



ANNUAL REPORT | 2021



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Message from the AMO President



I was very pleased to return to the role of AMO President in 2021. It was an important year for AMO and for our members as we navigated the second year of a global pandemic. It has been a rewarding experience, and I am very grateful for the opportunity to serve in this way.

AMO is governed by a dedicated volunteer Board of municipal councillors, heads of council, and public servants from every part of Ontario. They bring local intelligence and experience to the table and remarkable first-hand knowledge of the capacity, the needs, and aspirations of Ontario's \$50 billion municipal sector.

A big thank you to AMO staff who did a great job again in 2021. Through policy analysis and advocacy, member services, and our core administrative and business arm functions, AMO staff ensure our members are well served, well represented, and well informed. They also delivered another outstanding virtual conference in 2021 through a remarkable partnership with TVO and the Government of Ontario.

2021 was another year when municipalities rose to the challenge of protecting their communities and their economies, and creating an environment of confidence, recovery, and growth. It was also a year of collaboration and partnership with the provincial and federal governments as all orders of government cooperated to get the job done: maintaining key services and supports, to keep people safe and to safeguard economic stability.

AMO continues to be one of the most influential advocacy organizations in the country. Your support makes it possible. I want to thank AMO members for the work you do and for your support.

Your membership in AMO makes a world of difference.

A stylized, handwritten signature in black ink, appearing to read 'Jamie McGarvey'. The signature is fluid and extends to the left.

Jamie McGarvey

*President, AMO
Mayor, Town of Parry Sound*

Secretary-Treasurer's Report



I am pleased to provide you with my report on the 2021 financial status and some highlights of the Association from a corporate lens.

AMO continues to have a strong consistent membership base. In 2021, AMO had 420 municipal members – representing 95% of all municipalities.

Our membership is further strengthened by 39 organizations that are Partners, Associates, Districts, and Affiliates. We are pleased to have a working relationship with these unique members as we advance the interests of municipal government.

A copy of the audited financial statements for the year ending December 31, 2021 is included in this report. The Association continues to be in good financial shape. The main sources of revenue for the association are membership fees and the annual conference. AMO's Audit Committee meets three times a year with the auditors as part of the Association's accountability framework.

The Finance and Operations Centre is the backbone of the corporate operations including the financial management, reporting and risk management, as well as the management of its assets, information services, website management, information technology and data management. It provides a broad range of operational support, including information service and technology solutions; webinars and video meetings; and support to all AMO educational events, including the registration of over 1,500 participants in our virtual annual AMO conference.

AMO's own website had over 428,000 page views in 2021. Subscription to the weekly AMO Watchfile is currently at 7,800. Communicating with our members and keeping everyone up to date is just part of the value-added benefit of an AMO membership.

The work of the Finance and Operations Centre is important to the success of the Association and its related organizations - LAS, MEPCO and ONE.

A stylized, handwritten signature in black ink, appearing to read 'Gary Dyke'.

Gary Dyke

Secretary-Treasurer

CAO, Municipality of North Grenville

Message from the Executive Director



AMO played an important role in 2021, serving and supporting our members and the vitally important work you do to keep communities safe and to protect the services Ontarians rely on most.

Guided by the direction of an exceptional Board, we worked hard to keep members informed and to respond to your priorities. AMO engaged directly with the provincial and federal governments to ensure you had the financial resources needed to deliver and protect key services in your communities. Just as we had done in 2020, AMO fostered a culture of collaboration among all orders of government in response to a crisis that paid no heed to jurisdiction.

AMO's capacity to make these connections reflects many years of effective and productive government relations, and a remarkable network of municipal staff and members of council who share so generously of their time and knowledge to support the work we do.

We put the lessons learned from our innovative 2020 virtual conference to work again in 2021 to deliver a conference that brought the best of the sector to your doorstep. Your feedback was generous and overwhelmingly positive and made the effort more than worthwhile. AMO staff are truly grateful for your support.

