



Annual Report &  
Strategic Plan **2016**



# 2016–2017 ONTARIO ONE CALL BOARD OF DIRECTORS

**Shelly Cunningham**

PowerStream – Electrical Sector

**Tony DiPede**

North Rock Group – Excavator Sector

**Tony Faccia**

Rogers Communication – Telecommunications and Cable Sector

**Michael Fiorini**

Cable Cable – Telecommunications and Cable Sector

**Pierre Fontaine**

Laurentian University – Other Member Sector

**Corrine Gabriele**

Town of Kingsville – Municipal Sector

**Karen Marner, Treasurer**

Aecon – Excavator Sector

**Len McMillan, Chair**

Hydro One (Retired) – Electrical Sector

**Dan Moulton**

Various Director Roles – Telecom Sector

**Scott Mudie, Vice-Chair**

Oakville Energy Services – Electrical Sector

**John Oakley**

Enbridge Gas Distribution – Gas/Oil/Pipeline Sector

**Enrico Scalera**

Town of Oakville – Municipal Sector

**Mike Shannon**

Union Gas – Gas/Oil/Pipeline Sector

**William Shea**

City of Toronto – Municipal Sector

# CHAIR'S REPORT

April 15, 2017

As a Board of Directors, our role is to ensure that Ontario One Call remains focused on its objectives to reduce damages, increase public awareness and improve the locates process. In this document we will report on the progress we've made on these fronts, as well as our vision for the next five years.

In September 2015, the ON1Call Board conducted a major strategic planning session. This plan was updated in February 2017 and is included as part of this annual report. The direction of the organization remains focused on delivering an efficient one call system, one which adds insight and value to our over 800 members and the thousands of excavators in Ontario. We will also continue to expand our important work in educating the public on the need to call or click before they dig.

Our relationship with the Ministry of Government and Consumer Services is an important part of our operating model. While not a delegated administration authority, ON1Call strives to meet the high standards of service and governance that government and stakeholders expect. We look forward to signing our revised memorandum of understanding with the Ministry which outlines our accountabilities in detail.

The Board reconstituted the membership of the Compliance Committee in late 2016, and also passed a set of policies and procedures to give ON1Call's compliance approach more structure. The Board is committed to demonstrating to members, excavators and stakeholders that ON1Call will successfully deliver on its mandate to ensure compliance.

As my term on the Board comes to an end, I would like to thank the Leadership Team and all the employees of ON1Call for their diligence during my term as Chair. The organization has undergone significant transformation over the past five years, and I am confident that our incoming Board will continue to build on the strong platform we have built together.

Sincerely,



**Len McMillan**

Board Chair, Ontario One Call

# EXECUTIVE DIRECTOR'S REPORT

April 15, 2017

2016 was the first full year that our contact centre function was in-sourced. As the number of agents increased from just a handful at the start of the year to almost 100 by peak construction season, I am proud of the professionalism and dedication they bring to their challenging roles. Building on the success of our first year, we look forward to enhancing our services to members and excavators in 2017.

We are in the midst of opening our new Northern Ontario office in Sudbury. We look forward to welcoming a new team of agents who will complement our staff in Guelph. The new office will also provide enhanced French-language capabilities.

The evolution of our operating platform since 2012 has mirrored the rapid change in our governance. We are currently moving forward with the introduction of Map Selection Notification, a mapping upgrade which will greatly reduce over-notification of members. The project will make the system more intuitive for users and increase the efficiency of the system for members and locate service providers.

Ontario One Call continues to invest in new technology, not only in terms our state-of-the-

art Data Centre, but also through improved mapping tools and additional features on our operating platform. We will continue to prudently spend members' fees in areas which will enhance the one call system.

We are also expanding our marketing function, including in-store partnerships with brands like Home Depot and Stephenson's Rentals. The first Ontario One Call commercial is running on stations across Ontario, and we are engaging people through radio, online and social media.

The Board of Directors have laid out an ambitious strategic plan to carry the organization forward. I am confident that we have the talented team and appropriate structures to successfully deliver on their vision.

