
**CAPITAL REGION ASSESSMENT
SERVICES COMMISSION**

Financial Statements

Year Ended December 31, 2018



INDEPENDENT AUDITOR'S REPORT

To the Members of Capital Region Assessment Services Commission

Opinion

We have audited the financial statements of Capital Region Assessment Services Commission (the Commission), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, 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 Commission as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards for government not-for-profit organizations.

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 Commission in accordance with the 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 those 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 Canadian public sector accounting standards for government not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Commission'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. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

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Independent Auditor's Report to the Members of Capital Region Assessment Services Commission *(continued)*

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 Commission'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 Commission'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 Commission 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.

Edmonton, Alberta
April 18, 2019



Chartered Accountants

CAPITAL REGION ASSESSMENT SERVICES COMMISSION

Statement of Financial Position

December 31, 2018

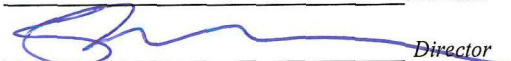
	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT		
Cash	\$ 428,506	\$ 441,261
Accounts receivable	10,491	27,897
Damage deposit	950	950
Goods and services tax recoverable	<u>31,433</u>	<u>24,659</u>
	<u>\$ 471,380</u>	<u>\$ 494,767</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 136,956	\$ 110,289
Deferred revenue	<u>193,769</u>	<u>199,604</u>
	330,725	309,893
NET ASSETS		
Fee Stabilization and Operating Reserve	<u>140,655</u>	<u>184,874</u>
	<u>\$ 471,380</u>	<u>\$ 494,767</u>

CONTRACTUAL OBLIGATIONS (Note 5)

APPROVED BY THE BOARD



Director



Director

CAPITAL REGION ASSESSMENT SERVICES COMMISSION

Statement of Operations

Year Ended December 31, 2018

	2018	2017
REVENUE		
Assessment revenue - Core	\$ 739,307	\$ 719,195
Assessment revenue - Permits	51,638	57,852
Assessment revenue - Industrial	246,113	121,201
Assessment revenue - Non core	15,521	510
Interest	3,517	3,866
Assessment review board <i>(Schedule 1)</i>	38,987	39,350
	<u>1,095,083</u>	<u>941,974</u>
EXPENSES		
Annual general meeting	1,828	532
Board meetings <i>(Note 7)</i>	4,484	4,368
Dues and fees	55	55
Insurance	5,839	5,713
Management fees	44,335	42,224
Marketing	374	374
Office	1,448	1,119
Student placement	-	13,907
Professional fees	14,523	4,450
Rent	11,964	11,964
Subcontract fees	1,013,432	860,023
Telephone	896	1,012
Assessment Review Board <i>(Schedule 1)</i>	40,124	38,926
	<u>1,139,302</u>	<u>984,667</u>
DEFICIENCY OF REVENUE OVER EXPENSES	<u>\$ (44,219)</u>	<u>\$ (42,693)</u>

CAPITAL REGION ASSESSMENT SERVICES COMMISSION

Statement of Changes in Net Assets

Year Ended December 31, 2018

	2017 Balance	Deficiency of revenue over expenses	2018 Balance
FEE STABILIZATION AND OPERATING RESERVE	\$ 184,874	\$ (44,219)	\$ 140,655

	2016 Balance	Deficiency of revenue over expenses	2017 Balance
FEE STABILIZATION AND OPERATING RESERVE	\$ 227,567	\$ (42,693)	\$ 184,874

CAPITAL REGION ASSESSMENT SERVICES COMMISSION

Statement of Cash Flows

Year Ended December 31, 2018

	<u>2018</u>	<u>2017</u>
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	<u>\$ (44,219)</u>	<u>\$ (42,693)</u>
Changes in non-cash working capital:		
Accounts receivable	17,406	(13,744)
Accounts payable and accrued liabilities	26,667	(12,360)
Deferred revenue	(5,835)	32,388
Goods and services tax recoverable	<u>(6,774)</u>	<u>(1,080)</u>
	<u>31,464</u>	<u>5,204</u>
DECREASE IN CASH FLOW	(12,755)	(37,489)
Cash - beginning of year	<u>441,261</u>	<u>478,750</u>
CASH - END OF YEAR	<u>\$ 428,506</u>	<u>\$ 441,261</u>

CAPITAL REGION ASSESSMENT SERVICES COMMISSION

Notes to Financial Statements

Year Ended December 31, 2018

1. NATURE OF ORGANIZATION

The Capital Region Assessment Services Commission was established by Order in Council 174/96 on April 24, 1996 to provide quality and cost effective assessment services and assessment review services to its member municipalities and assessment review services to non-members. The Commission is a not-for-profit organization for income tax purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards for Government Not-for-Profit Organizations. Significant accounting policies adopted by the commission are as follows:

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards for government not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial instruments

Measurement

The entity initially measures its financial assets and liabilities at fair value. The entity subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

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

Transaction costs

The entity recognizes its transaction costs in excess of revenue over expenses in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

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CAPITAL REGION ASSESSMENT SERVICES COMMISSION

Notes to Financial Statements

Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

The Commission follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Grants

Grants are recognized as revenue in the period in which the related expenses are incurred. Grants received for which the related expenses are not yet incurred are recorded as deferred revenue.

Assessment and Assessment Review Board revenue

Assessment and Assessment Review Board (ARB) revenues are recorded in the period to which they relate. Fees received which relate to a subsequent period are recorded as deferred revenue.

Interest revenue

Interest revenue is recognized as it is earned.

Contributed goods and services

The Commission records the fair market value of contributed goods and services only in circumstances where the fair market value is determinable and where the goods and services would otherwise be purchased by the Commission.

