

MUNICIPAL ASSESSMENT AGENCY INC.

Financial Statements

Year Ended March 31, 2025

MUNICIPAL ASSESSMENT AGENCY INC.

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Year Ended March 31, 2025

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POWER & ASSOCIATES

CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Municipal Assessment Agency Inc.

Opinion

We have audited the financial statements of Municipal Assessment Agency Inc. (the Agency), which comprise the statement of financial position as at March 31, 2025, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2025, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Agency in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Agency or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

(continues)

Independent Auditor's Report to the Board of Directors of Municipal Assessment Agency Inc. *(continued)*

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Agency to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Power & Associates

St. John's, Newfoundland and Labrador

CHARTERED PROFESSIONAL ACCOUNTANTS

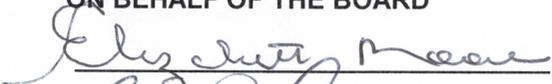
MUNICIPAL ASSESSMENT AGENCY INC.
Statement of Financial Position
March 31, 2025

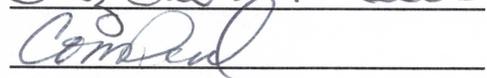
	2025	2024
ASSETS		
CURRENT		
Cash	\$ 1,284,261	\$ 1,709,926
Accounts receivable (Note 3)	223,587	112,216
Prepaid expenses	311,735	301,123
	1,819,583	2,123,265
RESTRICTED RESERVE CASH (Note 4)	1,904,308	2,000,000
TANGIBLE CAPITAL ASSETS (Note 5)	1,447,700	1,068,017
	\$ 5,171,591	\$ 5,191,282
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	\$ 128,075	\$ 106,628
Accrued vacation pay (Note 7)	275,412	264,791
Deferred income	575	500
	404,062	371,919
NET ASSETS		
SHARE CAPITAL	1	1
RESTRICTED RESERVE FUNDS (Note 8)	3,259,051	3,068,016
UNRESTRICTED FUND	1,508,477	1,751,346
	4,767,529	4,819,363
	\$ 5,171,591	\$ 5,191,282

COMMITMENTS (Note 9)

CONTINGENCIES (Note 10)

ON BEHALF OF THE BOARD


 _____ Member


 _____ Member

MUNICIPAL ASSESSMENT AGENCY INC.
Statement of Revenues and Expenditures
Year Ended March 31, 2025

	2025	2024
REVENUES		
Assessment services	\$ 5,472,458	\$ 5,417,038
Interest revenue	196,210	215,171
Valuation revenue	69,502	39,138
Other	3,860	-
Interest revenue on overdue accounts	279	3,344
	<u>5,742,309</u>	<u>5,674,691</u>
EXPENSES		
Salaries	3,366,788	2,994,607
Benefits	722,274	609,762
Information technology	448,606	493,703
Office and administration <i>(Schedule 1)</i>	568,651	441,962
Printing and postage	287,533	263,008
Travel	242,242	258,921
Municipal Collaborative Initiative	11,660	7,670
	<u>5,647,754</u>	<u>5,069,633</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE THE FOLLOWING	<u>94,555</u>	<u>605,058</u>
Amortization of tangible capital assets	131,580	107,961
Provision for vacation pay	14,808	32,355
	<u>146,388</u>	<u>140,316</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ (51,833)</u>	<u>\$ 464,742</u>

MUNICIPAL ASSESSMENT AGENCY INC.

Statement of Changes in Net Assets

Year Ended March 31, 2025

	Balance, beginning of year April 1, 2024	Excess (deficiency) of revenues over expenses	Transfers	Balance, end of year March 31, 2025
Collaborative Initiative Fund <i>(Note 4)</i>	\$ 200,000	\$ (11,660)	\$ 11,660	\$ 200,000
Operating Fund <i>(Note 4)</i>	1,300,000	(563,482)	563,482	1,300,000
Special Operating Fund <i>(Note 4)</i>	407,043	(95,692)	-	311,351
Tangible Capital Assets <i>(Note 4)</i>	1,068,016	(131,580)	511,264	1,447,700
Unrestricted Fund	1,844,303	750,581	(1,086,406)	1,508,478
	<u>\$ 4,819,362</u>	<u>\$ (51,833)</u>	<u>\$ -</u>	<u>\$ 4,767,529</u>

MUNICIPAL ASSESSMENT AGENCY INC.