Sincerely,



**Ben Hamilton**

Executive Director, Ontario One Call

# TREASURER'S REPORT

## 2016 AUDITED FINANCIALS

April 15, 2017

Ontario One Call continues its strong financial performance. The volume of notifications remained stable from 2015 to 2016<sup>1</sup>. Notification fees paid by members were reduced from \$1.40 in 2015 to \$1.10 in 2016, resulting in a decrease in revenue from \$9.3 million in 2015 to \$8.4 million in 2016.

Expenses in 2016 were \$5.8 million in 2016 compared to \$6.2 million in 2015. The decrease in expenditures relates primarily to lower labour and labour-related costs and lower costs for professional and consulting services. There are increased costs in many information technology areas, consistent with the organization's efforts to upgrade the operating platform. Higher costs for mapping, IT support and telecommunications are of particular note. Marketing costs are also higher as the organization starts expand its campaign to increase public awareness of the need for safe excavation.

Ontario One Call's current assets are \$6.2 million, with an additional \$1.4 million in property and equipment. With the move to an in-house contact centre in Guelph, the organization acquired substantial information technology hardware and software assets, plus leasehold improvements and furnishings.

Sincerely,



**Karen Marner**

Treasurer, Ontario One Call

<sup>1</sup>Total number of requests processed were 986,841 in 2015 and 983,326 in 2016. Much of this change, however, was created by ON1Call turning off the "segmentation" feature in mid-2015. That means fewer requests were broken up into multiple tickets in 2016, so comparing the two years is not necessarily an accurate comparison.

# PROGRESS ON 2016 PRIORITIES

Last year's Annual Report included 12 Business Plan priorities for 2016. Outcomes include:

1. Significant progress towards the implementation of Minimum Selection Notification. Further work will be done with members and excavators in 2017 as we prepare for a 2018 launch
2. All members may now access their own locate delivery performance reports via the web tool
3. Member Services and Compliance have identified and remediated numerous instances of ticket dumping, inappropriate emergency locate usage and other system abuses
4. Abuse of emergency locates has been significantly reduced. Overall, emergency locate requests are down approximately 30% since 2015
5. ON1Call reduced notification fees for members from \$1.40 to \$1.10
6. The Operations Committee was re-struck and has reported more frequently to the Board about their priorities and activities
7. The Compliance Committee has selected new members and is moving forward in 2017
8. ON1Call remains engaged with the Ministry of Government and Consumer Services on potential changes to our governance model
9. Expanded our public awareness programs, including television and internet advertising. This work will expand in 2017 to include in-store campaigns with companies like Home Depot and Stephenson's Rentals
10. In conjunction with our members, we continue to educate system users on the availability of reporting tools within the ON1Call system
11. The ON1Call has been updated and now includes increased access to Committee minutes as well as ON1Call policies and bulletins
12. ON1Call continues to improve our IT platform to further increase our ability to help members understand trends and performance issues within their own organizations

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## COMPLAINTS PROCESS

ON1Call receives complaints from members, excavators and the public. Through our Investigations & Compliance group, our first priority is to work with the parties to reach a prompt resolution to support compliant behaviours and safe excavation. Complaints may be received by phone or electronically, and are tracked in a monthly complaints

report. Some matters may lead to a formal investigation and, potentially, a hearing before the Compliance Committee. ON1Call also refers matters to other regulatory bodies as circumstances merit.

Data on complaints received by ON1Call is available at our Compliance section at [www.on1call.com](http://www.on1call.com)

# 2017 BUSINESS PLAN AND 2017–2021 STRATEGIC PLAN

Ontario One Call includes the annual business plan and five-year strategic plan as part of our Annual Report. This is to allow members, excavators and stakeholders the opportunity to consider both our current performance and future direction in a single document.

## 2015 STRATEGIC PLANNING

In September 2015, the Board of Directors completed its initial strategic planning process, reviewed Ontario One Call's mission statement and developed a five-year vision.