We look forward to welcoming delegates in person in Ottawa for the 2022 AMO Conference.

I recognize the important responsibility AMO bears in shaping public policy, supporting members, and facilitating local innovation through a range of services and supports. These core objectives will continue to drive our efforts in the year ahead.

Thank you to our members for your support. I also want to thank the many extraordinary municipal public servants who work with the AMO staff to ensure our advocacy and member services reflect the best knowledge of your priorities, challenges, and aspirations.

A handwritten signature in black ink, appearing to read 'Brian Rosborough'.

Brian Rosborough

Executive Director

Reports from AMO's Centres

Enterprise Centre

AMO's Enterprise Centre works closely with LAS to build strategic relationships with partners where there is shared value – the partner succeeds in achieving business goals while AMO/LAS maximizes benefits to members.

Municipalities continue to look for ways to integrate digital technologies into their operations to create efficiencies. In 2021, the Enterprise Centre (EC) partnered with ClearRisk, provider of a cloud-based risk management information system that automates risk and claims data processing to better manage municipal risk. EC also started investigating a building permit software to reduce the administrative burden of municipal permits while accelerating property assessment functions of the building process.

EC and LAS began work on an Automated Speed Enforcement Service to help municipalities create safer communities. As a new partner, Conduent is working with LAS to create a scalable turn-key program for roll-out across the province. LAS continues to work closely with the provincial government to ensure program compliance with legislative requirements while incorporating Administrative Monetary Penalties – an alternate way to enforce and collect speed related fines.

In Q3 2021, the natural gas markets faced price increases as world supply became an issue. As a result, the cost of Electricity in Ontario was impacted. The LAS Electricity program provided protection for its members that translated into approximately 6% savings for participants. LAS continues to work with our Commodity partners to determine the best approach to provide members with price protection in these uncertain markets.

AMO continues to identify potential partners that offer cost-effective, proven, and appropriate technology and services to help members simplify municipal operations.

Judy Dezell, *Director*

Finance and Operations Centre

AMO's Finance and Operations Centre is responsible for managing the Association's and AMO-related organizations' accounting, financial systems, risk management, information technology, human resources, website management, information systems, and data management. Information is disseminated to the AMO membership and the public-at-large using AMO and AMO-related websites and other electronic tools by leveraging our membership database and other tools.

We are excited to continue with our mandate to modernize, adapt, and innovate the AMO workforce and workplace. Further, we are starting with our phase two of our digitization strategy to increase data availability, information access/sharing, and security posture. We are also pleased that we have completed our work on website accessibility and our websites are fully accessible.

Afshin Majidi, *Director*

Membership Centre

AMO's Membership Centre supports the AMO membership through the development and delivery of events, education and training, and the management of the Canada Community-Building Fund (CCBF). The Membership Centre (MC) team also leads several AMO Board initiatives including promoting increased diversity on municipal councils.

In 2021 the MC modernized AMO's training offerings to include understanding and implementing human rights and equity in your municipality, navigating conflict relationships, advanced strategic land use planning, Indigenous Cultural Competency and more. The MC also undertook the redesign of its Head of Council and New Councillor training that will be available directly following the October 2022 municipal elections.

The MC supported the delivery of a successful virtual Conference, drawing approximately 1,500 participants and several hundred delegation meetings with provincial officials. AMO was pleased that it was able to continue the important annual meeting during the COVID-19 pandemic.

In 2021, AMO's CCBF team delivered more than \$1.3 billion to municipalities across Ontario on behalf of the federal government in support of addressing critical infrastructure projects. Since its launch in 2005, municipalities receiving Canada Community-Building funds through AMO have invested over \$8.0 billion from the Fund into over 10,000 local projects. The MC also delivers programming that helps the municipal sector make further progress in asset management and better inform councils in identifying infrastructure investment priorities.

Petra Wolfbeiss, *Director*

Policy Centre

AMO's Policy Centre conducts research, government relations, policy analysis, and advocacy to ensure that provincial policies and programs respect municipal authority.

