

Financial Statements of

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

Year ended March 31, 2019



KPMG LLP  
PO Box 10426 777 Dunsmuir Street  
Vancouver BC V7Y 1K3  
Canada  
Telephone (604) 691-3000  
Fax (604) 691-3031

## INDEPENDENT AUDITORS' REPORT

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

### ***Opinion***

We have audited the financial statements of PRIMECORP - Police Records Information Management Environment Incorporated (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2019
- the statement of operations for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2019, 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.

### ***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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity 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 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditors' 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 auditors' 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 the 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 the Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

*KPMG LLP*

Chartered Professional Accountants

Vancouver, Canada  
June 26, 2019

# PRIMECORP - POLICE RECORDS INFORMATION MANAGEMENT ENVIRONMENT INCORPORATED

Statement of Financial Position

March 31, 2019, with comparative information for 2018

	2019	2018
<b>Financial assets:</b>		
Cash	\$ 3,802,234	\$ 5,517,224
Accounts receivable	231,066	593,972
	<u>4,033,300</u>	<u>6,111,196</u>
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	2,100,899	1,615,667
Deferred contributions (note 3)	621,810	1,052,400
Deferred lease inducement (note 4)	55,902	87,846
	<u>2,778,611</u>	<u>2,755,913</u>
Net financial assets	1,254,689	3,355,283
<b>Non-financial assets:</b>		
Tangible capital assets (note 6)	3,048,559	2,164,758
Prepaid expenses	1,318,703	1,088,311
	<u>4,367,262</u>	<u>3,253,069</u>
Commitments (note 8)		
Accumulated surplus	<u>\$ 5,621,951</u>	<u>\$ 6,608,352</u>

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, 2019, with comparative information for 2018

	Budget (note 10)	2019	2018
<b>Revenue:</b>			
User service fees	\$ 11,482,390	\$ 11,482,385	\$ 11,057,335
Sales of computer hardware and software licenses	-	270,200	779,426
RTID maintenance	122,370	122,034	121,098
RSI project	486,880	430,590	365,535
Interest	86,800	77,906	92,072
	12,178,440	12,383,115	12,415,466
<b>Expenses:</b>			
Maintenance and technology	4,630,460	4,531,646	4,106,381
Amortization of tangible capital assets	1,016,660	794,237	752,633
Computer hardware and software licenses, cost of sales	-	270,200	779,426
Salaries and benefits	5,329,260	5,372,331	4,850,251
Premises	392,170	415,140	287,005
Professional fees	1,454,560	1,404,232	439,770
Office supplies and communication	221,450	301,757	205,878
Employee related	136,180	225,934	172,198
Interest on leased tangible capital assets	-	-	5,830
Other	28,820	54,039	16,170
	13,209,560	13,369,516	11,615,542
Annual surplus (deficit)	(1,031,120)	(986,401)	799,924
Accumulated surplus, beginning of year	6,608,352	6,608,352	5,808,428
Accumulated surplus, end of year	\$ 5,577,232	\$ 5,621,951	\$ 6,608,352

See accompanying notes to financial statements.

# PRIMECORP - POLICE RECORDS INFORMATION MANAGEMENT ENVIRONMENT INCORPORATED

## Statement of Changes in Net Financial Assets

Year ended March 31, 2019, with comparative information for 2018

	Budget (note 10)	2019	2018
Annual surplus (deficit)	\$ (1,031,120)	\$ (986,401)	\$ 799,924
Acquisition of tangible capital assets	(2,144,490)	(1,678,038)	(1,201,134)
Amortization of tangible capital assets	1,016,660	794,237	752,633
Acquisition of prepaid expenses	-	(5,011,021)	(5,663,237)
Use of prepaid expenses	-	4,780,629	5,306,157
Change in net financial assets	(2,158,950)	(2,100,594)	(5,657)
Net financial assets, beginning of year	3,355,283	3,355,283	3,360,940
Net financial assets, end of year	\$ 1,196,333	\$ 1,254,689	\$ 3,355,283

See accompanying notes to financial statements.

# PRIMECORP - POLICE RECORDS INFORMATION MANAGEMENT ENVIRONMENT INCORPORATED

## Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Annual surplus (deficit)	\$ (986,401)	\$ 799,924
Items not involving cash:		
Amortization of tangible capital assets	794,237	752,633
Amortization of deferred lease inducement	(31,944)	(31,944)
Changes in non-cash operating working items:		
Accounts receivable	362,906	332,341
Prepaid expenses	(230,392)	(357,080)
Accounts payable and accrued liabilities	485,232	(732,476)
Deferred contributions	(430,590)	143,095
	(36,952)	906,493
Capital:		
Acquisition of tangible capital assets	(1,678,038)	(1,201,134)
Financing:		
Repayment of obligation on leased tangible capital assets	-	(220,163)
Decrease in cash	(1,714,990)	(514,804)
Cash, beginning of year	5,517,224	6,032,028
Cash, end of year	\$ 3,802,234	\$ 5,517,224

See accompanying notes to financial statements.



