



Municipal
Assessment
Agency Inc.



Municipal Assessment Agency Inc. 2023 – 24 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 April 1, 2023 to March 31, 2024 fiscal year.

As a Category Two entity under the **Transparency and Accountability Act**, the Board of Directors is accountable for the results reported in this document. The Board's continuing commitment to openness, transparency, and the key components of an effective property tax system, is demonstrated by this report.

The Agency is a not-for-profit entity, with its returns used only to further the activities of the Agency. As the entity responsible for providing fair and effective property assessment service to 236 municipalities, as outlined under the **Assessment Act, 2006**, we are pleased to support local governments in providing a valuable service to the people of our province.

The current business plan focuses on organizational effectiveness, new technology initiatives and aligning the Agency with industry best practices. The Agency continues to focus on transparency and effective communication with municipalities and the public.

Through surveys, critical questions were brought to the forefront by municipalities, residents, and employees that were addressed in this reporting period.

A handwritten signature in black ink, which appears to read "Elizabeth Moore". The signature is fluid and cursive.

Mayor Elizabeth A. Moore, Chairperson

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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

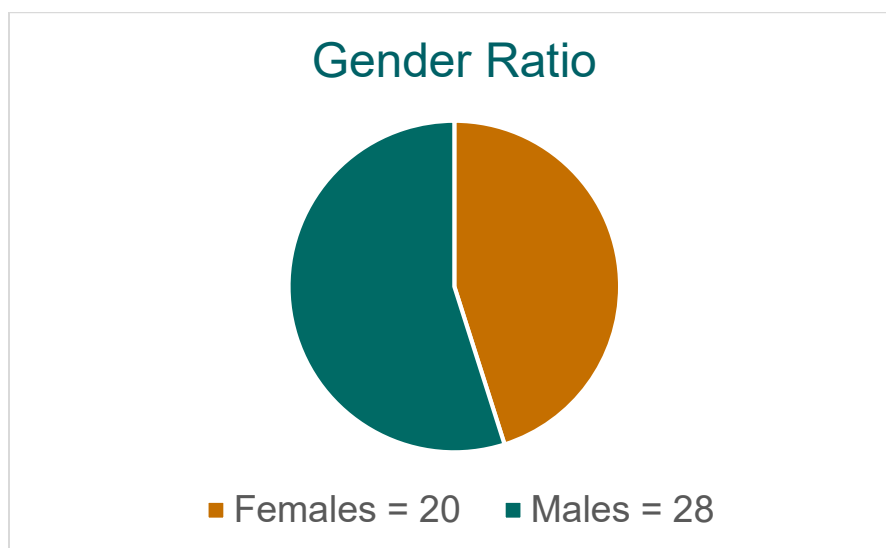
Working closely with municipalities, the Agency ensures residents are informed about their property assessments and the processes used to determine these property values.

Consultation Services

The Agency provides consultation services relating to property assessment practices.

Number of Employees

Division	# of Employees
Valuation Services	30
Corporate Services	15
Executive Team Members	3