2021 was extremely active for the policy team. All policy work was done with a continuing COVID-19 lens while the provincial government was looking to complete a large amount of policy implementation before the 2022 fiscal year. The confidential AMO – Ontario Memorandum of Understanding process was very engaged as AMO leadership advice was continually sought to inform a breadth of provincial decision making.

While supporting regular MOU meetings, we also continued our efforts on a full range of municipal-provincial policy issues with over twenty provincial ministries, including broadband, climate change, community paramedicine, conservation authority modernization, housing, indigenous relations, long-term care, planning, social assistance transformation, and the Blue Box transition to full producer responsibility. We supported the virtual 2021 AMO and ROMA conferences with topical concurrent sessions as well as the very popular Ministers' Forums.

Our policy analysis and advocacy work involve municipal volunteers from across the province in our task forces, technical working groups and through the many municipal sector networks and associations. This is vital to our policy activities so that our advocacy is aligned with municipal interests across all regions of the province.

Monika Turner, *Director*

AMO Board of Directors

* Indicates member of the AMO Executive Committee

AMO Board of Directors

Graydon Smith*

AMO President
(August 2020 – November 2021)
Mayor, Town of Bracebridge

Jamie McGarvey*

AMO President
(November 2021 – Present)
Mayor, Town of Parry Sound

Gary Dyke*

Secretary-Treasurer
CAO, Municipality of North Grenville

Trevor Wilcox*

Past Secretary-Treasurer
General Manager, Corporate
Performance, County of Simcoe

Association Française des Municipalités de l'Ontario (AFMO)

Roger Sigouin

Maire/Mayor,
Ville de/Town of Hearst

County Caucus

Paul McQueen*

Chair, County Caucus
Deputy Warden, County of Grey
Mayor, Municipality of Grey Highlands

Justin Bromberg

Chief of Staff & Communications Manager,
United Counties of Prescott & Russell

George Cornell

Chair, WOWC
Warden, Simcoe County
Mayor, Township of Tiny

Aina DeViet

Councillor, Middlesex County
Mayor, Municipality of
Middlesex Centre

Gary McNamara

Warden, County of Essex
Mayor, Town of Tecumseh

Debbie Robinson

Chair, EOWC
Warden, County of Renfrew, Reeve,
Township of Laurentian Valley

Large Urban Caucus

Anna Hopkins*

Chair, Large Urban Caucus
Councillor, City of London

Kevin Davis

Mayor, City of Brantford

Dawn Dodge

Councillor, City of St. Catharines

Cam Guthrie

Chair, OBCM
Mayor, City of Guelph

Marianne Meed Ward

Mayor, City of Burlington

Bryan Paterson

Mayor, City of Kingston

Dan Chapman

CAO, City of Kitchener

Northern Caucus

Wendy Landry*

Chair, NW Caucus
President, NOMA
Mayor, Municipality of Shuniah (NW)

Danny Whalen*

Chair, NE Caucus
FONOM President
Councillor, City of Temiskaming Shores
(NE)

Rick Dumas

Mayor, Town of Marathon (NW)

Doug Lawrance

Mayor, Municipality of Sioux Lookout (NW)

Nicole Fortier Levesque

Maire/Mayor, Canton de/Township of
Moonbeam (NE)

Fred Mota

Mayor, Municipality of Red Lake

Roger Sigouin

Maire/Mayor, Ville de/Town of Hearst (NE)