### Mission

As a first step, the Board reviewed the organization's mission statement and updated it to read:

*"We protect Ontario communities from the loss of service and harm caused by damages to underground infrastructure by educating the public on the need to Call Before You Dig.*

*We provide a locate request process that is reliable, timely and easy to use."*

### Five-Year Strategic Vision

The Board also developed a vision to define our future state:

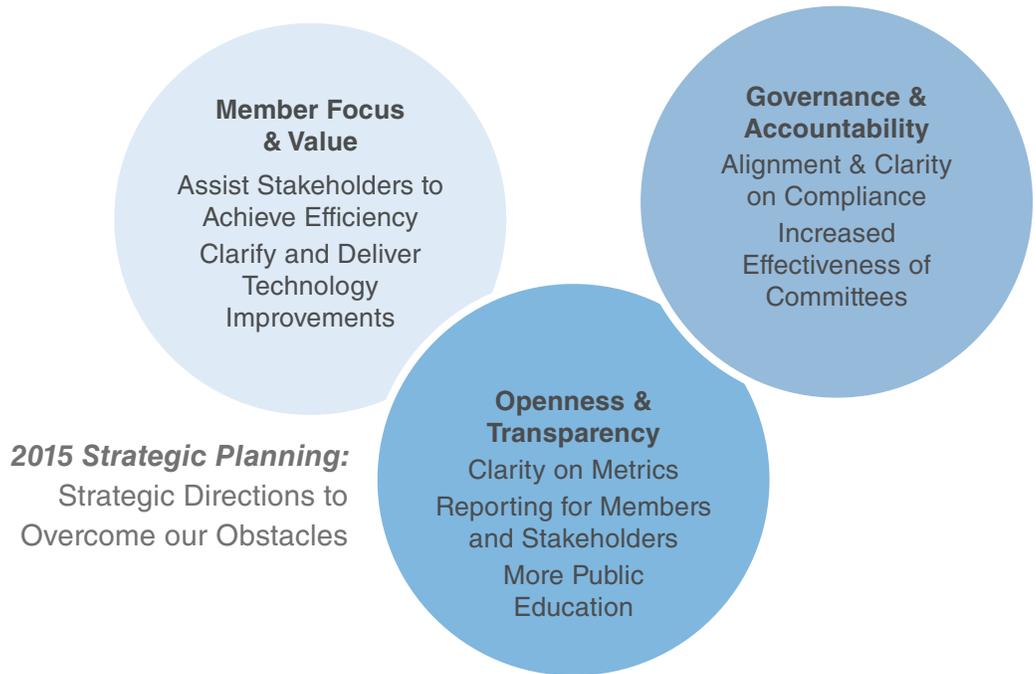
- Members should view us as an extension of their own internal damage

prevention processes and provide strategic value beyond that

- Excavators should see us as reliable, firm and fair. They should have confidence the system works
- The government should see us as open, transparent and listening to stakeholders
- To outside scrutiny, our service should be transparent, more consistent in service levels and compare with other industry leader best practices
- Our service should also be innovative to unlock value for members
- Helping members achieve appropriate results
- The public will have a universal commitment to Call Before You Dig

The future direction envisioned by the Board was then grouped under three areas of transformation:

- Member Focus & Value
- Governance & Accountability
- Openness & Transparency



## 2017 STRATEGIC PLANNING

In February 2017, the Board of Directors reviewed the existing strategic plan to determine if it needed updating. While the Board was satisfied with the progress they identified the need for additional actions in some areas.

- The establishment of an external-facing organizational scorecard to measure progress on ON1Call’s overall mandate
- An understanding that ON1Call’s members are going through a period of transformation in how they deliver locates and the need for ON1Call to help support that work

