Financial Statements of

E-COMM EMERGENCY COMMUNICATIONS FOR BRITISH COLUMBIA INCORPORATED

Year ended December 31, 2017

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of E-Comm Emergency Communications for British Columbia Incorporated, which comprise the statement of financial position as at December 31, 2017, the statements of operations and net 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 accounting standards for not-for-profit organizations, 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 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 British Columbia Incorporated as at December 31, 2017 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Professional Accountants

April 26, 2018
Burnaby, Canada

E-COMM EMERGENCY COMMUNICATIONS FOR BRITISH COLUMBIA INCORPORATED

Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	$ 16,254,962	$ 12,294,717
Accounts receivable	2,549,279	1,404,950
Prepaid expenses	1,718,007	1,534,561
Investment in direct finance leases receivable (note 5)	5,717,950	2,691,887
	26,240,198	17,926,115
Investment in PRIMECorp (note 2(a))	1	1
Debt reserve fund (note 3)	2,077,393	1,693,866
Costs recoverable from future billings	870,536	8,721,722
Long-term portion of prepaid land lease	1,994,949	2,020,202
Long-term portion of prepaid expenses	1,709,377	865,195
Long-term receivable for decommissioned assets (note 4)	110,823	128,447
Long-term portion of investment in direct finance leases receivable (note 5)	25,065,694	4,031,521
Tangible capital assets (note 6)	57,451,390	51,689,237
	$ 115,520,361	$ 87,076,306
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	$ 16,805,645	$ 14,249,218
Accrued interest payable	1,394,447	1,154,170
Deferred revenue	209,496	234,137
Current portion of long-term debt (note 8)	13,160,469	8,784,640
Other liabilities (note 9)	13,955,223	15,413,707
	45,525,280	39,835,872
Long-term debt (note 8)	65,287,147	43,441,372
Asset retirement obligation (note 10)	2,353,052	2,193,837
	113,165,479	85,471,081
Net assets:		
Share capital (note 11)	520	510
Unrestricted net assets	2,354,362	1,604,715
	2,354,882	1,605,225
Commitments (note 13)		
Contingency (note 3)		
	$ 115,520,361	$ 87,076,306

See accompanying notes to financial statements.

Approved on behalf of the Board:

_______________ Director _______________ Director

E-COMM EMERGENCY COMMUNICATIONS FOR BRITISH COLUMBIA INCORPORATED

Statement of Operations and Net Assets

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Revenue:		
Radio system	$ 14,829,938	$ 11,208,037
Consolidated dispatch system	25,322,845	23,842,235
Contract service fees and miscellaneous revenue	7,380,086	7,158,953
9-1-1 call taking system	6,386,698	6,026,743
CAD system	1,379,190	1,401,236
Records management system	1,077,026	1,081,882
Financing revenue from direct finance leases	511,586	566,914
Tenant recoveries rental	452,080	451,990
Interest income	282,386	209,596
	57,621,835	51,947,586
Direct operating expenses:		
Salaries and benefits	39,901,047	38,179,910
Maintenance and technology	4,492,675	3,496,559
Premises	1,978,952	1,870,970
Professional fees	763,993	581,631
Employee related	1,089,012	727,371
Office supplies and communication	512,601	436,894
Other	429,014	255,868
	49,167,294	45,549,203
Other expenses:		
Amortization	5,847,879	3,306,771
Interest on long-term debt	1,710,967	1,812,076
Accretion of asset retirement obligation	79,474	129,650
Write-down of equipment	77,722	26,595
(Gain)/Loss on revaluation of asset retirement obligation	(11,148)	28,869
	7,704,894	5,303,961
	56,872,188	50,853,164
Excess of revenue over expenses	749,647	1,094,422
Net assets, beginning of year	1,604,715	510,293
Net assets, end of year	$ 2,354,362	$ 1,604,715

See accompanying notes to financial statements.