Regional and Single-Tier Caucus

Colin Best*

Chair, Regional Caucus
Councillor, Region of Halton

Riley Brockington

Councillor, City of Ottawa

Robert Foster

Councillor, Region of Niagara

John Henry

Chair, Region of Durham

Deb McIntosh

Councillor, City of Greater Sudbury

Karen Redman

Chair, MARCO
Chair, Region of Waterloo

Paul Vicente

Councillor, Region of Peel

Rural Caucus

Robin Jones*

Chair, Rural Caucus
Chair, ROMA
Mayor, Village of Westport

Peter Emon

Reeve, Town of Renfrew

Christa Lowry

Mayor, Municipality of Mississippi Mills

Christine Robinson

Mayor, Municipality of West Grey

Sandra Datars Bere

City Manager, City of St. Thomas

Small Urban Caucus

Lynn Dollin*

Chair, Small Urban Caucus
Mayor, Town of Innisfil

Jo-Anne Albert

Mayor, Municipality of Tweed

Bob Kwapis

Councillor, Town of Newmarket

Hilda MacDonald

Mayor, Municipality of Leamington

Rick Milne

Chair, OSUM
Mayor, Town of New Tecumseth

Michael Tow

CAO, Town of Perth

Association of Municipalities of Ontario
Financial Statements
For the year ended December 31, 2021

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Independent Auditor's Report

To the Directors of Association of Municipalities of Ontario

Opinion

We have audited the financial statements of Association of Municipalities of Ontario ("AMO"), which comprise the statement of financial position as at December 31, 2021, 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 AMO as at December 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for 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 AMO 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 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 these financial statements in accordance with Canadian accounting standards for 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 AMO'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 AMO or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing AMO'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.



Auditor's Responsibilities for the Audit of the Financial Statements (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 AMO'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 AMO'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 AMO 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
June 27, 2022

Association of Municipalities of Ontario

Statement of Financial Position

December 31	2021	2020
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Assets

Current

Cash	\$ 526,365	\$ 495,636
Accounts receivable (Notes 3 and 18)	1,077,446	1,958,130
Investments (Note 4)	19,889,273	16,486,697
Prepaid expenses	502,289	295,068
	21,995,373	19,235,531

Investment in LAS (Note 6(a))	100	100
Long-term investments (Note 5)	513,502	-
Property and equipment (Note 7)	66,843	77,372
	\$ 22,575,818	\$ 19,313,003

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities (Note 9)	\$ 1,844,138	\$ 1,617,953
Deferred revenue	6,600	14,200
Deferred contributions - projects (Note 10)	1,530,109	2,317,811
	3,380,847	3,949,964
Deferred contributions - other	70,114	215,730
	3,450,961	4,165,694

Net assets

Restricted funds	8,895,270	7,484,907
General funds - unrestricted		
Investment in LAS	100	100
Other	9,351,356	7,662,302
Conference self-insurance reserve	707,515	-
Training reserve	170,616	-
	19,124,857	15,147,309
	\$ 22,575,818	\$ 19,313,003

On behalf of the Board:

_____ Director

_____ Director

The accompanying notes are an integral part of these financial statements.

