Financial Statements of

E-COMM EMERGENCY COMMUNICATIONS FOR SOUTHWEST BRITISH COLUMBIA INCORPORATED

Year ended December 31, 2011

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

INDEPENDENT AUDITORS' REPORT

To the Shareholders of E-Comm Emergency Communications for Southwest British Columbia Incorporated

We have audited the accompanying financial statements of E-Comm Emergency Communications for Southwest British Columbia Incorporated, which comprise the statement of financial position as at December 31, 2011, the statements of operations and deficit 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 generally accepted accounting principles, 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 audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the 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, the financial statements present fairly, in all material respects, the financial position of E-Comm Emergency Communications for Southwest British Columbia Incorporated as at December 31, 2011 and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

April 26, 2012

Burnaby, Canada

E-COMM EMERGENCY COMMUNICATIONS FOR SOUTHWEST BRITISH COLUMBIA INCORPORATED

Statement of Financial Position

December 31, 2011, with comparative figures for 2010

		2011		2010 (revised - note 3)
Assets				
Current assets:				
Cash and cash equivalents (note 4)	$	25,260,267	$	16,304,152
Accounts receivable		1,965,957		4,448,950
Prepaid expenses		594,884		861,020
Investment in direct finance leases receivable (note 7)		2,599,493		3,184,096
		30,420,601		24,798,218
Investment in PRIMECorp. (note 2(a))		1		1
Debt reserve fund (note 5)		1,445,183		1,397,546
Recoverable development costs		2,908,056		3,954,101
Costs recoverable from future billings		19,851,539		19,129,391
Long-term portion of prepaid land lease		2,146,464		2,171,717
Long-term portion of prepaid expenses		273,090		74,979
Long-term receivable for PRC Altaris CAD (note 6)		751,719		1,036,021
Long-term portion of investment in direct finance leases receivable (note 7)		9,765,850		11,953,055
Capital assets (note 8)		37,491,906		42,228,535
	$	105,054,409	$	106,743,064
Liabilities and Deficiency in Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities	$	4,407,472	$	5,413,350
Accrued interest payable		1,215,764		1,255,348
Deferred revenue		103,080		106,042
Current portion of long-term debt (note 9)		9,957,188		1,562,316
Other liabilities (note 10)		8,460,208		7,841,837
		24,143,712		16,178,893
Long-term debt (note 9)		81,098,641		90,955,434
Asset retirement obligation (note 11)		1,228,666		1,342,004
		106,471,019		108,476,331
Deficiency in net assets:				
Share capital (note 12)		490		490
Deficit		(1,417,100)		(1,733,757)
		(1,416,610)		(1,733,267)
Commitments (note 15)				
Contingencies (note 16)				
	$	105,054,409	$	106, 743,064

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

E-COMM EMERGENCY COMMUNICATIONS FOR SOUTHWEST BRITISH COLUMBIA INCORPORATED

Statement of Operations and Deficit

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010 (revised - note 3)
Revenue:		
Radio system	$ 17,277,657	$ 17,266,597
Consolidated dispatch system	16,177,213	16,554,509
Contract service fees and miscellaneous revenue	3,810,318	4,329,296
9-1-1 call taking system	3,529,258	3,483,406
CAD system	1,402,872	1,169,526
Records management system	843,910	777,202
Financing revenue from direct finance lease	575,059	824,922
Tenant recoveries rental	405,040	353,100
	44,021,327	44,758,558
Direct operating expenses:		
Salaries and benefits	24,861,247	23,611,058
Maintenance and technology	2,616,024	3,356,046
Premises	1,376,523	1,193,609
Professional fees	745,118	680,025
Employee related	558,456	460,783
Office supplies and communication	476,319	397,894
Other	411,188	353,276
	31,044,875	30,052,691
Other expenses:		
Amortization	8,546,525	8,815,989
Interest on long-term debt	4,061,378	4,538,743
Accretion of asset retirement obligation	51,371	55,771
Loss on equipment writedown	521	182,045
	12,659,795	13,592,548
	43,704,670	43,645,239
Excess of revenue over expenses	316,657	1,113,319
Deficit, beginning of year	(1,733,757)	(2,847,076)
Deficit, end of year	$ (1,417,100)	$ (1,733,757)

See accompanying notes to financial statements.