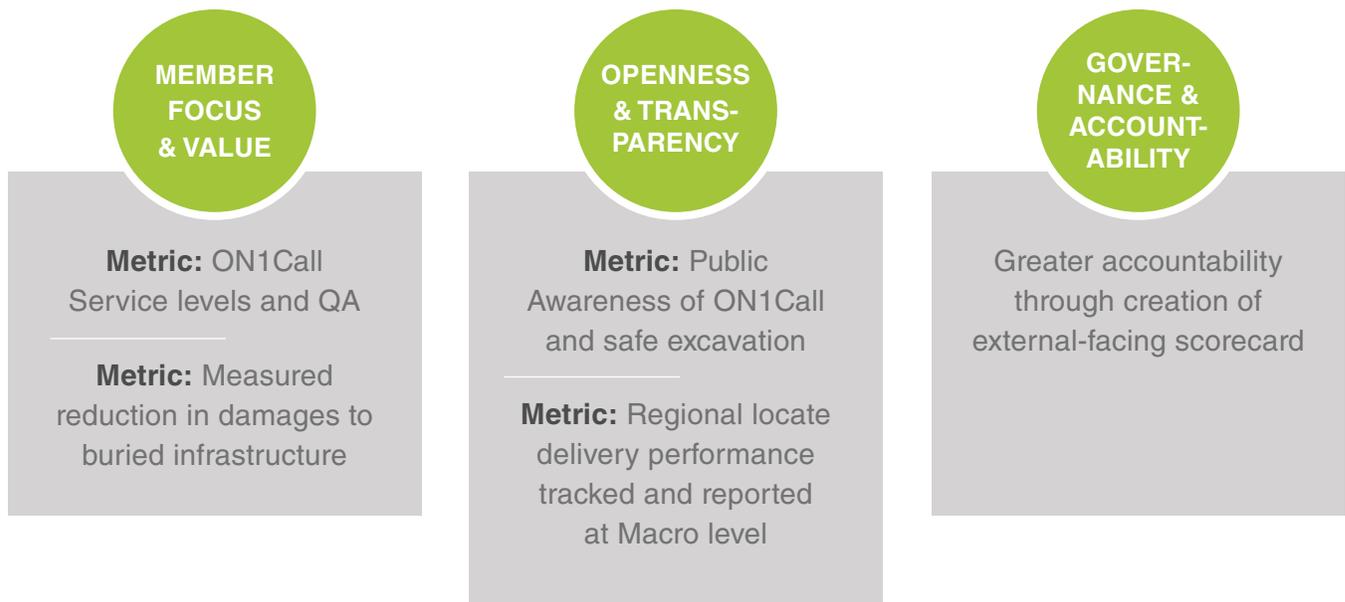
- Finalizing all compliance policies and procedures, and engagement with members and excavators to increase their understanding of roles and responsibilities

## ORGANIZATIONAL SCORECARD

The organizational scorecard will measure progress towards ON1Call’s transformational goals. It is different than the employee scorecard as it will measure the multi-year progress that members, excavators and ON1Call make towards a better locate system.

<b>MISSION</b>	<p>“We protect Ontario communities from the loss of service and harm caused by damages to underground infrastructure by educating the public on the need to Call Before You Dig. We provide a locate request process that is reliable, timely and easy to use.”</p>				
<b>VISION</b>	Supporting our Members	Reliable, Firm & Fair	Open & Transparent	Innovative, Unlocking Value for Members	Universal Public Commitment to Call Before You Dig
<b>TRANSFORMATIONAL AREAS</b>	Member Focus & Value		Openness & Transparency		Governance & Accountability





	"A"	"B"	"C"	"D"
0–5 DAYS	90%	80%	70%	60%
6–10 DAYS	<10%	<20%	<25%	<30%
11–15 DAYS	0%	0%	5%	10%
>15 DAYS	0%	0%	0%	0%
	EXCELLENT	GOOD	MARGINAL	POOR



## EXAMPLE OF SCORECARD METRIC

This table describes how locate delivery performance could be graded in the future. Over a period of years, the Board’s expectation is that overall delivery will improve and that standards would increase. By including this on the organization’s scorecard, it is a statement that

while members are accountable for delivering locates, ON1Call will hold itself accountable for supporting members in that process.

This scorecard is under development with the intention that it will be in place for 2018.