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

P.O. Box 20051
Corner Brook, NL
A2H 7J5

Central Region

Gander

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

Eastern Region

St. John's

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

Satellite Offices

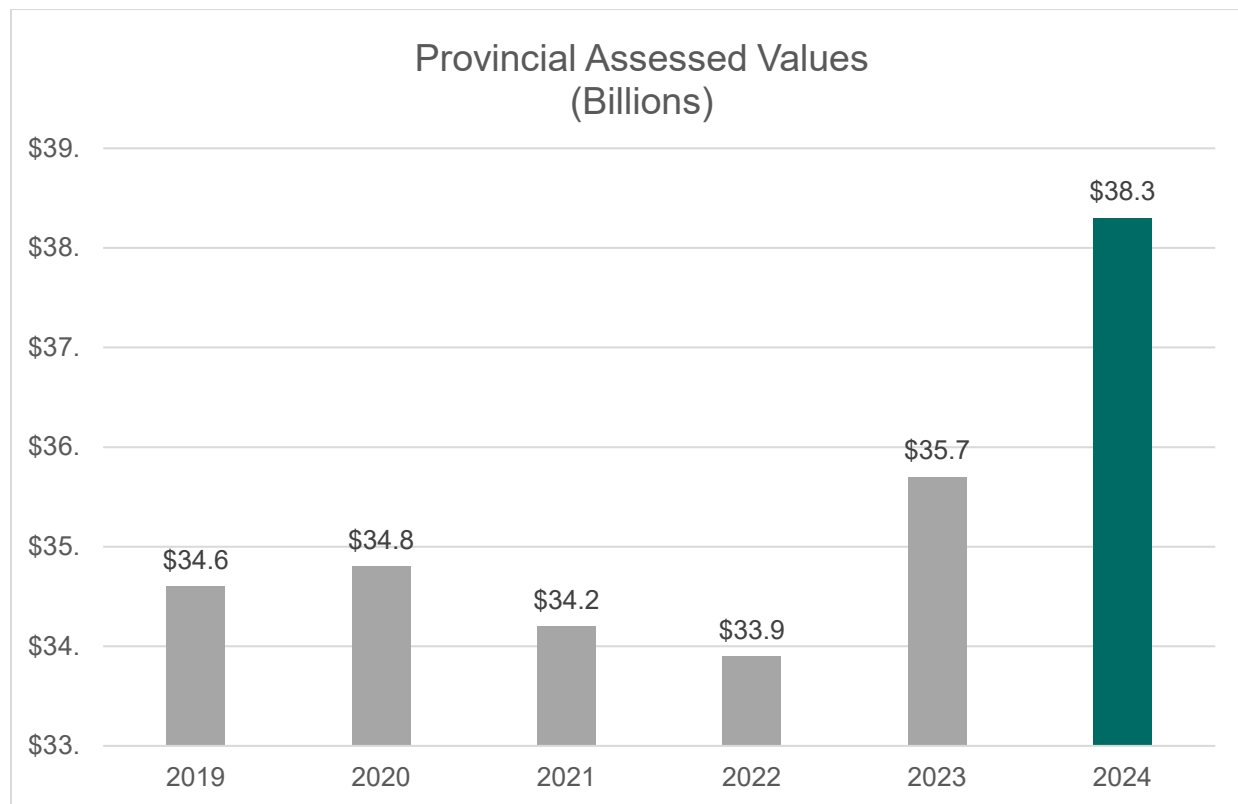
- Clarenville
- Grand Falls-Windsor

Revenues and Expenditures

The Agency's gross expenditure for 2023-24 was \$5,209,949 with a revenue of \$5,674,691. Please refer to financial information (p.15) 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

Assessed values in the province increased during this reporting period. Preliminary market data is indicating an increase in provincial assessed values for 2024.



Highlights and Partnerships

Highlights

Communication Strategies

During 2023-24, the Agency introduced three online learning modules designed to address the needs of municipal clerks, staff, councillors, and additional people interested in becoming municipal officials in the future. These free training modules are hosted on the Agency's website (www.maa.ca). For this reporting period, 287 municipal representatives completed the training.

Improved Data Access through Aerial Imagery

The Agency has developed and implemented new innovative ways to collect property data. The use of Geographic Information Systems (GIS) has greatly improved the quality of property data and improved the valuation process.

As of March 31, 2024, 80,279 properties have been reviewed through aerial imagery. This is a total of approximately 828 square kilometers of imagery within Newfoundland and Labrador. The Agency will continue to use aerial imagery and GIS technology to improve services to municipalities.

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 are continuing our partnership agreement 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)

The Agency signed a long-term agreement with PMA to ensure its participation in annual events. The Agency will have opportunities to communicate important information to municipal members of this association as required.

Report on Performance

A new three-year business plan for the Municipal Assessment Agency commenced in 2023. The 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.

2023-24 Objective:

By March 31, 2024, the Municipal Assessment Agency will have developed effective relationships with its stakeholders, other government departments, and municipal support associations. Effective relationships will increase awareness and improve partnership opportunities.

Indicators

Increased Awareness of the MAA's Services through Enhanced Partnerships with MNL and PMA

The Agency participated in various events as part of partnerships developed with MNL and PMA. These events provide both the Agency and the associations an opportunity to collaborate with municipalities and members of the associations on

current and shared local government issues. The Agency was provided an opportunity not only to educate on Agency practices, but also to assist in problem solving with local government representatives.

Increased Engagement and Collaboration with Government Departments

The Agency was provided an opportunity to participate and offer input at the various Joint Council meetings throughout Newfoundland and Labrador. These meetings provided an opportunity to share information about the Agency's practices and purpose. For 2023-24, the Agency attended five joint council meetings and four regional meetings.

In 2023-24, the Agency engaged in 34 separate discussions with the Department of Municipal and Provincial Affairs on topics affecting municipalities, the Agency, and proposed legislation changes.