E-COMM EMERGENCY COMMUNICATIONS FOR BRITISH COLUMBIA INCORPORATED

Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating:		
Excess of revenue over expenses	$ 749,647	$ 1,094,422
Items not involving cash:		
Amortization of capital assets	5,689,382	3,154,203
Amortization of prepaid land lease	25,253	25,252
Accretion of asset retirement obligation	79,474	129,650
Asset retirement obligation additions	90,889	317,442
Adjustment due to revaluation of ARO	(11,148)	28,869
Amortization of deferred financing costs	133,244	127,316
Interest earned on debt reserve fund	(34,797)	(46,058)
Interest earned on investment in direct finance leases receivable	(511,586)	(566,914)
Write-down of equipment	77,722	26,595
Changes in non-cash operating items:		
Accounts receivable	(1,126,705)	1,678,335
Prepaid expenses	(1,027,628)	(798,362)
Costs recoverable from future billings	7,851,186	3,785,631
Accounts payable and accrued liabilities	2,796,704	(1,503,545)
Deferred revenue	(24,641)	(60,396)
Other liabilities	(1,458,484)	2,119,302
	13,298,512	9,511,742
Financing:		
Proceeds from long term debt	34,873,000	-
Proceeds from issuance of share capital	10	-
Repayment of long-term debt	(8,784,640)	(3,474,311)
	26,088,370	(3,474,311)
Investments:		
Debt reserve fund	(348,730)	-
Acquisition and construction of capital assets	(11,529,258)	(21,293,769)
Payments received on direct finance leases receivable	3,451,370	3,781,757
Acquisition of assets for direct finance leases	(27,000,019)	(1,401,228)
	(35,426,637)	(18,913,240)
Increase (decrease) in cash and cash equivalents	3,960,245	(12,875,809)
Cash and cash equivalents, beginning of year	12,294,717	25,170,526
Cash and cash equivalents, end of year	$ 16,254,962	$ 12,294,717
Interest paid	$ 4,620,505	$ 4,613,916

See accompanying notes to financial statements.

1. Operations:

E-Comm Emergency Communications for British Columbia Incorporated (the “Corporation”) was created in 1997 under legislation known as the Emergency Communications Corporations Act. On September 22, 1997, the Corporation was incorporated under the Business Corporations Act (British Columbia).

The Corporation provides centralized emergency communications and related public safety and public service to municipalities, regional districts, the provincial and federal governments and their agencies, and emergency service organizations throughout 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.

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 Accounting Standards for Not-for-Profit Organizations 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 service is billed. The Member’s Agreement specifies the manner in which members are obligated to pay for services rendered by the Corporation. Finance income related to direct-financing type leases is recognized in a manner that produces a constant rate of return over the terms of the leases.

(c) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand, cash held in banks and term deposits maturing within 90-days from the date of acquisition, net of bank overdrafts.

2. Significant accounting policies (continued):

(d) 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 payments in accordance with the Members' Agreement.

(e) 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.

(f) Capital assets:

Capital assets are stated at cost, net of accumulated amortization. Interest costs directly attributable to major projects are capitalized and, commencing 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
Leasehold improvements	Over the term of the lease

2. Significant accounting policies (continued):

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Corporation does not hold any financial instruments that it is required to carry at fair value nor has not elected to carry any financial instruments at fair value.

E-Comm's financial instruments carried at amortized cost include cash and cash equivalents, debt reserve fund, costs recoverable from future billings, accounts payable and accrued liabilities, accrued interest payable and long-term debt.

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

Financial assets carried at cost or amortized cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indication of impairment, the Corporation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Corporation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

(h) 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.

(i) Employee future 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.

2. Significant accounting policies (continued):

(j) 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. Actual results could differ from those estimates.

3. Debt reserve fund and contingency:

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 $10,341,485 (2016 - $7,917,700) are also provided by E-Comm to the MFA as a requirement of the borrowings. The demand notes 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 (2016 - nil). Interest earned on the debt reserve fund at 2.05% per annum (2016 - 2.80%) amounts to $34,797 (2016 - $46,058).