# PRIMECORP - POLICE RECORDS INFORMATION MANAGEMENT ENVIRONMENT INCORPORATED

Notes to Financial Statements

Year ended March 31, 2019

---

## 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:

The Company's significant accounting policies are as follows:

### (a) Basis of accounting:

These financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards established by the Canadian Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants, Canada.

### (b) 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, 2019

---

## 2. Significant accounting policies (continued):

(c) Deferred contributions:

Deferred contributions is comprised of contributions restricted for Real Time Identification System ("RTID") maintenance and the Road Safety Initiative ("RSI") project. 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	2 - 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

When events or circumstances indicate that a tangible capital asset no longer has any long term service potential, the net carrying amount is written down to the residual value of the assets.

(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, 2019

## 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 subsequently 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.

The Company does not have any financial instruments that are required or elected to be subsequently recorded at fair value; therefore, all instruments are recorded at amortized cost.

### (i) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held in the provision of services. They may have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

## 3. Deferred contributions:

	2019	2018
Balance, beginning of year	\$ 1,052,400	\$ 909,305
Add: Payments received during the year	122,034	629,728
Less: Recognition of deferred contributions in the year	(552,624)	(486,633)
Balance, end of year	\$ 621,810	\$ 1,052,400

During the year, the Company received payments of \$122,034 (2018 - \$629,728) of which \$122,034 (2018 - \$121,098) was received from the RCMP and police agencies in British Columbia restricted for RTID maintenance expenditures. No payments were received during the year (2018 - \$508,630) from the Provincial Government of British Columbia for the Road Safety Initiative project.

The Company incurred \$552,624 (2018 - \$486,633) in qualifying expenditures and recognized this amount as revenue during the year.

## 4. Deferred lease inducement:

In 2014, the Company had received \$207,639 in tenant inducements, of which \$31,944 (2018 - \$31,944) is recorded as a reduction to premises expense during the year. The balance of \$55,902 (2018 - \$87,846) is included in deferred lease inducement.

## 5. Loan facility:

The Company has a demand revolving loan facility of \$500,000 (2018 - \$500,000) which was not drawn upon at March 31, 2019 (2018 - nil).

# PRIMECORP - POLICE RECORDS INFORMATION MANAGEMENT ENVIRONMENT INCORPORATED

Notes to Financial Statements (continued)

Year ended March 31, 2019

## 6. Tangible capital assets:

2019	Opening balance	Additions	Disposals	Closing balance
<b>Cost:</b>				
Furniture and fixtures	\$ 162,285	\$ 3,608	\$ -	\$ 165,893
Computer hardware and system software	4,611,582	1,622,963	(22,595)	6,211,950
CAD	3,322,606	51,467	-	3,374,073
RMS	7,599,127	-	-	7,599,127
RTID	826,929	-	-	826,929
Software licenses	2,857,997	-	-	2,857,997
Leasehold improvements	402,334	-	-	402,334
<b>Total cost</b>	<b>\$ 19,782,860</b>	<b>\$ 1,678,038</b>	<b>\$ (22,595)</b>	<b>\$ 21,438,303</b>
<b>Accumulated amortization:</b>				
Furniture and fixtures	\$ 56,967	\$ 16,451	\$ -	\$ 73,418
Computer hardware and system software	2,918,952	677,826	(22,595)	3,574,183
CAD	3,265,295	12,324	-	3,277,619
RMS	7,599,127	-	-	7,599,127
RTID	687,644	25,740	-	713,384
Software licenses	2,857,997	-	-	2,857,997
Leasehold improvements	232,120	61,896	-	294,016
<b>Accumulated amortization</b>	<b>\$ 17,618,102</b>	<b>\$ 794,237</b>	<b>\$ (22,595)</b>	<b>\$ 18,389,744</b>
<b>Net book value:</b>				
Furniture and fixtures	\$ 105,318			\$ 92,475
Computer hardware and system software	1,692,630			2,637,767
CAD	57,311			96,454
RMS	-			-
RTID	139,285			113,545
Software licenses	-			-
Leasehold improvements	170,214			108,318
<b>Net book value</b>	<b>\$ 2,164,758</b>			<b>\$ 3,048,559</b>