Statement of Cash Flows

Year Ended March 31, 2025

	<u>2025</u>	<u>2024</u>
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (51,833)	\$ 464,742
Item not affecting cash:		
Amortization of tangible capital assets	<u>131,580</u>	107,961
	<u>79,747</u>	<u>572,703</u>
Changes in non-cash working capital:		
Accounts receivable	(111,371)	(13,005)
Accounts payable and accrued liabilities	21,446	(61,935)
Deferred income	75	480
Prepaid expenses	(10,611)	(10,698)
Accrued vacation pay	<u>10,621</u>	<u>22,903</u>
	<u>(89,840)</u>	<u>(62,255)</u>
Cash flow from (used by) operating activities	<u>(10,093)</u>	<u>510,448</u>
INVESTING ACTIVITY		
Purchase of tangible capital assets	<u>(511,264)</u>	(98,775)
INCREASE (DECREASE) IN CASH FLOW	(521,357)	411,673
Cash - beginning of year	<u>3,709,926</u>	<u>3,298,253</u>
CASH - END OF YEAR	\$ 3,188,569	\$ 3,709,926
CASH CONSISTS OF:		
Cash	\$ 1,284,261	\$ 1,709,926
Restricted reserve cash	<u>1,904,308</u>	<u>2,000,000</u>
	\$ 3,188,569	\$ 3,709,926

MUNICIPAL ASSESSMENT AGENCY INC.

Notes to Financial Statements

Year Ended March 31, 2025

NATURE OF OPERATIONS

The Municipal Assessment Agency Inc. (the "Agency") was incorporated April 2, 1997, under the laws of the Province of Newfoundland and Labrador to carry out assessment services for various municipalities throughout the Province of Newfoundland and Labrador pursuant to the Assessment Act. Prior to this date, these services were performed by the Department of Municipal and Provincial Affairs, Government of Newfoundland and Labrador (the "Department").

The Agency has one common share with a par value of \$1.00 issued to the Minister of Municipal and Provincial Affairs, Government of Newfoundland and Labrador.

The Agency is a crown corporation and, accordingly is exempt from income taxes under Subsection 149(1)(d) of the Income Tax Act.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements are prepared within the framework of Canadian Public Sector Accounting Standards (PSAS) which require the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results. The more significant accounting policies of the Agency are as follows:

Cash

Cash includes cash on hand and balances with the bank.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates:

Furniture and equipment	20%
Computer hardware and software	30%
Integrated assessment system	30%
Buildings	4%
Mobile assessor	20%
Mobile assessor - licenses	5 years (straight line)

Revenue recognition

Revenue for the provision of assessment and valuation services is recognized when the services are rendered.

Interest revenue is recognized as it is earned.

Accrued vacation pay

Vacation is accrued for employees as entitlement is earned.

Financial instruments

Financial instruments, including cash, accounts receivable and accounts payable and accrued liabilities, are initially recorded at their fair value and are subsequently measured at amortized cost, net of any provisions for impairment.

MUNICIPAL ASSESSMENT AGENCY INC.

Notes to Financial Statements

Year Ended March 31, 2025

2. FINANCIAL INSTRUMENTS

The Agency is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Agency's risk exposure and concentration as of March 31, 2025.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Agency is exposed to credit risk in connection with its accounts receivable. The Agency manages its credit risk through ongoing management review of all accounts receivable past due. The Agency reviews its credit risk regularly and it is assessed as low.

