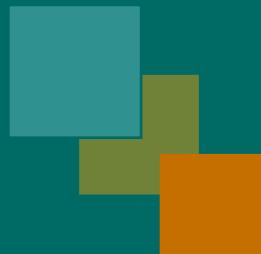




Municipal
Assessment
Agency Inc.



Municipal Assessment Agency Inc.
2024 – 2025 Annual Report



Inside Front Cover

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Chairperson's Message



On behalf of the Municipal Assessment Agency (the Agency), I am pleased to present our Annual Performance Report for the fiscal year April 1, 2024, to March 31, 2025.

As a Category Two entity under the **Transparency and Accountability Act**, the Board of Directors remains fully accountable for the results outlined in this document. Our continued commitment to openness, transparency, and the fundamental principles of an effective property tax system is reflected throughout this document.

The Municipal Assessment Agency operates as a not-for-profit organization, with all returns reinvested to support and enhance our operations. As the designated provider of property assessment services to 237 municipalities under the **Assessment Act, 2006**, we take pride in our role supporting local governments and delivering a valuable service to the people of Newfoundland and Labrador.

Over the past year, the Agency has remained focused on organizational effectiveness, advancing new technology initiatives, and client relations. We continue to strengthen our communication and engagement with municipalities and the public to ensure transparency and responsiveness.

We look forward to building on this progress in the years ahead, working collaboratively to ensure that our property assessment system continues to serve the needs of all stakeholders with fairness and integrity.

Sincerely,

Mayor Elizabeth A. Moore, Chairperson

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Table of Contents

Entity Overview	1
Vision	1
Mandate	1
Lines of Business	2
Number of Employees.....	3
Board of Directors	3
Locations.....	4
Revenues and Expenditures	5
Assessed Values for Newfoundland and Labrador	5
Highlights and Partnerships	6
Highlights	6
Partnerships	7
Report on Performance	7
Issue 1: Increased collaboration with its stakeholders will contribute to improved services to current and future client municipalities of the Agency	8
Issue 2: The Municipal Assessment Agency will improve awareness and transparency of the assessment processes to municipalities.....	10
Issue 3: Improved property data practices will ensure assessments are accurate...	12
Opportunities and Challenges	14
Financial Information	14

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Entity Overview

Vision

The vision of the Municipal Assessment Agency is an organization applying the highest standards of fairness and equity in all operations and processes, thereby meeting the valuation needs and professional expectations of those we serve.

Mandate

The Municipal Assessment Agency is required to provide municipalities with real property values (or assessments) in accordance with the terms and conditions of the province's **Assessment Act, 2006**.

The Municipal Assessment Agency, through the conditions of its incorporation, does the following:

- Provides assessment activities as per the **Assessment Act, 2006**;
- Provides and sells:
 - ✓ Data and other related assessment information.
 - ✓ Property inspections.
 - ✓ Valuation services to all levels of the Crown, including municipalities as outlined in the **Assessment Act, 2006**.
 - ✓ Consultation services.

The Municipal Assessment Agency is a not-for-profit entity whose returns are to be used solely to support or enhance the activities of the Agency on behalf of those it serves.

The Agency's website **www.maa.ca** provides further overview of the services provided.

Lines of Business

The Agency's lines of business are a reflection of the requirements outlined in the **Assessment Act, 2006**.

Property Assessments

On behalf of municipalities, we provide residents and commercial property owners with real property values annually. This is achieved by collecting market information and other property data to calculate a market value for each property.

Supporting Client Municipalities

Working closely with municipalities, the Agency ensures residents are informed about their property assessments and the processes used to determine these property values.



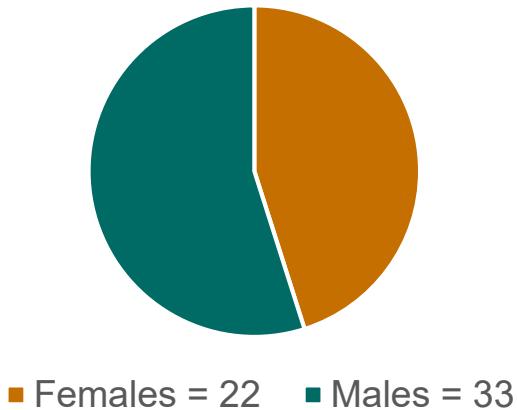
Consultation Services

The Agency provides consultation services relating to property assessment practices.