4. Long-term receivable for decommissioned assets:

		2017	2016
Firehall Alerting System	(a)	$ 1,859	$ 7,279
Microwave Network	(b)	124,933	438,133
		126,792	445,412
Less current portion		15,969	316,965
Balance, end of year		$ 110,823	$ 128,447

The current portion of receivable for decommissioned assets is recorded in accounts receivable.

4. Long-term receivable for decommissioned assets (continued):

The long-term receivable for decommissioned assets consists of the following:

(a) The Telesphere Firehall Alerting System, the original firehall alerting system used by E-Comm fire agencies, is now 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 was reclassified to a long-term receivable to be recovered through future billings. The receivable was initially recorded at fair value using the discounted cash flow model and subsequently recorded at amortized cost.

(b) The Microwave Network was comprised of three rings that were used to connect E-Comm's radio sites to each other and to the central voice radio network switch housed in E-Comm's main building. The rings were replaced in 2012 and the original microwave backbone system was taken out of service. As the unamortized capital cost of the original system is recoverable from all committed agencies, the carrying value at the out-of-service date has been reclassified to a long-term receivable to be recovered through future billings. The receivable was initially recorded at fair value using the discounted cash flow model and subsequently recorded at amortized cost.

5. Investment in direct finance leases receivable:

	2017	2016
Minimum lease payments receivable	$ 34,631,548	$ 7,920,222
Less imputed interest at 2.85% and 4.65% (note 5(a))	3,633,663	1,178,235
Less imputed interest at 0.95% and 1.45%(note 5(b))	14,901	18,579
Less imputed interest at 2.85%(note 5(c))	199,340	-
	30,783,644	6,723,408
Less current portion of investment in capital lease receivable (notes 5(a), 5(b), and 5(c))	5,717,950	2,691,887
	$ 25,065,694	$ 4,031,521

5. Investment in direct finance leases receivable (continued):

(a) 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:

Year ending December 31:	
2018	$ 5,400,270
2019	4,307,013
2020	3,674,542
2021	3,551,218
2022	3,517,275
Thereafter	8,542,240
	$ 28,992,558

(b) Specific user agencies lease computer aided dispatch user equipment from the Corporation under 5-year direct finance leases. The future minimum payments, excluding financing costs, due from the user agencies are as follows:

Year ending December 31:	
2018	$ 182,530
2019	182,530
2020	182,530
2021	5,996
	$ 553,586

(c) Specific user agencies lease remote dispatch equipment from the Corporation under 10 year direct finance leases. The future minimum payments, excluding financing costs, due from the remote dispatch agencies are as follows:

Year ending December 31:	
2018	$ 135,150
2019	135,150
2020	135,150
2021	135,150
2022	135,150
Thereafter	561,750
	$ 1,237,500

6. Tangible capital assets:

	Cost	Accumulated depreciation	2017 Net book value	2016 Net book value
Building	$ 8,354,909	$ (4,307,884)	$ 4,047,025	$ 4,290,504
Furniture, fixtures and building equipment	12,836,161	(10,239,304)	2,596,857	3,198,218
Radio	107,136,666	(59,515,053)	47,621,613	8,780,212
Construction in Progress	-	-	-	33,432,341
Dispatch consoles and voice systems	5,314,956	(3,061,720)	2,253,236	366,930
Remote dispatch	-	-	-	402,957
Records management system - Fire	2,363,258	(2,209,218)	154,040	377,539
Computer aided dispatch - Fire	2,789,839	(2,346,654)	443,185	570,604
User equipment	173,814	(11,691)	162,123	38,860
Leasehold Improvements	375,455	(202,144)	173,311	231,072
	$ 139,345,058	$ (81,893,668)	$ 57,451,390	$ 51,689,237

7. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities as at December 31, 2017 are government remittances payable of $330,751 (2016 - $445,332) relating to payroll related taxes.