E-COMM EMERGENCY COMMUNICATIONS FOR SOUTHWEST BRITISH COLUMBIA INCORPORATED

Statement of Cash Flows

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010 (revised - note 3)
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	$ 316,657	$ 1,113,319
Items not involving cash:		
Amortization of capital assets	7,374,829	7,648,950
Amortization of prepaid land lease	25,253	25,253
Adjustment to initial fair value of site lease obligation	(164,709)	(15,361)
Accretion of asset retirement obligation	51,371	55,771
Amortization of deferred financing costs	100,395	95,740
Interest earned on debt reserve fund	(47,637)	(43,971)
Interest earned on investment in direct finance leases receivable	(575,059)	(824,922)
Loss on equipment writedown	521	182,045
Changes in non-cash operating working capital:		
Accounts receivable	3,337,983	164,175
Prepaid expenses	68,025	142,133
Costs recoverable from future billings	(884,335)	(1,159,200)
Accounts payable and accrued liabilities	(1,045,462)	(1,246,926)
Deferred revenue	(2,962)	(56,245)
Other liabilities	618,371	2,312,640
	9,173,241	8,393,401
Financing:		
Repayment of long-term debt	(1,562,317)	(3,443,644)
Proceeds from issuance of share capital	-	10
	(1,562,317)	(3,443,634)
Investing:		
Proceeds from disposal of capital assets	-	300,145
Acquisition and construction of capital assets	(2,638,721)	(1,949,027)
Recoverable development costs	1,046,045	1,046,046
Payments received on direct finance leases receivable	3,833,093	6,259,087
Acquisition of assets for lease	(895,226)	(1,222,329)
	1,345,191	4,433,922
Increase in cash and cash equivalents	8,956,115	9,383,689
Cash and cash equivalents, beginning of year	16,304,152	6,920,463
Cash and cash equivalents, end of year	$ 25,260,267	$ 16,304,152
Interest paid	$ 5,141,211	$ 5,382,011
Non-cash operating activity:		
Reclassification of direct finance lease receivable	409,000	-

See accompanying notes to financial statements.

1. Operations:

E-Comm Emergency Communications for Southwest British Columbia Incorporated (the "Corporation" or "E-Comm") was incorporated on September 22, 1997 under the Business Corporations Act (British Columbia).

The Corporation provides centralized emergency communications, disaster coordination and related public safety and public service to municipalities, regional districts, the provincial and federal governments and their agencies, and emergency service organizations throughout southwest British Columbia. Primary services are provided to shareholder members of the Corporation pursuant to the Members' Agreement, and to the Royal Canadian Mounted Police ("RCMP") pursuant to a Special User Agreement with the Corporation.

The Corporation is exempt from tax under the Income Tax Act.

2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and incorporate the following significant accounting policies.

(a) Basis of presentation:

In March 2003, E-Comm established Police Records Information Management Environment Incorporated ("PRIMECorp"), a wholly owned company, to ensure that the records management system and computer aided dispatch system are delivered and consistent in all police agencies throughout British Columbia. As the operations are controlled by the Province of British Columbia, Minister of Public Safety and Solicitor General, the net assets and operations of PRIMECorp have not been included in these financial statements.

(b) Revenue recognition:

Revenue from the provision of services is recognized in the period that the services are provided through operating activities or the consumption of capital assets over their useful lives, irrespective of the period in which the benefit to users is billed.

(c) Cash and cash equivalents:

Cash and cash equivalents consists of cash on hand, cash held in banks and term deposits maturing within ninety days from the date of acquisition, net of bank overdrafts.

2. Significant accounting policies (continued):

(d) Financing costs:

Financing costs incurred for the issuance of debt have been deferred and are being amortized using the effective interest rate method over the term of the debt.

(e) Recoverable development costs:

Development costs, including salaries, operating costs and amortization of capital assets incurred through the pre-operating phase of the Corporation, are being recovered through billings to member agencies over a 12.5 year period, commencing April 1, 2002 for radio, and January 1, 2003 for dispatch.

(f) Costs recoverable through future billings:

Costs recoverable through future billings represent services provided through the use of capital assets, the cost of which is recoverable through future billings.