Liquidity risk

Liquidity risk is the risk that the Agency will encounter difficulty in meeting obligations associated with financial liabilities. The Agency is exposed to this risk in respect of its accounts payable and accrued liabilities, accrued vacation pay and operating lease commitments. The risk is mitigated through the Agency's level of current assets exceeding current liabilities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Agency is mainly exposed to currency risk and interest rate risk.

Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Agency is exposed to foreign currency exchange risk on cash held in U.S. dollars. The Agency does not use derivative instruments to reduce its exposure to foreign currency risk. As at March 31, 2025, cash balances of \$12,964 (2024 - \$29,841) are shown in US dollars in the company's account and converted into Canadian dollars as at that date for financial statement purposes.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Agency manages exposure through its normal operating and financing activities.

3. ACCOUNTS RECEIVABLE

	<u>2025</u>	<u>2024</u>
Trade receivables	\$ 136,397	\$ 59,452
HST recoverable	96,614	52,764
	<u>\$ 233,011</u>	<u>\$ 112,216</u>

MUNICIPAL ASSESSMENT AGENCY INC.

Notes to Financial Statements

Year Ended March 31, 2025

4. RESTRICTED RESERVE CASH

The Agency has internally restricted funds for the following purposes. Restricted cash is held in the Agency's interest-bearing operating bank account.

Operating Reserve Fund

Board Restricted Operating Reserve Fund was designated at the February 8, 2019 board meeting. The general purpose of the fund is to help ensure the long-term financial stability of the Agency. The fund will be used to offset future budget increases in operating expenses, position the Agency to respond to carrying charges and economic conditions affecting the Agency's financial position, and to meet specific financial requirements in accordance with the Agency's strategic vision and values. During the year, the Agency transferred \$563,482 (2024 - \$24,456) from the unrestricted fund for approved projects. Amount of reserved cash as at March 31, 2025 is \$1,300,000 (2024 - \$1,300,000).

Collaborative Initiative Reserve Fund

Board Restricted Collaborative Initiative Reserve Fund was designated at the February 8, 2019 board meeting. The general purpose of the fund is to foster and encourage collaborative partnerships to develop and implement best practices in providing fair and effective property assessment and valuation. The fund will be used to encourage partnerships with municipalities that support innovation in property assessments and valuations, to support the Agency's participation in the National Collaborative Initiative, and to work with other partners in projects that will further the Agency's objectives. During the year, the Agency transferred \$11,660 (2024 - \$7,760) from the unrestricted fund for approved projects. Amount of reserved cash as at March 31, 2025 is \$200,000 (2024 - \$200,000).

Special Operating Reserve Fund

Board Restricted Special Operating Reserve Fund was designated on November 22, 2023. The general purpose of the fund is to establish and maintain innovative data collecting practices through geographic information systems. This initiative will enhance the Municipal Assessment Agency's vision to meet the property assessment and valuation needs of clients in the most effective and cost-efficient method. During the year, the Agency spent \$95,692 (2024 - \$92,957) from the Special Operating Reserve Fund for approved projects. Amount of reserved cash as at March 31, 2025 is \$311,351 (2024 - \$407,043).

Tangible Capital Asset Reserve Fund

Board Restricted Tangible Capital Asset Reserve Fund accounts for the acquisition and amortization of the Agency's property and equipment. The Capital Asset Fund was designated by the board effective April 1, 2020. During the year, the Agency transferred the amount of \$511,264 (2024 - \$98,774) from the unrestricted fund for the purpose of acquiring capital assets. Amount of this reserve fund as at March 31, 2025 is \$1,447,700 (2024 - \$1,068,017). There is no reserved cash associated with this restricted fund.

MUNICIPAL ASSESSMENT AGENCY INC.