3. FINANCIAL INSTRUMENTS

The Commission is exposed to various risks through its financial instruments. The following analysis provides information about the entity's risk exposure and concentration as of December 31, 2018.

Credit risk

The Commission's exposure to credit risk relates to accounts receivable and arises from the possibility that a customer does not fulfil its obligations. This is minimized through a customer base comprised of municipalities. The Commission has a significant number of customers which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Commission is exposed to this risk mainly in respect of its receipt of funds from its customers and accounts payable. The Commission minimizes this risk by entering into contracts that determine fees payable ahead of time, holding certain cash reserves and budgeting accordingly.

CAPITAL REGION ASSESSMENT SERVICES COMMISSION

Notes to Financial Statements

Year Ended December 31, 2018

4. DEBT LIMITS

Section 3 of the Municipal Government Act requires that debt and debt limits as defined by Alberta Government Regulation 76/2000 for Capital Region Assessment Services Commission be disclosed as follows:

	<u>2018</u>	<u>2017</u>
Total debt limit	\$ 547,542	\$ 470,987
Total debt	-	-
Amount of debt limit unused	<u>547,542</u>	<u>470,987</u>
Debt servicing limit	109,508	94,197
Debt servicing	-	-
Amount of debt servicing limit unused	<u>\$ 109,508</u>	<u>\$ 94,197</u>

The debt limit is calculated at 0.5 times revenue of the commission (as defined in Alberta Regulation 76/2000) and the debt servicing limit is calculated at 0.1 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify commissions that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the commission. Rather, the financial statements must be interpreted as a whole.

5. CONTRACTUAL OBLIGATIONS

Under the terms of a contract expiring December 31, 2020, the Commission is committed to annual payments of \$76,515 for management services.

The Commission has contracted to pay a number of assessors for assessment services. The terms of two of these contracts are annual from July 1 to June 30, expiring on June 30, 2020. The terms of one of the contracts is annual from January 1 to December 31, expiring December 31, 2020. Payments required by these contracts for future years are approximately as follows:

2019	\$ 957,576
2020	580,934

CAPITAL REGION ASSESSMENT SERVICES COMMISSION

Notes to Financial Statements

Year Ended December 31, 2018

6. RELATED PARTY TRANSACTIONS

The following is a summary of the Commission's related party transactions:

	<u>2018</u>	<u>2017</u>
City of Fort Saskatchewan		
Assessment revenue - Core	\$ 204,765	\$ 199,155
Assessment revenue - Permits	25,402	26,276
Assessment revenue - Industrial	-	85,181
Accounts receivable	-	8,056
Deferred revenue	97,691	69,170
Town of Devon		
Assessment revenue - Core	52,268	50,925
Assessment revenue - Permits	1,977	3,912
Assessment revenue - Industrial	-	3,167
Accounts receivable	-	1,691
Deferred revenue	14,255	12,625
Village of Wabamun		
Assessment revenue - Core	-	8,325
Assessment revenue - Permits	-	37
Deferred revenue	-	2,171
Summer Village of Seba Beach		
Assessment revenue - Core	7,081	6,869
Assessment revenue - Permits	309	515
Accounts receivable	-	40
Deferred revenue	1,906	1,820
Village of Vilna		
Assessment revenue - Core	4,599	4,491
Assessment revenue - Permits	120	-
Accounts receivable	102	-
Deferred revenue	-	1,191

The Commission consists of 32 municipalities as members, with 4 of these municipalities having representative Councilors on the Commission's Board of Directors during the year. As the municipal representatives on the Board of Directors are directly involved in making key decisions for the Commission, the transactions of these respective municipalities have been included as related party transactions.

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

CAPITAL REGION ASSESSMENT SERVICES COMMISSION

Notes to Financial Statements

Year Ended December 31, 2018

7. BOARD MEETINGS

Honoraria and expenses for elected officials are as follows:

	Honoraria	Expenses	2018	2017
Chapdelaine	\$ 908	\$ 606	\$ 1,514	\$ 327
Makin	656	71	727	183
May	782	175	957	1,085
Thomas	876	410	1,286	1,500
Erickson	-	-	-	682
Randhawa	-	-	-	591
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	\$ 3,222	\$ 1,262	\$ 4,484	\$ 4,368

The minimum honorarium is \$164 per meeting attended and expenses include travel costs to and from meetings and ARB panelist fees.

CAPITAL REGION ASSESSMENT SERVICES COMMISSION

Assessment Review Board

(Schedule 1)

Year Ended December 31, 2018

	2018	2017
MEMBER REVENUES		
Annual fees	\$ 12,400	\$ 12,400
Clerk fees	2,000	2,000
Complaint fees	1,000	1,000
Panelist fees	1,900	1,800
Parcel fees	3,902	3,885
Printing fees	632	751
	<u>21,834</u>	<u>21,836</u>
NON-MEMBER REVENUES		
Annual fees	7,200	7,200
Clerk fees	500	1,000
Complaint fees	250	500
Panelist fees	800	-
Parcel fees	8,330	8,232
Other fees	73	582
	<u>17,153</u>	<u>17,514</u>
	<u>38,987</u>	<u>39,350</u>
EXPENSES		
Management fees	28,032	27,262
Office and administration	2,684	1,947
Panelists	7,864	8,468
Professional fees	1,000	1,000
Startup and training	103	164
Travel	441	85
	<u>40,124</u>	<u>38,926</u>
INCOME (LOSS) FROM ASSESSMENT REVIEW BOARD	<u>\$ (1,137)</u>	<u>\$ 424</u>