(g) Prepaid land lease:

The land on which the E-Comm building is located has been leased from the City of Vancouver for a period of 99 years commencing 1999. The prepaid amount is being amortized, and recovered through billings, over the term of the lease.

(h) Capital assets:

Capital assets are stated at cost, net of accumulated amortization. Interest costs directly attributable to major projects are capitalized and, at project completion, are amortized over the estimated life of the underlying assets.

Amortization begins when assets are put into use and is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Asset	Rate
Building	40.0 years
Furniture, fixtures and building equipment	3.0 years to 25.0 years
Radio	4.0 years to 25.0 years
Dispatch consoles and voice systems	5.0 years to 12.5 years
Remote dispatch	7.5 years to 10.5 years
Records management system - Fire	4.0 years to 10.0 years
Computer aided dispatch - Fire	4.0 years to 10.0 years
User equipment	7.5 years to 12.5 years

2. Significant accounting policies (continued):

(i) Financial instruments:

The Corporation accounts for its financial instruments in accordance with the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855, *Financial Instruments – Recognition and Measurement* and, as permitted for not-for-profit organizations, Section 3861, *Financial Instruments - Presentation, and Disclosure*. Under Section 3855, financial assets and financial liabilities are initially recognized at fair value. Measurement in subsequent periods is dependent upon the classification of each instrument. The standard requires that all financial assets be classified as either held for trading (HFT), available-for-sale (AFS), held-to-maturity (HTM) or loans and receivables. Financial liabilities are classified as either HFT or other financial liabilities.

Financial assets and financial liabilities HFT are subsequently measured at fair value, with the changes in fair value reported in earnings. Financial assets HTM, loans and receivables and other financial liabilities other than those HFT are subsequently measured at amortized cost using the effective interest method. AFS financial assets are subsequently measured at fair value with unrealized gains and losses recognized as changes in net assets until the financial asset is disposed of or becomes impaired.

Derivative instruments are recorded on the statement of financial position at fair value. Changes in the fair value of derivative instruments are recognized in earnings.

The Corporation classifies its financial assets and liabilities as follows:

Financial Assets

(i) Cash and cash equivalents:

Cash and equivalents are classified as HFT and recorded at their fair values.

(ii) Accounts receivable:

Accounts receivable are recorded at amortized cost less any impairment losses recognized and approximate their fair values due to the relatively short periods to maturity.

(iii) Debt reserve fund:

The Corporation classifies debt reserve funds as HTM recorded at their amortized costs as these assets are due when the related debt matures (note 5).

(iv) Recoverable development costs:

The Corporation classifies recoverable development costs as HTM recorded at amortized cost.

2. Significant accounting policies (continued):

(i) Financial instruments (continued):

Financial Assets (continued)

(v) Costs recoverable from future billings, long-term receivable and investment in direct finance leases receivable:

The Corporation classifies costs recoverable from future billings, long-term receivable and investment in direct finance leases receivable as loans and receivables, recorded at amortized cost.

Financial Liabilities

(vi) Accounts payable and accrued liabilities:

The Corporation classifies accounts payable and accrued liabilities as other financial liabilities recorded at amortized cost.

(vii) Asset retirement obligations:

The Corporation classifies asset retirement obligations as other financial liabilities recorded at amortized cost.

(viii) Long-term debt:

The Corporation classifies long-term debt as an other financial liability, and records long-term debt and related deferred financing costs at amortized costs using the effective interest rate method.

Long-term debt transaction costs are recorded against the underlying debt.

The Corporation does not currently hold any financial assets classified as AFS and does not currently have any financial derivatives.

(j) Related party transactions:

Transactions with related parties are in the normal course of operations and are recorded at the agreed upon exchange amount. Contractual arrangements and service agreements with related parties are subject to the Corporation's tendering and proposal processes.

(k) Measurement uncertainty:

The preparation of financial statements 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 financial statements. Significant areas requiring the use of management estimates relate to the allowance for doubtful accounts, the useful lives of capital assets for purposes of amortization, revenue recognition, measurement of asset retirement obligations and contingent liabilities.

2. Significant accounting policies (continued):

(l) Employee benefits:

The Corporation participates in a multi-employer defined benefits pension plan. Defined contribution plan accounting is applied to this plan because the actuary does not attribute the deficit or surplus of the plan to specific employers. The pension expense associated with this plan is equal to the Corporation's contributions during the reporting period.