Association of Municipalities of Ontario

Statement of Operations

For the year ended December 31

				2021	2020
	Canada Community- Building Fund	Other Restricted	Unrestricted	Total	Total
Revenue					
Membership fees	\$ -	\$ -	\$ 2,206,415	\$ 2,206,415	\$ 2,176,016
Conferences and seminars	-	-	1,209,581	1,209,581	910,935
Investment income	-	-	63,004	63,004	89,228
Administration and occupancy (Note 3)	-	-	5,102,310	5,102,310	4,976,106
Other Income	-	-	157,329	157,329	142,773
Funds received					
Canada Community-Building	1,325,314,730	-	-	1,325,314,730	647,931,647
Main Street revitalization (Note 10)	-	172,304	-	172,304	237,484
Municipal Asset Management Program	-	253,603	-	253,603	203,237
Community School Alliance (Note 10)	-	10,400	-	10,400	-
Continuous Improvement Fund Project (CIF) (Note 10)	-	354,875	-	354,875	383,434
Waste Diversion Project (Note 10)	-	325,235	-	325,235	349,670
Steward Obligation Project (Note 10)	-	60,688	-	60,688	188,810
Interest earned on funds received	308,549	4,142	-	312,691	160,821
Government subsidies (Note 17)	-	-	1,415,793	1,415,793	1,546,054
	1,325,623,279	1,181,247	10,154,432	1,336,958,958	659,296,215
Expenditures					
General - Administration	-	-	731,660	731,660	696,151
Policy - Administration	2,285,101	138,678	1,631,745	4,055,524	3,678,632
Corporate services - Administration	-	-	4,489,910	4,489,910	4,237,452
- Conference, seminars and membership centre	-	-	733,932	733,932	831,263
Funds distributed					
Canada Community-Building	1,321,927,815	-	-	1,321,927,815	644,691,987
Main Street revitalization	-	37,768	-	37,768	39,359
Municipal Asset Management Program	-	253,603	-	253,603	203,237
Community School Alliance (Note 10)	-	10,400	-	10,400	-
Continuous Improvement Fund Project (CIF) (Note 10)	-	354,875	-	354,875	383,434
Waste Diversion Project (Note 10)	-	325,235	-	325,235	349,670
Steward Obligation Project (Note 10)	-	60,688	-	60,688	188,810
	1,324,212,916	1,181,247	7,587,247	1,332,981,410	655,299,995
Excess of revenue over expenditures	\$ 1,410,363	\$ -	\$ 2,567,185	\$ 3,977,548	\$ 3,996,220

The accompanying notes are an integral part of these financial statements.

Association of Municipalities of Ontario

Statement of Changes in Net Assets

For the year ended December 31

2021

2020

	Restricted Fund	Unrestricted Funds	Conference Self-Insurance Reserve	Training Reserve	Total	Total
Balance, beginning of year	\$ 7,484,907	\$ 7,662,402	\$ -	\$ -	\$15,147,309	\$ 11,151,089
Excess of revenue over expenditures for the year	1,410,363	2,567,185	-	-	3,977,548	3,996,220
Transfers (Note 2)	-	(878,131)	707,515	170,616	-	-
Balance, end of year	\$ 8,895,270	\$ 9,351,456	\$ 707,515	\$ 170,616	\$19,124,857	\$ 15,147,309

The accompanying notes are an integral part of these financial statements.

Association of Municipalities of Ontario

Statement of Cash Flows

For the year ended December 31	2021	2020
Cash provided by (used in)		
Operations		
Excess of revenue over expenditures	\$ 3,977,548	\$ 3,996,220
Adjustment required to reconcile excess of revenue over expenditures with net cash provided by operating activities		
Amortization of property and equipment	31,142	45,912
Unrealized gain on investments	(13,502)	-
Changes in non-cash working capital balances		
Accounts receivable	880,684	(1,533,152)
Prepaid expenses	(207,221)	(45,080)
Accounts payable and accrued liabilities	226,185	867,354
Deferred revenue	(7,600)	13,600
Deferred contributions - projects	(787,702)	443,702
Deferred contributions - other	(145,616)	27,347
	<u>3,953,918</u>	<u>3,815,903</u>
Investing activities		
Purchase of property and equipment	(20,613)	(31,950)
Purchase of investments	(3,402,576)	(3,599,276)
Purchase of long-term investments	(500,000)	-
	<u>(3,923,189)</u>	<u>(3,631,226)</u>
Increase in cash during the year	30,729	184,677
Cash, beginning of year	495,636	310,959
Cash, end of year	\$ 526,365	\$ 495,636

The accompanying notes are an integral part of these financial statements.

Association of Municipalities of Ontario

Notes to Financial Statements

December 31, 2021

1. Basis of Presentation

Association of Municipalities of Ontario ("AMO") is a not-for-profit organization incorporated, without share capital, under Letters Patent on May 11, 1990 under the Corporations Act (Ontario). The mandate of AMO is to promote, support and enhance strong and effective municipal government in Ontario.

As a not-for-profit organization, AMO is exempt from income taxes provided certain requirements of the Income Tax Act (Canada) are met.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Accounting standards for not-for-profit organizations require entities to select policies appropriate for their circumstances from choices provided in the specific standards. The following are details of the choices selected by AMO and applied in these financial statements.