Increased Awareness of MAA Services

Several times throughout the year, the Agency met with individual municipalities to share information about the Agency's services and to problem solve any ongoing issues affecting the municipality. In 2023-24, 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 20 occasions to share information on assessment practices and the services provided by the Agency.

2024-25 Objective:

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

Indicators

- Opportunities to collaborate with the Department of Municipal and Provincial Affairs have increased.
- The Agency participated in discussions to increase service-sharing opportunities within the province.
- The Agency's strategies for increased awareness of assessment services is beneficial to municipalities and other stakeholders.

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.

2023-24 Objective:

By March 31, 2024, the Municipal Assessment Agency will explore industry best practices to improve access to assessment information and services.

Indicators

Improved Awareness of Industry Best Practices and Technology Available

The Agency completed research on industry best practices and reviewed the current technology and practices in place. The research assisted in developing strategies to improve accessibility of information and increased approaches to communication and displaying information.

Completed a Review of Accessibility Needs of our Clients by Completing Surveys and Participating in Forums to Collect Information

Information for the review was collected through various forums, including surveys specifically asking municipalities their accessibility needs and how the Agency can improve the access and quality of information. In 2023-2024, a client survey was completed to collect feedback on information accessibility and other service delivery components. Forty-three per cent of clients responded to the survey.

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

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.

2023-24 Objective:

By March 31, 2024, the Agency will develop the framework and policy to increase the use of Geographic Information Systems and initiatives to improve the overall valuation process.

Indicators

Improving Geographic Information Systems will Provide Increased Access to Property Data

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 2023-24, the Agency's Board of Directors approved the use of restricted funds to obtain aerial imagery. This imagery was used to review property data from a desktop and reduced the number of field visits to the municipalities targeted.

The Processes used to Determine Property Value Improved through Incorporating Improved Technology

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. Geographic information increased during 2023-24, providing assessors with improved data to complete their assessments.

Increased Access to Different Forms of Data Results in Increased Accuracy of Assessments

Assessors have access to information collected on site, including photos and sketches. Due to financial and geographical barriers, properties are not reviewed on a regular basis. Implementing new initiatives to collect, store, and view data will enhance the quality and accuracy of assessments. Agency policies and procedures were reviewed and improvements have been made to the property valuation process by incorporating Geographic Information System integration.

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

Opportunities and Challenges

The Municipal Assessment Agency continues to focus on building relationships with stakeholders and ensuring the information available to municipalities and the public is clear and accessible.

The implementation of GIS technology and the use of aerial imagery continues to benefit the Agency by improving data accuracy. Increasing the access to aerial imagery will result in increased improvement in processes and information available to the public.

Recruitment and retention of skilled workers in the field of property valuation continues to be a challenge for the Agency. This affects MAA's ability to deliver effective services to municipalities and the public. To address this challenge, the Agency is focusing on strategies such as improving employee recognition, training and career enhancement programs, and recruitment attraction strategies.

Financial Information

Please see our financial report on the next page.

ANNUAL REPORT 2023-24

MUNICIPAL ASSESSMENT AGENCY INC.

Financial Statements

Year Ended March 31, 2024



ANNUAL REPORT 2023-24

MUNICIPAL ASSESSMENT AGENCY INC. Index to Financial Statements Year Ended March 31, 2024

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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, 2024, 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, 2024, 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.

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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
June 7, 2024


CHARTERED PROFESSIONAL ACCOUNTANTS

ANNUAL REPORT 2023-24

MUNICIPAL ASSESSMENT AGENCY INC. Statement of Financial Position March 31, 2024

	2024	2023
ASSETS		
CURRENT		
Cash	\$ 1,709,926	\$ 1,798,253
Accounts receivable (Note 3)	112,216	99,211
Prepaid expenses	301,124	290,425
	<u>2,123,266</u>	<u>2,187,889</u>
RESTRICTED RESERVE CASH (Note 4)	2,000,000	1,500,000
TANGIBLE CAPITAL ASSETS (Note 5)	<u>1,068,016</u>	<u>1,077,203</u>
	<u>\$ 5,191,282</u>	<u>\$ 4,765,092</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	\$ 106,629	\$ 168,563
Accrued vacation pay (Note 7)	264,791	241,888
Deferred income	500	20
	<u>371,920</u>	<u>410,471</u>
NET ASSETS		
SHARE CAPITAL	1	1
RESTRICTED RESERVE FUNDS (Note 8)	3,068,016	2,577,203
UNRESTRICTED FUND	<u>1,751,346</u>	<u>1,777,417</u>
	<u>4,819,363</u>	<u>4,354,621</u>
	<u>\$ 5,191,283</u>	<u>\$ 4,765,092</u>
COMMITMENTS (Note 9)		
CONTINGENCIES (Note 10)		

