after April 1, 2014, the new standard includes the requirements for recognition, measurement and disclosure of liabilities for remediation of contaminated sites which are no longer in productive use and which result from an unexpected event. This accounting change had no impact on the Company's financial statements.

# PRIMECORP - POLICE RECORDS INFORMATION MANAGEMENT ENVIRONMENT INCORPORATED

Notes to Financial Statements (continued)

Year ended March 31, 2015

#### 4. Accounts receivable:

Accounts receivable includes \$182,403 (2014 - \$603,679) receivable from the RCMP.

#### 5. Deferred revenue:

	2015	2014
Balance, beginning of year	\$ 82,324	\$ 212,838
Add: Contributions received during the year	117,474	129,741
Less: Reduction in deferred revenue in the year	(126,982)	(260,255)
<b>Balance, end of year</b>	<b>\$ 72,816</b>	<b>\$ 82,324</b>

During the year, the Company received contributions of \$117,474 (2014 - \$129,741) of which \$117,474 (2014 - \$112,962) was received from the RCMP and police agencies in British Columbia restricted for RTID maintenance expenditures to be incurred when the related agencies commence using the system.

The Company incurred \$126,983 in qualifying expenditures and recognized this amount as revenue during the year.

#### 6. Deferred lease inducement:

During the year, the Company received \$207,639 (2014 – nil) in tenant inducements, of which \$23,962 (2014 – nil) is recorded as a reduction to premises expense during the year. The balance of \$183,677 (2014 – nil) is included in deferred lease inducement.

#### 7. Obligation on leased tangible capital assets:

The Company has entered into two leases for information technology infrastructure with interest rates ranging from 2.63% to 7.4%. These leases expire on December 31, 2017. Future minimum lease payments on the leased tangible capital asset obligations are as follows:

	2015	2014
Future minimum lease payments	\$ 817,302	\$ 1,114,502
Less imputed interest ranging from 2.63% to 7.4%	(33,373)	(60,882)
	<b>\$ 783,929</b>	<b>\$ 1,053,620</b>

Future minimum lease payments under these leases are as follows:

2016	\$ 297,201
2017	297,201
2018	222,900
	<b>\$ 817,302</b>

# PRIMECORP - POLICE RECORDS INFORMATION MANAGEMENT ENVIRONMENT INCORPORATED

Notes to Financial Statements (continued)

Year ended March 31, 2015

## 8. Loan facility:

The Company has a demand revolving loan facility of \$500,000 which was not drawn upon at March 31, 2015 (March 31, 2014 – nil).

## 9. Tangible capital assets:

2015	Opening balance	Additions	Disposals	Closing balance
<b>Cost</b>				
Furniture and fixtures	\$ 72,072	\$ 129,787	\$ -	\$ 201,859
Computer hardware and system software	3,276,085	32,174	-	3,308,259
CAD	3,321,541	-	-	3,321,541
RMS	7,532,252	-	-	7,532,252
RTID	639,679	-	-	639,679
Software licenses	2,881,964	-	-	2,881,964
Leased equipment	1,398,122	20,803	-	1,418,925
Leasehold Improvements	-	402,334	-	402,334
<b>Total cost</b>	<b>19,121,715</b>	<b>585,098</b>	<b>-</b>	<b>19,706,813</b>
<b>Accumulated amortization</b>				
Furniture and fixtures	\$ 50,802	\$ 13,286	\$ -	\$ 64,088
Computer hardware and system software	2,919,358	187,290	-	3,106,648
CAD	3,228,267	184	-	3,228,451
RMS	7,349,505	95,129	-	7,444,634
RTID	214,720	99,364	-	314,084
Software licenses	2,830,840	16,956	-	2,847,796
Leased equipment	362,843	296,878	-	659,721
Leasehold Improvements	-	46,432	-	46,432
<b>Accumulated amortization</b>	<b>16,956,335</b>	<b>755,519</b>	<b>-</b>	<b>17,711,854</b>
<b>Net book value</b>				
Furniture and fixtures	\$ 21,270			\$ 137,771
Computer hardware and system software	356,727			201,611
CAD	93,274			93,090
RMS	182,747			87,618
RTID	424,959			325,595
Software licenses	51,124			34,168
Leased equipment	1,035,279			759,204
Leasehold Improvements	-			355,902
<b>Net book value</b>	<b>\$ 2,165,380</b>			<b>\$ 1,994,959</b>

# PRIMECORP - POLICE RECORDS INFORMATION MANAGEMENT ENVIRONMENT INCORPORATED

Notes to Financial Statements (continued)