Funds

The Restricted fund represents the Canada Community-Building Fund which has specific external restrictions placed on its use by the funder.

The General funds account for AMO's operations and reports unrestricted and externally restricted resources without a specific fund that are not included in the Restricted funds.

The Conference Self-Insurance Reserve was set up to maintain an annual AMO conference self-insurance reserve at 80% of the AMO conference annual costs. The reserve will be adjusted annually based on the budget for the year. The Board approved a transfer of \$707,515 from General funds - Unrestricted to the Conference Self-Insurance Reserve Fund.

The Training Reserve covers the cost of the development of in-person and online/virtual courses. The Board approved a transfer of \$170,616 from General funds - Unrestricted to the Training Reserve.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates.

Association of Municipalities of Ontario

Notes to Financial Statements

December 31, 2021

2. Significant Accounting Policies (continued)

Investment in Subsidiaries

Local Authority Services ("LAS") is a wholly owned subsidiary of AMO. The investment in LAS is stated at cost. A financial summary of LAS is presented and disclosed in Note 6(a).

Municipal Employer Pension Centre of Ontario ("MEPCO") is controlled by AMO. A financial summary of MEPCO is presented and disclosed in Note 6(b).

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at cost or amortized cost less impairment, except long-term investments, which are measured at fair value. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs incurred on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Revenue Recognition

AMO follows the restricted fund method for all externally restricted contributions. Under the restricted fund method, externally restricted contributions of the restricted funds are recognized as revenue in the year of receipt. Externally restricted contributions of the general funds are deferred until the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue when the amount is reasonably estimated and collection is reasonably assured.

Membership and administration and occupancy fees are recognized as revenue in the period to which the fees relate.

Conferences and seminar revenue is recognized in the period in which the event occurs, or the service is provided.

Fees received in advance of the period to which they relate are recorded as deferred revenue in the statement of financial position.

Investment income is recognized as revenue in the period it is earned. Realized and unrealized gains and losses on long-term investments are included in investment income in the period they arise.

Government subsidies are recorded as revenue in the year in which the related expenditures are incurred.

Property and Equipment

Property and equipment are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over the assets' estimated useful lives as follows:

Computer hardware	-	4 years straight-line
Furniture and fixtures	-	5 years straight-line

Association of Municipalities of Ontario

Notes to Financial Statements

December 31, 2021

2. Significant Accounting Policies (continued)

Pension

AMO makes contributions on behalf of its employees to Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer pension plan. The Plan is a defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay. As the amount AMO is obligated to contribute under the Plan is not quantifiable, the accounting, presentation and disclosures that would otherwise be required are not determinable. Due to this fact, AMO follows the standards for a defined contribution plan, the details of which are disclosed in Note 14. The amounts contributed are expensed.

3. Related Party Transactions

Included in accounts receivable are amounts due from related parties as follows:

	2021	2020
LAS	\$ 334,644	\$ 189,073
MEPCO	20,891	29,004
ROMA	3,787	-

These amounts are unsecured, repayable on demand and are non-interest bearing.

Included in administration and occupancy fees are administration and occupancy fees charged to:

	2021	2020
LAS	\$ 866,106	\$ 849,714
MEPCO	466,704	466,744
ROMA	119,999	104,461

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

Association of Municipalities of Ontario

Notes to Financial Statements

December 31, 2021

4. Investments

	2021	2020
One Investment High Interest Savings Account (HISA) bearing interest at bank prime rate less 1.735% (2020 - bank prime rate less 1.535%).	\$ 19,889,273	\$ 16,486,697

5. Long-Term Investments

AMO holds long-term investments in the following pooled funds:

	2021	2020
ONE Canadian Equity Portfolio	\$ 314,316	\$ -
ONE Canadian Corporate Bond Portfolio	99,731	-
ONE Canadian Government Bond Portfolio	99,455	-
	\$ 513,502	\$ -

Association of Municipalities of Ontario

Notes to Financial Statements

December 31, 2021

6. Subsidiaries

(a) Local Authority Services ("LAS")

LAS is a wholly owned subsidiary of AMO. The mandate of LAS is to work with municipalities, their agencies, boards and commissions, as well as other organizations of Ontario's broader public sector to assist them in reducing their expenditures and to increase their levels of non-tax revenues through the principle of joint or cooperative procurement efforts.