Number of Employees

Division	# of Employees
Valuation Services	33
Corporate Services	19
Executive Team Members	3

Gender Ratio



Board of Directors

The Agency is a Crown-owned corporation governed by a 10-member Board of Directors. The Board includes six representatives elected by client municipalities; a representative of Municipalities Newfoundland and Labrador; a representative of the Professional Municipal Administrators; and two appointed taxpayer representatives.

Locations

Western and Labrador Region

Corner Brook

24 Brook Street
Corner Brook, NL
A2H 7J5

Central Region

Gander

165 Roe Avenue
P.O. Box 570
Gander, NL
A1V 2E1

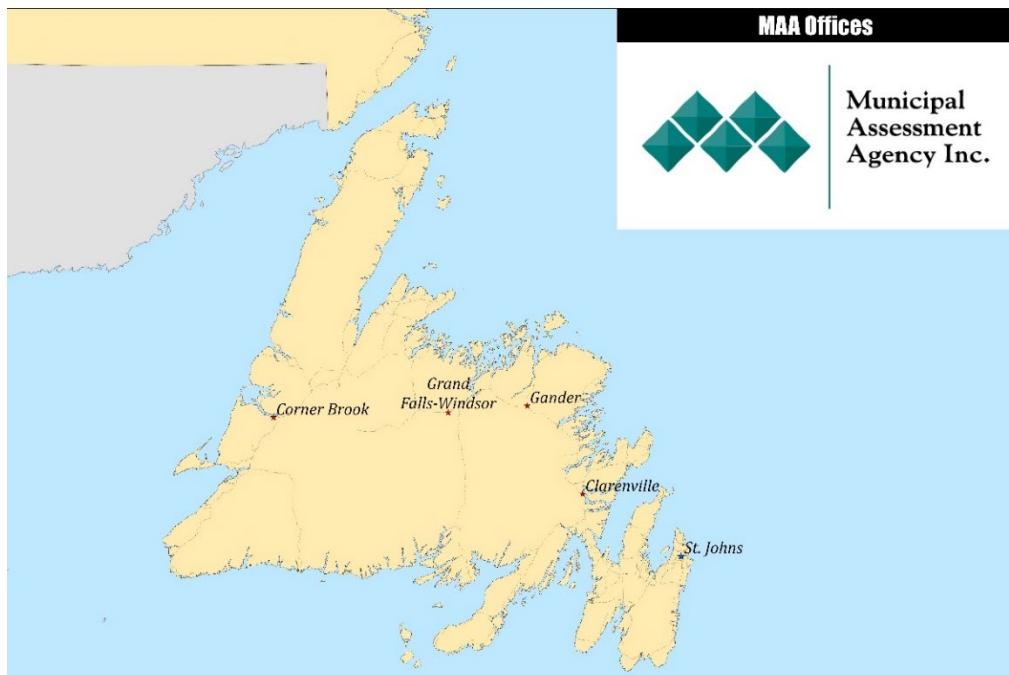
Eastern Region / Headquarters

St. John's

75 O'Leary Avenue
St. John's, NL
A1B 2C9

Satellite Offices

- Clarenville
- Grand Falls-Windsor

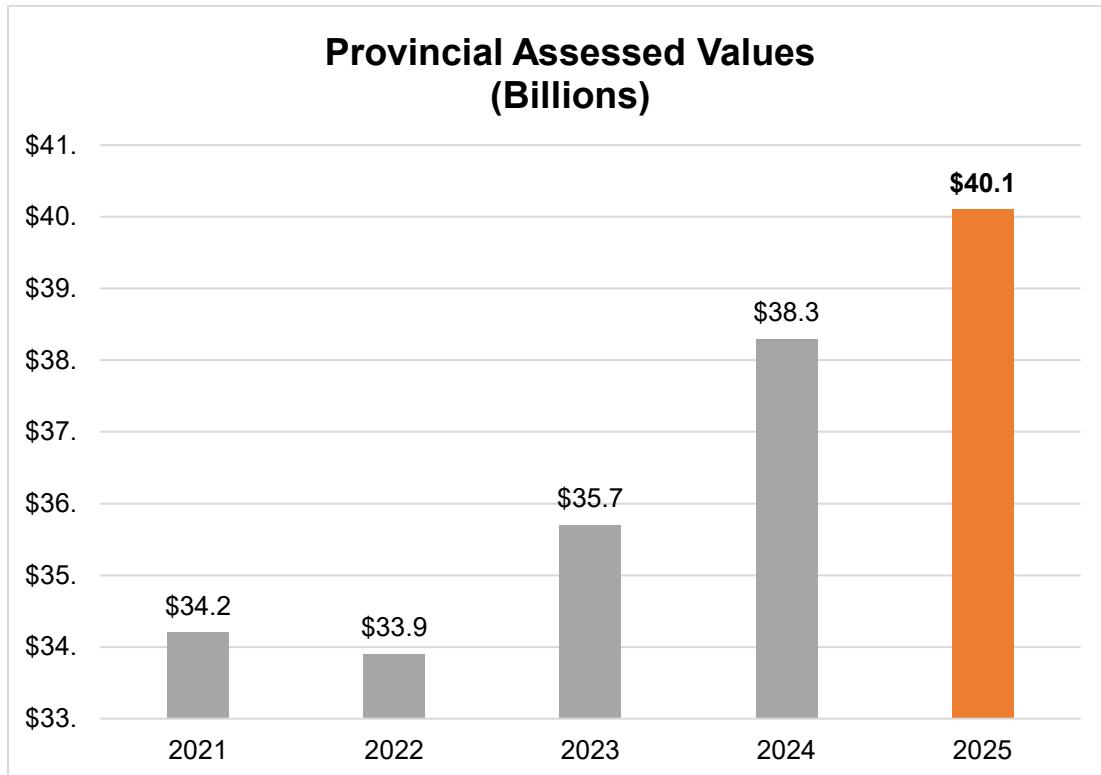


Revenues and Expenditures

The Agency's gross expenditure for 2024-25 was \$5,647,754 with a revenue of \$5,742,309. Please refer to financial information (p.16) for a summary of expenditures and related revenue. The Agency's main source of revenue is derived from service fees to municipalities for assessment services. If a shortfall occurs in a fiscal year, unrestricted funds are available. If funds were unavailable, an increase of service fees would result. There are no changes to service fees for this reporting period.