(m) Revisions to Not-for-Profit accounting standards:

Effective January 1, 2012, the Corporation's current accounting framework will no longer exist. In December 2010, the Canadian Institute of Chartered Accountants ("CICA"), in conjunction with the Accounting Standards Board ("AcSB"), issued Part III - Accounting Standards for Not-for-Profit Organizations ("Part III") of the CICA Handbook. Part III is effective for fiscal years commencing on or after January 1, 2012 and provides Canadian private sector not-for-profit organizations with a new financial reporting framework. The Corporation has the option to apply International Financial Reporting Standards or the newly approved accounting standards for not-for-profit organizations.

The Corporation has elected to adopt the new accounting standards for not-for-profit organizations effective January 1, 2012 and is evaluating the impact of adopting these standards.

3. Recast of 2010 comparative statements of financial position, operations and deficit, and cash flows:

For the year ended December 31, 2010, the following adjustments have been recorded:

Increase in other liabilities	$ 424,619
Increase in costs recoverable from future billings	262,018
Increase in amortization expense	41,881
Decrease in radio system revenue	(279,504)
Decrease in investment in direct finance lease receivable	(119,479)
Decrease in capital assets	(49,915)
Decrease in opening net assets	(10,610)

Adjustments made to correct immaterial calculation errors have resulted in a reduction in the opening balance of net assets for the year ended December 31, 2011 of $331,995.

4. Cash held in trust:

Included in cash and cash equivalents is $69,371 (2010 - $69,371) cash held in trust for HealthLink BC for future expenditures to be made on its behalf by the Corporation. The corresponding liability for the cash held in trust is recorded in deferred revenue and other liabilities.

5. Debt reserve fund:

E-Comm is required to maintain 1% of the initial borrowings through the Municipal Finance Authority of British Columbia ("MFA") in a debt reserve fund administered by the MFA. The original amount is presented together with interest earned on the reserve fund investments.

Demand notes in the aggregate amount of $7,917,700 (2010 - $7,917,700) are also provided by E-Comm to the MFA as a requirement of the borrowings. The demand notes payable by E-Comm are callable only if there are additional requirements to be met to maintain the debt reserve fund at a specified level. As management considers payment of the demand notes to be unlikely, no amount for the demand notes has been recorded in the financial statements.

If at any time E-Comm does not have sufficient funds to meet payments due on its obligations, the payments shall be made from the debt reserve fund. The amounts due to E-Comm from the debt reserve fund are repaid to E-Comm when the respective loan agreements mature. No debt reserve fund installment payments were made during the year (2010 - nil). Interest earned on the debt reserve fund amounts to $47,637 (2010 - $43,971).

6. Long-term receivable for PRC Altaris CAD:

PRC Altaris CAD are the software and hardware components that comprise the computer aided dispatch system. All agencies have transitioned off PRC Altaris CAD, rendering the system out of service. As the unamortized capital cost of the system is recoverable from all committed agencies, the carrying value at the out-of-service date has been reclassified as a long-term receivable.

7. Investment in direct finance leases receivable:

	2011	2010
Minimum lease payments due	$ 14,788,396	$ 18,107,715
Less imputed interest at 4.65%	2,423,053	2,970,564
	12,365,343	15,137,151
Less current portion of investment in capital lease receivable	2,599,493	3,184,096
	$ 9,765,850	$ 11,953,055

Specific user agencies lease user equipment from the Corporation under 7.5 year direct finance leases. The future minimum payments, excluding financing costs, due from the user agencies are as follows:

2012	$ 2,599,491
2013	2,366,340
2014	2,126,315
2015	1,927,467
2016	1,516,703
Thereafter	1,829,027
	$ 12,365,343

8. Capital assets:

			2011	2010
	Cost	Accumulated amortization	Net book value	Net book value
Building	$ 8,456,965	$ 2,870,797	$ 5,586,168	$ 5,831,676
Furniture, fixtures and building equipment	10,888,399	8,531,343	2,357,056	2,500,248
Radio	69,102,873	45,014,740	24,088,133	27,195,343
Dispatch consoles and voice systems	5,975,648	4,758,643	1,217,005	1,586,057
Remote dispatch	3,159,595	2,503,028	656,567	731,440
Records management system – Fire	2,197,311	850,616	1,346,695	1,564,690
Computer aided dispatch – Fire	3,525,184	1,514,814	2,010,370	2,523,700
User equipment	1,021,954	792,042	229,912	295,381
	$ 104,327,929	$ 66,836,023	$ 37,491,906	$ 42,228,535