# 2017 BUSINESS PLAN PRIORITIES

Based on the updated strategic plan, the following priorities for ON1Call staff were set for 2017:

## MEMBER FOCUS & VALUE

1. Progress with implementation of Map Selection Notification (Minimum Boundary Rectangle Mapping). Would reduce over-notifications, thereby reducing member locate costs and improving productivity
2. Enhance analytics and reporting of metrics for Board, member and stakeholder use
3. Open Northern Ontario contact centre in Sudbury in April 2017
4. Reduce abuse of emergency locates and ensure valid emergencies receive more focus
5. Continue careful management of ON1Call costs. Develop plan for 2017 staffing model, including financial impact of Map Selection Notification

## GOVERNANCE & ACCOUNTABILITY

6. Complete compliance policies, and support work of new Compliance Committee
7. Conclude new Memorandum of Understanding with MGCS

## OPENNESS & TRANSPARENCY:

8. Deliver on public education mandate, including multi-platform awareness campaign
9. Creation of “Organizational Scorecard” to measure the overall performance of locates and awareness
10. Greater disclosure on ON1Call website (minutes of Committee meetings, policies, etc.)
11. Education for members on new compliance policies

# 2017 ON1CALL STAFF OBJECTIVES & SCORECARD

The Board of Directors has approved a mixed approach to performance evaluation for ON1Call staff. Each employee on the corporate side have individual objectives which form the largest portion of their performance evaluation and compensation. There is also a staff scorecard which measures the quantitative outcomes of specific staff-led projects.

The following ON1Call staff scorecard was approved by the Board for 2017:

TOPIC	METRIC	WEIGHTING	2016	2017 TARGET
<b>Reducing Damages</b>	2016 Damages/1,000 Notifications (ORCGA)	10%	0.68	0.68
<b>Member Services</b>	# of ALA Usages	10%	276,877	300,000
<b>Member Services</b>	Web Tickets as % of Incoming Requests	10%	72%	74%
<b>Compliance</b>	Number of Emergency Locate Requests Processed	15%	36,866	32,000
<b>Contact Centre</b>	Service Levels (% of calls answered within 20 seconds)	15%	42%	80%
<b>Contact Centre</b>	Front-line Staffing Salaries & Benefits	15%	\$2.3M	\$3.5M +/- 8%
<b>Contact Centre</b>	Turnaround of Suspended Web Tickets	5%	NEW	90% in 24hrs
<b>Contact Centre</b>	Quality Metric for Agent Performance % of Agent Scores > 90%  (standard calls) or 100% (emergency) on QA Evaluations	10%	NEW	85%
<b>Education</b>	Public Awareness of ON1Call  (as measured by Nov 2017 public opinion survey)	10%	9%	12%

## **MEMBER COMMITTEES**

The organization is supported by the work of its Committees, in particular the two non-Board Committees: Operations and Compliance. The role of the Operations Committee is to advance the organization's priorities as established by the Board, and to represent the views of their member groups as they relate to operational issues. The Compliance Committee was re-structured in late 2016. The Board has passed policies and procedures to support the new Committee in their work. It is anticipated that their activities will focus primarily on hearings into non-compliance.

# OTHER 2017 BUSINESS ACTIVITIES

## DISASTER RECOVERY & BACKUP

Ontario One Call's data system is contained in our in-house Data Centre. Our data is also backed up every 15 minutes at our system platform provider's main office (TelDig in Quebec City). We do not utilize "cloud" technologies.

Our office in Guelph is supported by a natural gas backup generator which can provide immediate backup power in the case of an electricity failure. The Sudbury office will also have a natural gas backup generator once its construction is complete.

## FINANCIAL

The Board of Directors has approved the maintenance of a \$4M reserve (\$2M for operating variances, \$2M for future capital projects). In terms of future reductions in notification fees, the Board has a conservative outlook. The implementation of new mapping technology would significantly reduce over-notifications – a positive outcome for our members, but one that would also directly reduce our revenues. ON1Call staff will prepare options for the Board on how this transition can be successfully made.

For 2017, the Board decided that per notification fees should remain unchanged. With continuing

growth in notification volumes and a strong revenue stream, the Board also decided to invest more funding towards improved service levels and improvements to the IT platform, in particular the implementation of Minimum Selection Notification.