Assessed Values for Newfoundland and Labrador

The 2025 total assessed property value increased by 4.7 percent compared to 2024. The 2025 assessed value is used by municipalities to calculate their 2026 tax revenue.



Highlights and Partnerships

Highlights



203,849

2024 Parcel Count in NL

\$38.3 Billion

Total 2024 Assessed Value

Residential Assessments



\$30.8 Billion

188,533 parcels

Commercial Assessments



\$7.5 Billion

15,316 parcels

* The highlights below reflect the Agency's activities in 2024 to produce the total provincial assessed value for 2025. Assessments are based on the calendar year.



24,729

Property Changes
Reported



1,160

Assessment
Appeals



26,164

Property
Inspections(Field/Desktop)

Partnerships

Collaborative Initiative Fund

The Agency partnered with multiple municipalities using its ongoing Collaborative Initiative Fund to support municipal projects (i.e. GIS, aerial imagery, etc.), enhancing the property assessment service. This grant provides funding up to a maximum of \$2 per assessed parcel of land to municipalities per project.

Municipalities Newfoundland and Labrador (MNL)

We partner with MNL to enhance overall engagement in the municipal sector. This partnership provides the Agency increased opportunities to collaborate and communicate with municipalities during each year. The Agency is working with MNL to develop training for municipal representatives.