ON BEHALF OF THE BOARD

 Member
 Member

ANNUAL REPORT 2023-24

MUNICIPAL ASSESSMENT AGENCY INC. Statement of Revenues and Expenditures Year Ended March 31, 2024

	2024	2023
REVENUES		
Assessment services	\$ 5,417,038	\$ 5,379,194
Interest revenue	215,171	114,737
Valuation revenue	39,138	41,857
Interest revenue on overdue accounts	3,344	-
	<u>5,674,691</u>	<u>5,535,788</u>
EXPENSES		
Salaries	2,994,607	3,040,885
Benefits	609,762	647,328
Information technology	493,703	466,498
Office and administration (Schedule 1)	441,962	478,075
Printing and postage	263,008	247,821
Travel	258,921	238,670
Municipal Collaborative Initiative	7,670	24,400
	<u>5,069,633</u>	<u>5,143,677</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE THE FOLLOWING	<u>605,058</u>	<u>392,111</u>
Amortization of tangible capital assets	107,961	109,055
Provision for vacation pay	32,355	45,492
	<u>140,316</u>	<u>154,547</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 464,742</u>	<u>\$ 237,564</u>

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MUNICIPAL ASSESSMENT AGENCY INC. Statement of Changes in Net Assets Year Ended March 31, 2024

	Balance, beginning of year April 1, 2023	Excess (deficiency) of revenues over expenses	Transfers	Balance, end of year March 31, 2024
Collaborative Initiative Fund <i>(Note 4)</i>	\$ 200,000	\$ (7,670)	\$ 7,670	\$ 200,000
Operating Fund <i>(Note 4)</i>	1,300,000	(24,456)	24,456	1,300,000
Special Operating Fund <i>(Note 4)</i>	-	-	500,000	500,000
Tangible Capital Assets <i>(Note 4)</i>	1,077,203	(107,961)	98,774	1,068,016
Unrestricted Fund	1,777,417	604,829	(630,900)	1,751,346
	\$ 4,354,620	\$ 464,742	\$ -	\$ 4,819,362

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MUNICIPAL ASSESSMENT AGENCY INC. Statement of Cash Flows Year Ended March 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 464,742	\$ 237,564
Item not affecting cash:		
Amortization of tangible capital assets	107,961	109,055
	<u>572,703</u>	<u>346,619</u>
Changes in non-cash working capital:		
Accounts receivable	(13,005)	4,261
Accounts payable and accrued liabilities	(61,935)	99,217
Deferred income	480	(1,788)
Prepaid expenses	(10,698)	(14,185)
Accrued vacation pay	22,903	33,899
	<u>(62,255)</u>	<u>121,404</u>
Cash flow from operating activities	<u>510,448</u>	<u>468,023</u>
INVESTING ACTIVITY		
Purchase of tangible capital assets	(98,775)	(28,279)
INCREASE IN CASH FLOW	<u>411,673</u>	<u>439,744</u>
Cash - beginning of year	<u>3,298,253</u>	<u>2,858,509</u>
CASH - END OF YEAR	<u>\$ 3,709,926</u>	<u>\$ 3,298,253</u>
CASH CONSISTS OF:		
Cash	\$ 1,709,926	\$ 1,798,253
Restricted reserve cash	2,000,000	1,500,000
	<u>\$ 3,709,926</u>	<u>\$ 3,298,253</u>

ANNUAL REPORT 2023-24

MUNICIPAL ASSESSMENT AGENCY INC.

Notes to Financial Statements

Year Ended March 31, 2024

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.

ANNUAL REPORT 2023-24

MUNICIPAL ASSESSMENT AGENCY INC.

Notes to Financial Statements

Year Ended March 31, 2024

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, 2024.

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, 2024, cash balances of \$29,841 (2023 - \$33,788) 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

	2024	2023
Trade receivables	\$ 59,452	\$ 42,898
HST recoverable	52,764	54,462
Employee receivable	-	1,851
	\$ 112,216	\$ 99,211

ANNUAL REPORT 2023-24

MUNICIPAL ASSESSMENT AGENCY INC.