## HUMAN RESOURCES

As a rapidly growing organization, ON1Call has significantly upgraded its human resources policies to meet the needs of a medium-sized business. Our focus is to achieve compliance with all legal requirements and develop a culture of respect among employees. The following is in place:

- Joint Health & Safety Committee
- First Aid and AED Training
- Emergency and Evacuation Plan
- Education on Benefits and Employee Assistance Programs
- Policies and Training on Gossip in the Workplace and Harassment/Violence in the Workplace
- Policies and Training on AODA and Occupational Health and Safety

## **INFORMATION TECHNOLOGY**

The security, reliability and performance of our information technology platform is a vital consideration for our members. Ontario One Call has contracted with CDW, one of Canada's leading information technology service providers to review the existing configuration and then design, build and assist with implementation of our new infrastructure as part of our move to our facilities in Guelph and Sudbury. We maintain a standby support contract to ensure that services are always available even outside of standard business hours. It is our policy to continually review and adopt newly identified security best practices to ensure the continued reliability and security of our systems.

## **MARKETING**

One of the objects of Ontario One Call, as defined in our legislation, is the mandate to promote awareness of the need to Call Before You Dig and the importance of safe excavation. In 2016, we started our public awareness efforts, focusing on television, social media and

online advertising. This amount will increase in 2017 as we release Ontario One Call's first TV commercial. We are also starting an in-store retail campaign with partners such as Home Depot and Stephenson's Rentals.

## **MEMBER & EXCAVATOR TRAINING**

Training in the effective use of the One Call system is a vital part of our responsibilities at ON1Call. In 2017, it is expected that more than one thousand people will participate in our training programs. To support the needs of members and excavators, the following training topics are offered, free of charge;

- Ontario One Call A -> Z
- Utilizing the Web Ticket
- Effective and Safe Use of Alternate Locate Agreements (ALA's)

Staff also visit members to provide 1-on-1 training or training to small groups.



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## INDEPENDENT AUDITOR'S REPORT

### To the Members of Ontario One Call

I have audited the accompanying financial statements of Ontario One Call, which comprise the statements of financial position as at December 31, 2016 and the statements of revenue and expenses, changes in net assets and cash flows for the year ended December 31, 2016, and 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.

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 the auditor's 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, the auditor considers 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.

I believe that the audit evidence I have obtained in my audit is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of Ontario One Call as at December 31, 2016 and the results of its operations and its cash flows for the year ended December 31, 2016 in accordance with Canadian accounting standards for not-for-profit organizations.

Toronto, ON  
April 20, 2017



Chartered Accountant Professional Corporation  
Authorized to practice public accounting by the  
Chartered Professional Accountants of Ontario

**STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2016**

	<i>December 31</i> <b>2016</b>	<i>December 31</i> <b>2015</b>
<b>ASSETS</b>		
CURRENT		
Cash	\$ 4,050,945	\$ 3,211,271
Term deposits (Note 3)	1,001,500	1,001,500
Accounts receivable (Note 4)	959,079	319,777
Harmonized sales tax recoverable	-	238,883
Prepaid expenses	164,650	55,655
	<hr/>	<hr/>
	6,176,174	4,827,086
PROPERTY AND EQUIPMENT (Note 5)	1,362,258	1,448,516
	<hr/>	<hr/>
	<b>\$ 7,538,432</b>	<b>\$ 6,275,602</b>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	\$ 392,213	\$ 1,432,486
Harmonized sales tax recoverable	4,606	-
	<hr/>	<hr/>
	396,819	\$ 1,432,486
NET ASSETS		
Net assets	7,141,613	4,843,116
	<hr/>	<hr/>
<b>LIABILITIES AND NET ASSETS</b>	<b>\$ 7,538,432</b>	<b>\$ 6,275,602</b>