Year ended March 31, 2015

## 9. Tangible capital assets (continued):

2014	Opening balance	Additions	Disposals	Closing balance
<b>Cost</b>				
Furniture and fixtures	\$ 129,919	\$ -	\$ 57,847	\$ 72,072
Computer hardware and system software	8,895,451	358,712	5,978,078	3,276,085
CAD	3,326,230	-	4,689	3,321,541
RMS	7,409,512	164,834	42,094	7,532,252
RTID	639,679	-	-	639,679
Software licenses	2,978,268	-	96,304	2,881,964
Leased equipment	1,377,319	20,803	-	1,398,122
<b>Total cost</b>	<b>24,756,378</b>	<b>544,349</b>	<b>6,179,012</b>	<b>19,121,715</b>
<b>Accumulated amortization</b>				
Furniture and fixtures	\$ 97,892	\$ 10,757	\$ 57,847	\$ 50,802
Computer hardware and system software	8,645,307	252,129	5,978,078	2,919,358
CAD	3,227,473	5,483	4,689	3,228,267
RMS	7,270,959	120,640	42,094	7,349,505
RTID	115,356	99,364	-	214,720
Software licenses	2,904,171	22,973	96,304	2,830,840
Leased equipment	65,966	296,877	-	362,843
<b>Accumulated amortization</b>	<b>22,327,124</b>	<b>808,223</b>	<b>6,179,012</b>	<b>16,956,335</b>
<b>Net book value</b>				
Furniture and fixtures	\$ 32,027			\$ 21,270
Computer hardware and system software	250,144			356,727
CAD	98,757			93,274
RMS	138,553			182,747
RTID	524,323			424,959
Software licenses	74,097			51,124
Leased equipment	1,311,353			1,035,279
<b>Net book value</b>	<b>\$ 2,429,254</b>			<b>\$ 2,165,380</b>

# PRIMECORP - POLICE RECORDS INFORMATION MANAGEMENT ENVIRONMENT INCORPORATED

Notes to Financial Statements (continued)

Year ended March 31, 2015

---

## 10. Related party transactions:

During the year ended March 31, 2015, E-Comm provided the Company with GIS Services in the amount of \$302,562 (2014 - \$297,605), IT Support Services of \$128,246 (2014 - \$127,964), Executive Services for \$353,350 (2014 - \$331,325), Technical Services for \$2,111,053 (2014 - \$186,104) and employee secondments for \$862,946 (2014 - \$215,675). Included in accounts payable and accrued liabilities as at March 31, 2015 is an amount payable of \$317,322 (2014 - \$62,585) to E-Comm for these services.

During the year ended March 31, 2015, the RCMP provided technical implementation, network, infrastructure and application and mapping data and license services support and maintenance of \$207,713 (2014 - \$2,445,458) charged on a cost recovery basis for staff costs, including benefits, and other out-of-pocket expenses.

The Company makes annual rental payments of \$250,345 to E-Comm. During the year, the Company also received a tenant inducement of \$207,639 from E-Comm (note 5).

The above balances and transactions are in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

## 11. Commitments:

### *E-Comm agreements:*

The Company has a Technical Services agreement with E-Comm for five years, expiring December 31, 2018. The amount of the payment under the terms of the contract is approximately \$2,153,000 per annum. The Company has a GIS contract and an Information Technology Services contract with E-Comm that were amended and renewed, expiring December 31, 2015. The amount of the payments under the terms of the contracts is approximately \$427,000 per annum. The Company entered into an Executive Services Agreement with E-Comm on March 1, 2013 for three years, expiring February 29, 2016 with an annual payment of approximately \$338,000. Subsequent to year-end, the Executive Services agreement was amended to extend the term of the agreement to December 31, 2018.

# PRIMECORP - POLICE RECORDS INFORMATION MANAGEMENT ENVIRONMENT INCORPORATED

Notes to Financial Statements (continued)

Year ended March 31, 2015

---

## 12. Financial risks and concentration of credit risk:

### (a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Company is exposed to credit risk with respect to accounts receivable and cash.

The Company assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Company at March 31, 2015 is the carrying value of these assets.

The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the statement of operations. Subsequent recoveries of impairment losses related to accounts receivable are credited to the statement of operations. The balance of provision for doubtful accounts at March 31, 2015 is nil (2014 – nil).

There have been no significant changes to the credit risk exposure from 2014.

### (b) Liquidity risk:

Liquidity risk is the risk that the Company will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Company manages its liquidity risk by monitoring its operating requirements.

Accounts payable and accrued liabilities are generally due within 45 days of receipt of an invoice.

## 13. Budget data:

The audited budget information presented in these financial statements was approved by the Board of Directors on March 12, 2014.