# PRIMECORP - POLICE RECORDS INFORMATION MANAGEMENT ENVIRONMENT INCORPORATED

Notes to Financial Statements (continued)

Year ended March 31, 2019

## 6. Tangible capital assets (continued):

2018	Opening balance	Additions	Disposals	Closing balance
<b>Cost:</b>				
Furniture and fixtures	\$ 214,595	\$ 4,261	\$ (56,571)	\$ 162,285
Computer hardware and system software	4,413,140	1,181,270	(982,828)	4,611,582
CAD	3,340,266	-	(17,660)	3,322,606
RMS	7,599,127	-	-	7,599,127
RTID	826,929	-	-	826,929
Software licenses	2,881,964	-	(23,967)	2,857,997
Leased equipment	1,460,532	15,603	(1,476,135)	-
Leasehold Improvements	402,334	-	-	402,334
<b>Total cost</b>	<b>\$ 21,138,887</b>	<b>\$ 1,201,134</b>	<b>\$ (2,557,161)</b>	<b>\$ 19,782,860</b>
<b>Accumulated amortization:</b>				
Furniture and fixtures	\$ 97,459	\$ 16,079	\$ (56,571)	\$ 56,967
Computer hardware and system software	3,508,060	393,720	(982,828)	2,918,952
CAD	3,232,663	50,292	(17,660)	3,265,295
RMS	7,595,767	3,360	-	7,599,127
RTID	687,644	-	-	687,644
Software licenses	2,877,337	4,628	(23,968)	2,857,997
Leased equipment	1,253,476	222,658	(1,476,134)	-
Leasehold improvements	170,224	61,896	-	232,120
<b>Accumulated amortization</b>	<b>\$ 19,422,630</b>	<b>\$ 752,633</b>	<b>\$ (2,557,161)</b>	<b>\$ 17,618,102</b>
<b>Net book value:</b>				
Furniture and fixtures	\$ 117,136			\$ 105,318
Computer hardware and system software	905,080			1,692,630
CAD	107,603			57,311
RMS	3,360			-
RTID	139,285			139,285
Software licenses	4,627			-
Leased equipment	207,056			-
Leasehold improvements	232,110			170,214
<b>Net book value</b>	<b>\$ 1,716,257</b>			<b>\$ 2,164,758</b>

## 7. Related party transactions:

The following table summarizes transactions between E-Comm and the Company during the fiscal year.

	2019	2018
Technical services and support	\$ 2,827,116	\$ 2,646,095
Employee secondments	2,103,658	1,696,304
Executive services	386,025	382,900
Geographic Information Systems ("GIS") services	326,500	317,856
Shared facilities services	374,031	264,438

# PRIMECORP - POLICE RECORDS INFORMATION MANAGEMENT ENVIRONMENT INCORPORATED

Notes to Financial Statements (continued)

Year ended March 31, 2019

## 7. Related party transactions (continued):

The above transactions, unless disclosed otherwise, are considered to be 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.

Included in accounts payable and accrued liabilities as at March 31, 2019 is an amount payable of \$1,286,884 (2018 - \$397,726) to E-Comm for these services.

## 8. Commitments:

### *E-Comm agreements:*

The following table summarizes the agreements the Company currently has with E-Comm.

	Expiry	Amount per Annum
Technical services and support	June 30, 2019	\$ 2,792,000
Executive services	June 30, 2019	397,000
Geographic Information Systems ("GIS") services	June 30, 2019	338,000
Shared facilities services	December 31, 2021	334,000

The Company and E-Comm are in the process of negotiating a master services agreement which will replace the technical services and support, the GIS services and the executive services contracts.

### *Other agreements:*

The Company has a Software License and Implementation Services Agreement with Morpho Canada Inc., expiring May 31, 2022. The future annual amounts of the maintenance fee payments under the terms of the contract are:

	Amount
2020	187,500
2021	205,500
2022	220,000
	\$ 613,000

# PRIMECORP - POLICE RECORDS INFORMATION MANAGEMENT ENVIRONMENT INCORPORATED

Notes to Financial Statements (continued)

Year ended March 31, 2019

---

## 9. Financial risks and concentration of 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.

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, 2019 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, 2019 is nil (2018 - nil).

### (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 30 days of receipt of an invoice.

There have been no significant changes to the risk exposures from the prior year.

## 10. Budget:

The budget information presented in these financial statements was approved by the Board of Directors on March 14, 2018.