Notes to Financial Statements

Year Ended March 31, 2024

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 \$24,456 from the unrestricted fund for approved projects. Amount of reserved cash as at March 31, 2024 is \$1,300,000 (2023 - \$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 \$7,670 from the unrestricted fund for approved projects. Amount of reserved cash as at March 31, 2024 is \$200,000 (2023 - \$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 transferred the amount of \$500,000 from the unrestricted fund to the special operating reserve fund. Amount of reserved cash as at March 31, 2024 is \$500,000 (2023 - NIL).

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 \$98,774 from the unrestricted fund for the purpose of acquiring capital assets. Amount of this reserve fund as at March 31, 2024 is \$1,068,017 (2023 - \$1,077,203). There is no reserved cash associated with this restricted fund.

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Computer hardware and software	\$ 49,883	\$ 39,552	\$ 10,331	\$ 14,759
Furniture and equipment	88,348	45,091	43,257	47,526
Integrated assessment system	2,049,326	1,934,164	115,162	51,641
Buildings	1,122,936	512,778	610,158	635,581
Land	208,221	-	208,221	208,221
Mobile assessor	157,982	77,095	80,887	101,109
Mobile assessor - licenses	91,825	91,825	-	18,366
	<u>\$ 3,768,521</u>	<u>\$ 2,700,505</u>	<u>\$ 1,068,016</u>	<u>\$ 1,077,203</u>

ANNUAL REPORT 2023-24

MUNICIPAL ASSESSMENT AGENCY INC. Notes to Financial Statements Year Ended March 31, 2024

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Accrued wages payable	\$ 45,754	\$ 43,441
Employee expenses payable	30,236	19,237
Accounts payable	13,350	89,019
Accrued professional fees	12,600	13,200
Appeal fees	3,050	1,325
Other	1,639	2,341
	\$ 106,629	\$ 168,563

7. ACCRUED VACATION PAY

	2024	2023
Vacation pay		
Opening balance	\$ 241,888	\$ 207,989
Vacation paid out	(9,452)	(11,593)
Current year expense	32,355	45,492
Closing balance	\$ 264,791	\$ 241,888

8. RESTRICTED RESERVE FUNDS

	2024	2023
Operating Reserve Fund	\$ 1,300,000	\$ 1,300,000
Tangible Capital Asset Reserve Fund	1,068,016	1,077,203
Special Operating Reserve Fund	500,000	-
Collaborative Initiative Reserve Fund	200,000	200,000
	\$ 3,068,016	\$ 2,577,203

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

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MUNICIPAL ASSESSMENT AGENCY INC.

Notes to Financial Statements

Year Ended March 31, 2024

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 December 1, 2019 and ending on December 1, 2024. The monthly rental fee is \$4,605. Future minimum lease payments total \$36,840 and include the following payments over the next year: 2025 - \$36,840.

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, 2024. The monthly rental fee is \$475. Future minimum lease payments total \$3,800 and include the following payments over the next year: 2025 - \$3,800.

The Agency has a lease for office space in Spaniard's Bay, Newfoundland and Labrador. The term of the lease is 3 years starting December 1, 2021 and ending on November 30, 2024. The monthly rental fee is \$550. Future minimum lease payments total \$4,400 and include the following payments over the next year: 2025 - \$4,400.

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 \$13,930 and include the following payments over the next years: 2025 - \$5,760; 2026 - \$2,400.

The Agency has a six year agreement expiring December 31, 2024 with a service provider for their Mobile Assessor application hosting. The remaining minimum annual payments in US dollars total \$58,213, and include the following payments over the next year: 2025 - \$58,213.

The Agency has a lease for a temporary office space in St. John's, Newfoundland and Labrador. The term of the lease is 1 year, starting March 1, 2024 and ending February 28, 2025. The monthly rental cost is \$11,160. Future minimum lease payments total \$122,760 and include the following payments over the next year: 2025 - \$122,760.

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 \$63,750 and include the following payments over the next years: 2025 - \$22,500; 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.

ANNUAL REPORT 2023-24

MUNICIPAL ASSESSMENT AGENCY INC.

Office and Administration

(Schedule 1)

Year Ended March 31, 2024

	2024	2023
EXPENSES		
Premises and equipment	\$ 102,666	\$ 74,673
Repairs and maintenance	80,610	107,048
Professional fees	47,413	81,464
Insurance	45,244	39,643
Telephone	41,957	37,221
Office supplies	40,523	55,987
Purchased services	37,342	36,466
Utilities	35,230	34,477
Interest and bank charges	5,918	5,354
Exchange loss	5,059	5,742
	\$ 441,962	\$ 478,075