Professional Municipal Administrators (PMA)

We partner with PMA to strengthen engagement directly with municipal personnel. This collaboration provides the Agency with opportunities to communicate important information to municipal members of this association, as required.

Report on Performance

A three-year business plan for the Municipal Assessment Agency commenced in 2023. Since the plan's submission, the name of the responsible department has changed from Municipal and Provincial Affairs to Municipal Affairs and Community Engagement.

The Agency's business plan identifies three issues of focus for 2023-26. The issues include:

- Increased collaboration with its stakeholders will contribute to improved services to current and future client municipalities of the Agency.

- The Municipal Assessment Agency will improve awareness and transparency of the assessment processes to municipalities.
- Improved property data practices will ensure assessments are accurate.

Issue 1: Increased collaboration with its stakeholders will contribute to improved services to current and future client municipalities of the Agency.

The Agency is committed to servicing its clients professionally and efficiently.

Collaboration with its stakeholders will ensure legislation requirements are met and resources are available to support municipalities.

Goal

By March 31, 2026, the Agency will have participated in municipal governance and service delivery initiatives with our key stakeholders.

2024-25 Objective:

By March 31, 2025, the Municipal Assessment Agency will have participated in available planning opportunities with the Department of Municipal Affairs and Community Engagement to increase service-sharing opportunities within the province.

Indicators

Opportunities to collaborate with the Department of Municipal Affairs and Community Engagement have increased.

In 2024-25, the Agency engaged in discussions with the Department of Municipal Affairs

and Community Engagement on topics affecting municipalities, the Agency, and proposed legislation changes. The Agency was invited on several occasion to discuss the planning and implementation of new initiatives and legislation changes. Both the Agency and the Department of Municipal Affairs and Community Engagement agreed to collaborate on future legislation and program changes affecting the Agency's mandate.

The Agency participated in discussions to increase service-sharing opportunities within the province.

In 2024-25, the Agency met with municipalities affected by the most recent legislation changes with the requirement to implement a property tax system. The Agency met with 12 municipalities in this reporting period to share information on the Agency's services and the required steps to prepare for the legislation requirement. In addition, the Agency participated in discussions with the Department of Justice and Public Safety and the Department of Fisheries, Forestry and Agriculture to discuss possible service sharing opportunities.

The Agency's strategies for increased awareness of assessment services are beneficial to municipalities and other stakeholders.

In 2024-25, the Agency increased awareness of the services by attending and presenting information at four municipal government-related conferences. Throughout the year, the Agency met with a single or group of municipalities on 15 occasions to share information on assessment practices and the services provided by the Agency. Municipalities were surveyed and 88% of respondents were satisfied with the information provided by the Agency.

2025-26 Objective:

By March 31, 2026, the Municipal Assessment Agency will have contributed to the Department of Municipal Affairs and Community Engagement's goal to improve local governance and service sharing initiatives.

Indicators:

- The Agency attended and collaborated in regular meetings to build and enhance services for municipalities.
- The Agency provided support to the Department of Municipal Affairs and Community Engagement to implement new legislation and programs for municipalities.

Issue 2: The Municipal Assessment Agency will improve awareness and transparency of the assessment processes to municipalities.

Municipalities rely on the Agency for accurate data to assist with the collection of property tax. The Agency's mandate guides this process and municipalities benefit from understanding the process and the assessment results. The Agency's continuous improvement strategy focuses on awareness and transparency of assessment processes.

Goal

By March 31, 2026, the Municipal Assessment Agency's processes and information are clearer and have increased accessibility to all that we serve.

2024-25 Objective:

By March 31, 2025, the Municipal Assessment Agency will develop and implement new technology initiatives to improve access to assessment information and services. The Agency will establish and implement communication standards to suit its target audience.

Indicators

New initiatives are implemented and access to information is accurate and accessible to users.