9. Long-term debt:

	2011	2010
4.65% unsecured note payable, maturing March 24, 2024 (a)	$ 76,787,406	$ 77,282,974
3.05% unsecured note payable, maturing June 1, 2022 (b)	10,508,769	11,244,544
4.775% unsecured note payable, maturing October 3, 2023 (c)	5,437,885	5,768,858
	92,734,060	94,296,376
Less:		
Unamortized transaction costs	1,678,231	1,778,626
Current portion of long-term debt	9,957,188	1,562,316
	11,635,419	3,340,942
Balance, end of year	$ 81,098,641	$ 90,955,434

On March 24, 1998, the Corporation entered into an agreement with the MFA to borrow up to a maximum of $170 million. This amount is currently comprised of the following:

(a) On March 24, 2008, E-Comm refinanced an existing loan, leaving a balance of $87 million, repayable over sixteen years, with an initial term of ten years, at a rate of 4.65%, with the remaining six years subject to refinancing on March 24, 2018.

(b) On April 9, 2002, E-Comm obtained $16 million of financing. This loan has a term of 20 years with annual blended principal and interest payments of $971,881 and a final payment date of June 1, 2022 and bears interest at a rate of 3.05%, with interest calculated and paid semi-annually in each year of the loan.

(c) On September 23, 2002, E-Comm obtained $7,684,000 of financing. This loan requires annual blended principal and interest payments of $599,295, has a final payment date of October 3, 2023 and bears interest at a rate of 4.775%, with interest calculated and paid semi-annually in each year of the loan.

The repayment requirements, net of estimated sinking fund asset balances representing payments made to date, under the existing borrowing agreements for long-term debt of the Corporation during the next five years and thereafter are as follows:

Year ending December 31:	
2012	$ 9,957,188
2013	9,062,770
2014	7,842,041
2015	9,081,627
2016	3,469,224
Thereafter	53,321,210
	$ 92,734,060

10. Other liabilities:

		2011	2010
User equipment	(a)	$ 3,926,612	$ 4,064,550
Radio	(b)	3,426,719	2,758,321
HealthLink BC	(c)	903,946	724,624
Other		202,931	294,342
Balance, end of year		$ 8,460,208	$ 7,841,837

Other liabilities consist of the following:

(a) The Corporation has received annual payments through user equipment billings from radio member agencies starting in 2007 for future user equipment purchases for specific user agencies. The funds collected are recorded as other liabilities until they are spent on behalf of the user agencies. In 2011, a further $1,475,281 (2010 - $2,250,696) was collected as billings received, $1,201,933 (2010 - nil) was repaid to user agencies, and $411,286 (2010 - $210,898) was drawn down for user equipment purchases on behalf of member agencies.

(b) The Corporation has received annual payments through radio billings from radio member agencies starting in 2006 for future capital use. The funds collected are recorded as other liabilities until they are spent. In 2011, a further $800,000 (2010 - $1,000,000) was collected through billings, $139,949 (2010 - nil) was drawn down for equipment purchases, and $8,347 (2010 - $3,460) of interest was earned by and allocated to the funds.

(c) The Corporation has received funds from HealthLink BC for future expenditures. These amounts are recorded as other liabilities until the funds are spent.

11. Asset retirement obligation:

The Corporation has recorded an asset retirement obligation for the estimated costs of restoring certain leased sites that the Corporation's radio towers are situated on to their original condition at the end of the lease terms. Changes in the asset retirement obligation during the year are as follows:

	2011	2010
Balance, beginning of year	$ 1,342,004	$ 1,301,594
Accretion expense	51,371	55,771
Additional site lease obligation	77,378	-
Adjustment to initial fair value of site lease obligation	(242,087)	(15,361)
Balance, end of year	$ 1,228,666	$ 1,342,004

11. Asset retirement obligation (continued):

The undiscounted estimated cash flows required to settle the obligations range from $10,000 to $150,000 during the years 2011 to 2066. The cash flows are discounted using credit adjusted risk-free rates of 3.46% to 5.25% (2010 - 4.75% to 5.25%).