ON BEHALF OF THE BOARD

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

## STATEMENT OF REVENUE AND EXPENSES YEAR ENDED DECEMBER 31, 2016

	2016	2015
<b>REVENUE</b>	<u>\$ 8,395,094</u>	<u>\$ 9,336,248</u>
<b>EXPENSES</b>		
Salaries, wages and fees	2,977,813	985,066
Advertising and promotion	581,500	23,067
Mapping expenses	613,254	314,199
Amortization	329,248	178,337
Rent and utilities	347,280	145,133
IT maintenance and support	284,821	217,195
Professional fees	220,939	334,373
Telecommunications	218,688	66,222
Office expenses	109,237	54,155
Employees' travel and other expenses	82,830	67,979
Insurance	32,105	25,821
Shows and conferences	28,706	28,183
Sponsorships	21,730	21,375
Consultants	4,165	11,434
Bad debt recovery	1,716	(33,463)
Call centre management fees	-	3,514,261
Call centre transition costs	-	265,487
Interest and bank charges	(1,189)	(12,731)
	<u>5,852,843</u>	<u>6,206,093</u>
<b>EXCESS OF REVENUE OVER EXPENSES BEFORE NOTIFICATION AND MEMBER REBATES</b>	2,542,251	3,130,155
Notification and member rebates	243,754	2,042,075
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ 2,298,497</u>	<u>\$ 1,088,080</u>

**STATEMENT OF CHANGES IN NET ASSETS  
YEAR ENDED DECEMBER 31, 2016**

	<b>2016</b>	<b>2015</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 4,843,116	\$ 3,755,036
Excess of revenue over expenses	2,298,497	1,088,080
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 7,141,613</b>	<b>\$ 4,843,116</b>

## STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2016

	2015	2014
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 2,298,497	\$ 1,088,080
Item not affecting cash:		
Amortization of property and equipment	329,248	178,337
	<u>2,627,745</u>	<u>1,266,417</u>
Changes in non-cash working capital:		
Accounts receivable	639,302	502,942)
Accounts payable and accrued liabilities	(1,040,273)	701,491
Prepaid expenses	(108,995)	(25,913)
Harmonized sales tax recoverable	243,489	(200,006)
	<u>(1,545,081)</u>	<u>978,514</u>
Cash flow provided by operating activities	<u>1,082,664</u>	<u>2,244,931</u>
<b>INVESTING ACTIVITIES</b>		
Additions to property and equipment	(242,990)	(1,353,752)
Term deposits	-	998,500
Cash flow provided by investing activities	<u>(242,990)</u>	<u>(355,252)</u>
<b>INCREASE IN CASH FLOW</b>	839,674	1,889,679
Cash - beginning of year	<u>3,211,271</u>	<u>1,321,592</u>
<b>CASH - END OF YEAR</b>	<u>\$ 4,050,945</u>	<u>\$ 3,211,271</u>

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2016

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### 1. DESCRIPTION OF ORGANIZATION

On August 10, 2011 Ontario One Call (the “Corporation”) was continued as a not-for-profit corporation under the Corporations Act (Ontario). It is not subject to Income Tax. It was originally incorporated on February 22, 1996 under the Business Corporations Act (Ontario). The objects of the Corporation are to operate a call centre to receive excavator requests for the location of underground infrastructure within Ontario; to identify for excavators whether underground infrastructure is located in the vicinity of a proposed excavation or dig site; to notify a member of the Corporation of proposed excavations or digs that may affect the underground infrastructure of the member; and to raise public awareness of the Corporation and the need for safe digging.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Presentation of the Financial Statements**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles the most significant of which are summarized as follows:

#### **Revenue Recognition**

Revenue is recognized at the time the call is received and notification made. Unrestricted investment income is recognized as revenue when earned.

#### **Property and equipment**

Property and equipment are stated at cost less accumulated amortization. Property and equipment are amortized over their estimated useful lives at the following rates and methods:

Computer Software	3 and 5 years	straight-line method
Computer Equipment	3 and 5 years	straight-line method
Furniture and equipment	3 and 10 years	straight-line method
Lease hold improvements	10 years	straight-line method

## Financial Instruments

### *Measurement of financial Instruments*

The Corporation initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions. The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, term deposits and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable.

### *Impairment*

Financial assets measured at cost are tested annually for impairment if there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

## Accounting Estimates

for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Specifically, these financial statements include management estimates and assumptions relating to the valuation of accounts receivable and the valuation of property and equipment and their useful lives.