Notes to Financial Statements

Year Ended March 31, 2025

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Computer hardware and software	\$ 49,883	\$ 42,651	\$ 7,232	\$ 10,331
Furniture and equipment	106,554	57,384	49,170	43,257
Integrated assessment system	2,131,375	1,993,327	138,048	115,162
Buildings	1,533,944	553,625	980,319	610,159
Land	208,221	-	208,221	208,221
Mobile assessor	157,982	93,272	64,710	80,887
Mobile assessor - licenses	91,825	91,825	-	-
	<u>\$ 4,279,784</u>	<u>\$ 2,832,084</u>	<u>\$ 1,447,700</u>	<u>\$ 1,068,017</u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2025	2024
Accrued wages payable	\$ 62,901	\$ 45,754
Accounts payable	43,104	13,350
Accrued professional fees	12,600	12,600
HAPSET payable	5,350	-
Appeal fees	3,475	3,050
Other	645	1,638
Employee expenses payable	-	30,236
	<u>\$ 128,075</u>	<u>\$ 106,628</u>

7. ACCRUED VACATION PAY

	2025	2024
Vacation pay		
Opening balance	\$ 264,791	\$ 241,888
Vacation paid out	(4,187)	(9,452)
Current year expense	14,808	32,355
	<u>\$ 275,412</u>	<u>\$ 264,791</u>

8. RESTRICTED RESERVE FUNDS

	2025	2024
Operating Reserve Fund	\$ 1,300,000	\$ 1,300,000
Tangible Capital Asset Reserve Fund	1,447,700	1,068,016
Special Operating Reserve Fund	311,351	500,000
Collaborative Initiative Reserve Fund	200,000	200,000
	<u>\$ 3,259,051</u>	<u>\$ 3,068,016</u>

The purposes of the various restricted funds are disclosed in Note 4.

MUNICIPAL ASSESSMENT AGENCY INC.

Notes to Financial Statements

Year Ended March 31, 2025

9. COMMITMENTS

The Agency has a lease for office space in Corner Brook, Newfoundland and Labrador. The term of the lease is 5 years, starting November 1, 2024 and ending on December 1, 2029. The monthly rental fee is \$6,142. Future minimum lease payments total \$350,112 and include the following payments over the next year: 2026 - \$73,708; 2027 - \$73,708; 2028; \$73,708; 2029 - \$73,708; 2030 - \$55,281.

The Agency has a lease for office space in Clarenville, Newfoundland and Labrador. The term of the lease is 3 years, starting December 1, 2021 and ending on November 30, 2026. The monthly rental fee is \$475. Future minimum lease payments total \$9,500 and include the following payments over the next year: 2026 - \$5,700; 2027 - \$3,800.

The Agency has a lease for Neopost Mail/Postage Machines. The term of the lease is 5 years starting August 21, 2021 and ending August 21, 2026. The monthly lease cost is \$480. Future minimum lease payments total \$8,160 and include the following payments over the next years: 2026 - \$5,760; 2027 - \$2,400.

The Agency has a lease for office space in Grand Falls-Windsor, Newfoundland and Labrador. The term of the lease is 3 years, starting February 1, 2024 and ending January 31, 2027. The monthly rental cost is \$1,875. Future minimum lease payments total \$41,250 and include the following payments over the next years: 2026 - \$22,500; 2027 - \$18,750.

10. CONTINGENCIES

The Agency has prepared valuations which are subject to litigation to which the Agency has been included as a third party defendant, including a claim that was received subsequent to year end. These claims could be considered in the normal course of the Agency's activities, and the Agency is defending the claim which has been received. Neither the possible outcome nor the amount of possible settlement can be foreseen. Therefore, no provision has been made in the financial statements.

MUNICIPAL ASSESSMENT AGENCY INC.

Office and Administration

(Schedule 1)

Year Ended March 31, 2025

	2025	2024
EXPENSES		
Purchased services	\$ 164,866	\$ 37,342
Premises and equipment	101,310	102,666
Repairs and maintenance	90,415	80,610
Professional fees	54,775	47,413
Insurance	45,062	45,244
Telephone	38,027	41,957
Office supplies	35,061	40,523
Utilities	31,803	35,230
Interest and bank charges	5,349	5,918
Staff development	3,433	-
Exchange loss (gain)	(1,450)	5,059
	<hr/>	
	\$ 568,651	\$ 441,962
