

**CAPITAL REGION ASSESSMENT SERVICES
COMMISSION**

Financial Statements

Year Ended December 31, 2010

INDEPENDENT AUDITOR'S REPORT

To the Members of Capital Region Assessment Services Commission

Report on the Financial Statements

We have audited the accompanying financial statements of Capital Region Assessment Services Commission, which comprise the statement of financial position as at December 31, 2010, and the statements of operations, change in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Capital Region Assessment Services Commission as at December 31, 2010 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Alberta
April 15, 2011



Chartered Accountants

CAPITAL REGION ASSESSMENT SERVICES COMMISSION

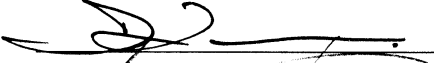
(established by Order in Council 174/96)

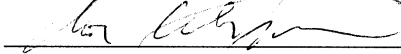
Statement of Financial Position

December 31, 2010

	2010	2009
ASSETS		
CURRENT		
Cash	\$ 131,164	\$ 150,351
Prime linked, cashable guaranteed investment certificate maturing June 3, 2011	150,299	150,000
Accounts receivable	47,973	33,064
	<u>329,436</u>	333,415
OTHER ASSET	<u>-</u>	3,760
	<u>\$ 329,436</u>	<u>\$ 337,175</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 84,084	\$ 75,113
Deferred revenue	75,768	84,481
	159,852	159,594
NET ASSETS		
Unrestricted Fee Stabilization and Operating Reserve	<u>169,584</u>	177,581
	<u>\$ 329,436</u>	<u>\$ 337,175</u>
CONTRACTUAL OBLIGATIONS (Note 4)		

APPROVED BY THE BOARD

 Director

 Director

CAPITAL REGION ASSESSMENT SERVICES COMMISSION

Statement of Operations

Year Ended December 31, 2010

	2010	2009
REVENUE		
Assessment revenue - Core	\$ 575,038	\$ 549,401
Assessment revenue - Permits	64,438	63,429
Assessment revenue - Industrial	59,420	57,688
Assessment revenue - Non core	5,477	23,408
Interest	40	418
ARB revenue	27,108	-
	<u>731,521</u>	<u>694,344</u>
EXPENSES		
Annual general meeting	1,542	2,799
Board meetings <i>(Note 6)</i>	3,220	3,576
Dues and fees	45	45
Insurance	5,938	6,175
LARB and CARB management fees	-	15,040
Management fees	42,815	41,975
Marketing	1,306	324
Office	1,237	1,779
Professional fees	3,950	3,800
Subcontract fees	634,290	627,971
ARB expense	45,175	-
	<u>739,518</u>	<u>703,484</u>
EXCESS OF REVENUE UNDER EXPENSES	<u>\$ (7,997)</u>	<u>\$ (9,140)</u>

CAPITAL REGION ASSESSMENT SERVICES COMMISSION

Statement of Change in Net Assets

Year Ended December 31, 2010

	2009 Balance	Excess of revenue under expenses	Payments to Members	2010 Balance
FEE STABILIZATION AND OPERATING RESERVE	\$ 177,581	\$ (7,997)	\$ -	\$ 169,584

CAPITAL REGION ASSESSMENT SERVICES COMMISSION

Statement of Cash Flows

Year Ended December 31, 2010

	<u>2010</u>	<u>2009</u>
OPERATING ACTIVITIES		
Excess of revenue under expenses	\$ (7,997)	\$ (9,140)
Item not affecting cash:		
Writedown of other asset	<u>3,760</u>	-
	<u>(4,237)</u>	<u>(9,140)</u>
Changes in non-cash working capital:		
Accounts receivable	(14,909)	1,388
Accounts payable and accrued liabilities	8,971	(6,831)
Deferred revenue	<u>(8,713)</u>	<u>18,470</u>
	<u>(14,651)</u>	<u>13,027</u>
Cash flow from (used by) operating activities	<u>(18,888)</u>	<u>3,887</u>
INVESTING ACTIVITY		
Investment in other asset	<u>-</u>	<u>(3,760)</u>
Cash flow used by investing activity	<u>-</u>	<u>(3,760)</u>
INCREASE (DECREASE) IN CASH FLOW	(18,888)	127
Cash - beginning of year	<u>300,351</u>	<u>300,224</u>
CASH - END OF YEAR	<u>\$ 281,463</u>	<u>\$ 300,351</u>
CASH CONSISTS OF:		
Cash	\$ 131,164	\$ 150,351
Guaranteed investment certificate	<u>150,299</u>	<u>150,000</u>
	<u>\$ 281,463</u>	<u>\$ 300,351</u>

CAPITAL REGION ASSESSMENT SERVICES COMMISSION

Notes to Financial Statements

Year Ended December 31, 2010

1. PURPOSE 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 to its member municipalities. The Commission is a not-for-profit organization for income tax purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement uncertainty

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The precise value of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of approximations which have been made using careful judgement. Actual results could differ from those approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

Investments

Guaranteed investment certificates are stated at market value.

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 ARB revenue

Assessment and 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's financial instruments consist of cash, guaranteed investment certificate, accounts receivable, and accounts payable and accrued liabilities. It is management's opinion that the Commission is not exposed to any significant interest, currency or credit risks arising from these financial instruments. The carrying amounts of these financial instruments approximate their fair values due to their current maturities.

CAPITAL REGION ASSESSMENT SERVICES COMMISSION

Notes to Financial Statements

Year Ended December 31, 2010

4. CONTRACTUAL OBLIGATIONS

Under the terms of a contract expiring December 31, 2011, the Commission is committed to annual payments of \$53,315 to Activation Analysis Group Inc. for management services. The contract is reviewed by the Commission annually.

The Commission has contracted to pay a number of assessors for assessment services. The terms of these contracts are annual from July 1 to June 30. Payments required by these contracts for future years are approximately as follows:

2011	\$	648,168
2012		658,486
2013		668,855
2014		679,498
2015		342,419

5. CAPITAL MANAGEMENT

The organization's objectives when managing capital are to safeguard its ability to continue as a going concern with sufficient capital to pay monthly operating costs as they come due as well as to fund assessment services provided by subcontractors.

The organization's capital is comprised of its unrestricted fee stabilization and operating reserve.

In managing its capital, the organization attempts to maintain an accumulated surplus consistent with ongoing operations. The organization also prepares an annual budget of operating costs with expected funding sources. This budget is approved by the Board of Directors.

In order to maintain or adjust the capital structure, assessment fees are reviewed annually by management. Proposed fee adjustments are approved by the Board.

The Commission expects its current capital resources will be sufficient to meet its objectives through its current operating period.

6. HONORARIA AND EXPENSES

Honoraria and expenses for elected officials are as follows:

	Honoraria	2010 Expenses	Total	2009 Total
Barry	\$ 512	\$ 629	\$ 1,141	\$ 1,374
Dennett	512	258	770	720
Thomas	567	75	642	719
Westman	512	155	667	763
	\$ 2,103	\$ 1,117	\$ 3,220	\$ 3,576

The honorarium is \$116 per meeting attended and expenses include travel costs to and from meetings and ARB panelist fees.