Other assumptions used by management to determine the carrying amount of the asset retirement obligation include costs to restore the leased sites to their original condition and the rate of inflation over the expected years to settlement.

There are certain obligations with an indeterminable date where adequate information is not available to estimate fair value. These amounts are not considered material.

12. Share capital:

(a) Authorized:

350 class A common voting shares without par value. Following project completion, class A shareholders are obligated to share in funding both the ongoing operations and any additional costs relating to capital assets (in accordance with a cost-sharing formula). Upon a member acquiring a class A share, that member shall have agreed to use the Corporation's wide area radio system network to which the class A share relates.

150 class B common restricted voting shares without par value. Following project completion, class B shareholders can elect to become class A shareholders on the condition that the member agrees to use the Corporation's wide area radio system network. Class B shareholders are not obligated to share in funding the ongoing operating costs.

(b) Issued:

	2011	2010
26 class A common voting shares (2010 - 25)	$ 260	$ 250
23 class B common restricted voting shares (2010 - 24)	230	240
	$ 490	$ 490

In May 2011, North Vancouver District Fire converted one (1) class B common restricted voting share to a class A common voting share.

(c) RCMP Special User Agreement:

Due to existing Federal restrictions, the RCMP cannot become a shareholder in the Corporation. Consequently, a Special User Agreement has been executed such that the RCMP has the right to participate in the E-Comm project on the same terms and conditions as the class A shareholders, including the obligation to fund both the ongoing operating costs and any additional costs relating to capital assets, in accordance with a cost-sharing formula.

13. Fair value of financial instruments:

The fair value of long-term debt and debt reserve fund at December 31, 2011 is $103,491,211 (2010 - $101,274,307) and $1,510,216 (2010 - $1,396,833), respectively. The fair value of debt is determined using a weighted average of discount factors of similar debt issued by the MFA. The fair value of the debt reserve fund is based on the weighted average market value of securities held in the fund by the MFA.

14. Related party transactions:

Included in accounts receivable is an amount of $75,927 (2010 - $54,342) due from PRIMECorp. During the year, the Corporation received contracted service fees of $417,388 (2010 - $403,283) from PRIMECorp.

15. Commitments:

(a) Operating leases:

(i) The Corporation has entered into leases of land for radio tower sites. These leases expire in future years from 2012 to 2066 and are renewable at the option of the Corporation. Future minimum payments under these leases, excluding option periods, are approximately as follows:

2012	$ 549,607
2013	554,361
2014	464,635
2015	342,956
2016	259,923
Thereafter	1,865,761
	$ 4,037,243

(ii) The Corporation is committed under vehicles and office equipment operating leases having varying expiry dates to the year 2015. The future minimum payments under the terms of such leases are as follows:

2012	$ 115,024
2013	93,485
2014	34,872
2015	2,632
	$ 246,013

15. Commitments (continued):

(b) Municipal pension plan:

The Corporation and its employees contribute to the Municipal Pension Plan (the plan), a jointly trusteed pension plan. The Board of trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 173,000 active members and approximately 63,000 retired members. Active members include approximately 35,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at December 31, 2009 indicated an unfunded liability of $1,024 million for basic pension benefits. The next valuation will be as at December 31, 2012 with results available in 2013. The actuary does not attribute portions of the surplus to individual employers. The Corporation paid $1,338,203 for employer contributions to the plan in fiscal 2011 (2010 - $1,284,583).

16. Contingencies:

As at December 31, 2011, there were various legal claims pending against the Corporation arising in the ordinary course of its operations. The Corporation has made provision for certain claims, based on the best estimate of the loss to be incurred, but has made no specific provision for those where the outcome is presently undeterminable. Management does not anticipate claims for which no provision has been made to result in material loss to the Corporation.

17. Capital disclosures:

The Corporation's capital currently consists of its deficiency in net assets and long-term debt. As the Corporation is expected to recover its accumulated deficit by the end of 2018, future capital will consist of its accumulated surplus and share capital. The Corporation's objective when managing capital is to safeguard its assets and to ensure that adequate capital is managed for future requirements. There are currently no external restrictions with respect to the Corporation's capital.

18. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.