8. Long-term debt:

		2017	2016
1.75% unsecured note payable, maturing June 1, 2022	(a)	$ 5,253,873	$ 6,239,879
2.40% unsecured note payable, maturing October 3, 2023	(b)	3,074,064	3,517,602
4.65 % unsecured note payable, maturing March 24, 2023	(c)	36,208,633	43,563,729
2.85% unsecured note payable, maturing October 24, 2024	(d)	34,873,000	-
		79,409,570	53,321,210
Less deferred financing costs		961,954	1,095,198
		78,447,616	52,226,012
Less current portion of long-term debt		13,160,469	8,784,640
Balance, end of year		$ 65,287,147	$ 43,441,372

8. Long-term debt (continued):

On March 24, 1998, the Corporation entered into an agreement with the MFA to borrow up to a maximum of $170,000,000. Of the $170,000,000, $145,557,000 inclusive of sinking fund payments, has been drawn to date. Long-term debt is currently comprised of the following:

(a) On April 9, 2002, E-Comm obtained $16 million of financing. This loan has an initial term of 20-years with annual blended principal and interest payments of $763,881 and a final payment date of June 1, 2022 and bears interest at a rate of 1.75%, with interest calculated and paid semi-annually in each year of the loan.

(b) On September 23, 2002, E-Comm obtained $7,684,000 of financing. This loan requires annual blended principal and interest payments of $416,800, has a final payment date of October 3, 2023 and bears interest at a rate of 2.40%, with interest calculated and paid semi-annually in each year of the loan.

(c) On March 24, 2008, E-Comm refinanced an existing loan, leaving a balance of $87,000,000 repayable over 16-years. The loan had an initial term of 10-years with annual blended principal and interest payments of $8,990,500 and bears interest at a rate of 4.65%, with the final 6-years subject to refinancing on March 24, 2018. Subsequent to the year end, MFA has confirmed that this debt will be refinanced for a five-year term.

(d) On October 4, 2017, E-Comm obtained $34,873,000 in long term borrowing from the MFA for user agency radio purchases for the P25 network. This loan has an initial term of 7 years with a final payment date of October 24, 2024 and bears interest at a rate of 2.85%, with interest calculated and paid semi-annually in each year of the loan.

The Corporation's borrowing capacity will increase in accordance with the above maturity dates.

The repayment requirements, net of estimated sinking fund asset balances in the amount of $66,147,430 (2016 - $57,362,791) representing payments made to date, under the existing borrowing agreements for long-term debt of the Corporation during the next 5-years and thereafter are as follows:

Year ending December 31:	
2018	$ 13,160,469
2019	17,285,526
2020	11,775,615
2021	10,526,762
2022	10,489,556
Thereafter	16,171,643
	$ 79,409,571

9. Other liabilities:

		2017	2016
User equipment	(a)	$ 6,416,026	$ 7,638,848
Radio	(b)	5,983,003	6,290,873
HealthLink BC	(c)	389,729	232,674
Fire RMS & CAD	(d)	1,166,465	1,251,312
Balance, end of year		$ 13,955,223	$ 15,413,707

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 2017 a further $2,099,031 (2016 - $1,729,907) was collected as billings received, no amounts (2016 - nil) were repaid to user agencies, and $3,321,864 (2016 - $39,127) was drawn down for user equipment purchases on behalf of member agencies. Interest is not earned on this balance.

(b) The Corporation has collected 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 2017, a further $900,000 (2016 - $500,000) was collected through billings, $1,223,065 (2016 - $31,043) was drawn down for equipment purchases, and $15,199 (2016 - $14,904) of interest was earned by and allocated to the liability, calculated based on the average bank interest rate during the year.

(c) The Corporation has received funds from HealthLink BC for future expenditures. These amounts are recorded as other liabilities until the funds are spent. There is no interest earned on this balance.