The Agency created and implemented a client portal hosted on the Agency's website. This portal provides municipalities with access to important information and a standardized aid to submit updated property information within their municipality. All municipal representatives have access to the same information and tools provided through the portal. The representatives completed formal training and user feedback was gathered which contributed to improved future communication strategies. Overall, the feedback on this new initiative was positive. The accuracy of the information and the impact of new technology initiatives will be determined and reviewed during the 2025-26 reporting period.

The increased use of technology improves communication and transparency of information to municipalities.

In 2024-25, the Agency's website enhancements for the public and the implementation of the client portal provided the public and municipalities with increased access to important information. Municipalities use this information to support their community's understanding of property assessments and aid in their tax administration function. The residents are provided more information on property assessment practices and property values in their municipality.

2025-26 Objective:

By March 31, 2026, the Municipal Assessment Agency will have established and evaluated new communication strategies. Clients and residents will have had opportunity to provide feedback.

Indicators:

- Communication strategies are evaluated by municipalities to confirm each communication channel provided increased transparency and accessibility.
- Municipalities have access to different methods of providing feedback to the Agency and response rates have improved.
- Messaging is tailored to assist municipalities to understand property assessment processes and practices.

Issue 3: Improved property data practices will ensure assessments are accurate

Traditional methods of collecting data is no longer cost-effective. As a result, new technology will give the Agency an opportunity to improve efficiencies and the accuracy of the data required to meet the Agency's mandate.

Goal

By March 31, 2026, the Municipal Assessment Agency will have improved how data is collected while overcoming geographic and resource obstacles. Aerial data and the use of technology will improve data quality overall. Geographic areas where fieldwork is difficult to access will have improved.

2024-25 Objective:

By March 31, 2025, geographical data is available and supporting operational requirements.

Indicators

Increased access to geographical data improves property data, quality, and uniformity.

An increase in geographical data will increase the reliability of the property data.

Geographic data, including aerial imagery is not available for all municipalities. With increased resources and partnerships, the Agency will increase their access to property data and improve geographic data available. In 2024-25, the Agency utilized funds from the Agency's restricted fund to capture eleven additional municipalities. This imagery was then used to review property data from a desktop reducing the number of field visits to municipalities. In this reporting period, 12,164 field inspections through traditional methods were completed and 14,002 property inspections completed through the desktop. This new method increased the number of properties inspected within the year by 54%.

Access to geographic data improves operational requirements to increase municipal clients and property assessments.

The Agency is able to view statistical data through geographical information systems. Improvements in processes and technology will provide necessary data in different forms. Utilizing new tools, technology, and sources of data to determine results will improve processes. In 2024-25, assessors accessed aerial data for the purpose of valuation more than 210,000 times. This high level of usage demonstrates the value of obtaining the aerial data contributing to improved practices and increased reliability of the data.

2025-26 Objective:

By March 31, 2026, the use of geographical data and advanced geographical technology supports the Agency in achieving its mandate.

Indicators

- Improved property assessment practices through the use of new technology advances the Agency's ability to meet legislative requirements.
- Improved processes will lead to increased revenue for municipalities. Higher quality of data improves the overall accuracy of property assessments within municipalities.

Opportunities and Challenges

In 2024-25, the Municipal Assessment Agency's primary challenge will be the preparation and implementation required to assess forty new municipalities over the next three years. This expansion results from legislative changes contained within the **Towns and Local Service Districts Act**. Recruitment and retention of skilled workers and access to the operational funds required to complete these assessments will require enhanced operational practices and tools. As well as, a continued effort to ensure effective communication with stakeholders and municipalities.

Every challenge is an opportunity to explore the possibilities to improve the services the Agency provides to municipalities. Exploring and implementing new or improved technology will increase the Agency's capacity to grow and service the public. Expanding the use of Geographic Information Systems and enhancing the proficiency of our database system will produce a reliable and advanced assessment practice.

Financial Information

Please see our financial report on the next page.

MUNICIPAL ASSESSMENT AGENCY INC.