### 3. TERM DEPOSITS

	<u>2016</u>	<u>2015</u>
Guaranteed Investment certificate bearing interest at 0.5% maturing September 9, 2017	\$ 1,001,500	\$ 1,001,500

#### 4. ACCOUNTS RECEIVABLE

	<b>2016</b>	<b>2015</b>
Accounts receivable	\$ 961,603	\$ 320,777
Less: Allowance for doubtful accounts	(2,524)	(1,000)
	<u>\$ 959,079</u>	<u>\$ 319,777</u>

#### 5. PROPERTY AND EQUIPMENT

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2016 Net book value</b>	<b>2015 Net book value</b>
Computer Software	\$ 526,677	\$ 327,594	\$ 199,083	\$ 271,930
Computer Equipment	406,990	212,635	194,355	183,967
Furniture and equipment	284,066	47,506	236,560	210,916
Leasehold improvements	828,344	96,084	732,260	781,703
	<u>\$ 2,046,077</u>	<u>\$ 683,819</u>	<u>\$ 1,362,258</u>	<u>\$ 1,448,516</u>

#### 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<b>2016</b>	<b>2015</b>
Accounts payable and accrued liabilities	\$ 215,220	\$ 515,310
Member Rebates - Credits in Accounts Receivable	176,993	917,176
	<u>\$ 392,213</u>	<u>\$ 1,432,486</u>

## 7. RELATED PARTIES

	<u>2016</u>	<u>2015</u>
<i>Management-member</i>		
Fee revenue	\$ 1,076,920	\$ 1,350,861
Accounts Receivable (Payable)	\$ 137,181	\$ (172,787)
<i>Management-member</i>		
Fee revenue	\$ 737,039	\$ 977,558
Accounts Receivable (Payable)	40,087	(158,829)
<i>Management-member</i>		
Fee revenue	\$ 640,873	\$ 821,410
Accounts Receivable (Payable)	\$ 227,635	\$ (18,073)
<i>Management-member</i>		
Fee revenue	\$ 474,039	\$ 613,566
Accounts Receivable (Payable)	\$ 53,783	\$ (74,717)

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

### Economic Dependence

These four members were the source of 35% of the total fee revenue generated by the Corporation in 2016 (2015 - 40%).

## 8. CAPITAL DISCLOSURES

The Corporation's objectives when managing capital are to safeguard cash and its ability to continue to provide services and benefits for its members.

Capital at the Corporation is comprised of net assets. In order to maintain or adjust its capital structure, the Corporation may obtain additional funding from its members.

The Corporation is not subject to any externally imposed capital requirements.

## 9. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### **Credit Risk**

Credit risk represents the financial loss that the Corporation would experience if a counter party to a financial instrument failed to meet its obligations. The Corporation's credit risk is primarily attributable to its accounts receivable. The amounts disclosed on the balance sheet are net of allowances for doubtful accounts, estimated by the Corporation's management based on prior experience. The Corporation believes that its allowance for doubtful accounts is sufficient to reflect the related credit risk.

The Corporation has established various internal controls designed to mitigate credit risk such as account monitoring procedures.

### **Liquidity Risk**

Liquidity risk is the risk that the Corporation will be unable to fulfill its obligations on a timely basis or at reasonable cost. Management manages liquidity risk by monitoring its operating requirements and preparing budgets to ensure it has sufficient funds to fulfill its obligations.

### **Market Risk**

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Management has attempted to control the effects of market risk by maintaining a conservative investment portfolio 100% invested in GIC's and high interest savings accounts.

### **Interest and Currency Risks**

It is management's opinion that the Corporation is not exposed to significant interest or currency risks arising from these financial instruments.

There has been no change to the extent of exposure to the above risks from 2015.

## 10. LEASE COMMITMENTS

The Corporation leases premises under three long term leases expiring October 31, 2016, March 31, 2018 and June 30, 2025. Future minimum lease payments exclusive of harmonized sales tax and operating charges as at year end are as follows:

2017	\$ 298,587
2018	307,545
2019	297,068
2020	297,068
2021	297,068
Thereafter	1,295,822
	<u>\$ 1,818,497</u>

## 11. SUBSEQUENT EVENTS

In January 2017, the Corporation entered into an agreement with a general contractor to construct a second Contact centre in leased premises located in Sudbury for \$620,405 plus HST.



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