(d) The Corporation has collected annual payments starting in 2011 through Fire RMS and Fire CAD billings from Fire RMS and Fire CAD member agencies for future capital use. The funds collected are recorded as other liabilities until they are spent. In 2017, $145,000 (2016 - $97,000) was collected through billings and $229,847 (2016 - $254,259) was drawn down for equipment purchases. Interest is not earned on this balance.

10. Asset retirement obligation:

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

	2017	2016
Balance, beginning of year	$ 2,193,837	$ 1,717,876
Accretion expense	79,474	129,650
Adjustment due to revaluation of ARO	(11,148)	28,869
Additional site lease obligation	90,889	317,442
Balance, end of year	$ 2,353,052	$ 2,193,837

The undiscounted estimated cash flows required to settle the obligations range from $7,500 to $200,000 during the years 2018 to 2066. The cash flows are discounted using credit adjusted risk-free rates of 1.64% to 5.25% (2016 - 1.64% 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 leased sites with an indeterminable amount of the asset retirement obligation as adequate information is not available to estimate fair value. As such, no asset retirement obligation has been recorded in the Corporation's financial statements for these indeterminable amounts. These amounts are not considered material.

11. 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.

11. Share capital (continued):

(b) Issued:

		2017		2016
29 class A common voting shares (2016 - 28)	$	290	$	280
23 class B common restricted voting shares (2016 - 23)		230		230
	$	520	$	510

(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.

12. Related party transactions:

PRIMECorp is related by virtue of executive and technology support services agreements under which certain E-Comm management act in executive positions for PRIMECorp and technology support services are provided by E-Comm to maintain and support PRIMECorp's technology infrastructure. Included in accounts receivable is an amount of $ 333,690 (2016 - $143,349) due from PRIMECorp. During the year, the Corporation received contracted service fees of $3,369,333 (2016 - $3,119,276) from PRIMECorp for executive services and technology support services.

13. Commitments:

(a) Operating leases:

(i) The Corporation has entered into leases of land for certain radio tower sites. These leases expire in future years from 2017 to 2066 and are renewable at the option of the Corporation. Future minimum payments under these leases, excluding option periods, are approximately as follows:

2018	$	1,106,410
2019		1,010,911
2020		762,453
2021		485,327
2022		358,200
Thereafter		5,616,111
	$	9,339,412

13. Commitments (continued):

(a) Operating leases (continued):

(ii) The Corporation is committed under vehicle and office equipment operating leases having varying expiry dates to the year 2019. The future minimum payments under the terms of such leases are as follows:

2018	$	59,637
2019		23,867
	$	83,504

(iii) The Corporation has entered into a lease for office premises. This lease expires December 31, 2020, and is renewable at the option of the Corporation for another 3-years. The future minimum payments, excluding the option period, are approximately as follows:

2018	$	571,041
2019		571,041
2020		571,041
	$	1,713,123

(b) The Corporation has entered into a commitment to purchase next generation radio infrastructure, equipment, and associated services of approximately $25,403,615 relating to the refresh of E-Comm's radio network. Under the terms of the contract, the Corporation has paid for approximately 80% of the contract value and the final 20% milestone payment of $3,860,827, exclusive of applicable taxes, will be paid in 2018.

(c) Municipal Pension Plan:

The Corporation and its employees contribute to the Municipal Pension Plan (the "Pension 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 defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2016, the plan has about 193,000 active members and approximately 90,000 retired members.

The most recent valuation, as at December 31, 2015, indicated a surplus of $2,224,000,000 for basic pension benefits.

Defined contribution plan accounting is applied to the Pension Plan as the Pension Plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, Pension Plan assets, and costs to individual entities participating in the Pension Plan. The Corporation paid $2,557,988 for employer contributions to the Pension Plan in fiscal 2017 (2016 - $2,551,534).

14. Interest rate risk:

The Corporation is exposed to fair value risks related to its fixed rate on long-term debt. Fluctuations in rates will impact future payments. It is management's opinion that the Corporation is not the exposed to significant interest rate risk.