Financial Statements

Year Ended March 31, 2025

MUNICIPAL ASSESSMENT AGENCY INC.
Index to Financial Statements
Year Ended March 31, 2025

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11
Office and Administration <i>(Schedule 1)</i>	12

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)

POWER & ASSOCIATES PROFESSIONAL CORPORATION
84-86 ELIZABETH AVENUE, SUITE 101, REGATTA PLAZA II, ST.JOHNS, NL, A1A 1W7
TELEPHONE: (709) 579-1069, FAX: (709) 579-9130, EMAIL: INFO@POWERASSOCIATES.CA

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	<u>311,735</u>	<u>301,123</u>
	1,819,583	2,123,265
RESTRICTED RESERVE CASH (Note 4)	1,904,308	2,000,000
TANGIBLE CAPITAL ASSETS (Note 5)	<u>1,447,700</u>	1,068,017
	<u>\$ 5,171,591</u>	<u>\$ 5,191,282</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	\$ 128,075	\$ 106,628
Accrued vacation pay (Note 7)	275,412	264,791
Deferred income	<u>575</u>	<u>500</u>
	<u>404,062</u>	371,919
NET ASSETS		
SHARE CAPITAL	1	1
RESTRICTED RESERVE FUNDS (Note 8)	3,259,051	3,068,016
UNRESTRICTED FUND	<u>1,508,477</u>	<u>1,751,346</u>
	<u>4,767,529</u>	<u>4,819,363</u>
	<u>\$ 5,171,591</u>	<u>\$ 5,191,282</u>
COMMITMENTS (Note 9)		
CONTINGENCIES (Note 10)		

ON BEHALF OF THE BOARD

Elyse Mee Member
Compt 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	<u>279</u>	<u>3,344</u>
	5,742,309	5,674,691
EXPENSES		
Salaries	3,366,788	2,994,607
Benefits	722,274	609,762
Information technology	448,606	493,703
Office and administration (Schedule 1)	568,651	441,962
Printing and postage	287,533	263,008
Travel	242,242	258,921
Municipal Collaborative Initiative	<u>11,660</u>	<u>7,670</u>
	5,647,754	5,069,633
EXCESS OF REVENUES OVER EXPENSES BEFORE THE FOLLOWING		
	94,555	605,058
Amortization of tangible capital assets	131,580	107,961
Provision for vacation pay	<u>14,808</u>	<u>32,355</u>
	146,388	140,316
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (51,833)	\$ 464,742

MUNICIPAL ASSESSMENT AGENCY INC.

Statement of Changes in Net Assets

Year Ended March 31, 2025

	<u>Balance, beginning of year April 1, 2024</u>	<u>Excess (deficiency) of revenues over expenses</u>	<u>Transfers</u>	<u>Balance, end of year March 31, 2025</u>
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

	2025	2024
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>	572,703
Changes in non-cash working capital:		
Accounts receivable	(111,371)	(13,005)
Accounts payable and accrued liabilities	<u>21,446</u>	(61,935)
Deferred income	75	480
Prepaid expenses	(10,611)	(10,698)
Accrued vacation pay	<u>10,621</u>	22,903
	<u>(89,840)</u>	(62,255)
Cash flow from (used by) operating activities	<u>(10,093)</u>	510,448
INVESTING ACTIVITY		
Purchase of tangible capital assets	<u>(511,264)</u>	(98,775)
INCREASE (DECREASE) IN CASH FLOW	<u>(521,357)</u>	411,673
Cash - beginning of year	<u>3,709,926</u>	3,298,253
CASH - END OF YEAR	<u>\$ 3,188,569</u>	\$ 3,709,926
CASH CONSISTS OF:		
Cash	\$ 1,284,261	\$ 1,709,926
Restricted reserve cash	<u>1,904,308</u>	2,000,000
	<u>\$ 3,188,569</u>	\$ 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

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

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 changes 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	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 4,279,784	\$ 2,832,084	\$ 1,447,700	\$ 1,068,017

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
	<hr/>	<hr/>
	\$ 128,075	\$ 106,628

7. ACCRUED VACATION PAY

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

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
	<hr/>	<hr/>
	\$ 3,259,051	\$ 3,068,016

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
	\$ 568,651	\$ 441,962