LAS has not been consolidated in AMO's financial statements. Financial statements of LAS are available on request. The previous year's financial results were reclassified in accordance with the method of presentation adopted in the current year. A financial summary of LAS as at December 31, 2021 and 2020 and for the years then ended is as follows:

	2021	2020
Financial position		
Total assets	\$ 14,405,317	\$ 12,889,758
Total liabilities	8,498,348	7,312,692
Net assets	\$ 5,906,969	\$ 5,577,066
Results of operations		
Total revenue	\$ 10,733,877	\$ 7,287,785
Total expenditures	10,403,975	6,782,020
Excess of revenue over expenditures	\$ 329,902	\$ 505,765
Cash provided by (used in)		
Operating activities	\$ 1,011,897	\$ 254,598
Investing activities	(479,235)	12,864
Net change in cash	\$ 532,662	\$ 267,462

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6. Subsidiaries (continued)

(b) Municipal Employer Pension Centre Ontario ("MEPCO")

AMO is the only member of MEPCO. The mandate of MEPCO is to fulfill the obligations of the Association and others under the Ontario Municipal Employees Retirement Systems Act, 2006.

MEPCO has not been consolidated in AMO's financial statements. Financial statements of MEPCO are available on request. A financial summary of MEPCO as at December 31, 2021 and 2020 and for the years then ended is as follows:

	2021	2020
Financial position		
Total assets	\$ 1,001,932	\$ 970,111
Total liabilities	45,097	43,146
Net assets	\$ 956,835	\$ 926,965
Net assets comprise:		
Internally restricted	\$ 767,441	\$ 767,441
Unrestricted	189,394	159,524
	\$ 956,835	\$ 926,965
Results of operations		
Total revenue	\$ 646,626	\$ 643,957
Total expenditures	616,756	602,560
Excess of revenue over expenditures	\$ 29,870	\$ 41,397
Cash provided by (used in)		
Operating activities	\$ 24,275	\$ 25,315
Investing activity	19,515	(40,182)
Net change in cash	\$ 43,790	\$ (14,867)

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7. Property and Equipment

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer hardware	\$ 1,373,008	\$ 1,313,466	\$ 1,352,395	\$ 1,287,487
Furniture and fixtures	66,336	59,035	66,336	53,872
	\$ 1,439,344	\$ 1,372,501	\$ 1,418,731	\$ 1,341,359
Net book value		\$ 66,843		\$ 77,372

8. Affiliate

Rural Ontario Municipal Association ("ROMA")

A number of AMO's Board members serve on ROMA's Board of Directors. ROMA brings the rural perspective to the policy work of AMO, focusing on matters which affect rural communities so that they are brought to the attention of provincial and federal governments.

ROMA has not been consolidated in AMO's financial statements. Financial statements of ROMA are available on request. A financial summary of ROMA as at December 31, 2021 and 2020 and for the years then ended is as follows:

	2021	2020
Financial position		
Total assets	\$ 980,493	\$ 1,061,320
Total liabilities	279,205	317,987
Net assets	\$ 701,288	\$ 743,333
Results of operations		
Total revenue	\$ 447,386	\$ 959,412
Total expenditures	489,431	772,043
Excess (deficiency) of revenue over expenditures	(42,045)	\$ 187,369
Cash provided by (used in)		
Operating activities	\$ (57,260)	\$ (162,082)
Investing activity	20,990	197,567
Net change in cash	\$ (36,270)	\$ 35,485

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9. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are amounts payable to the government of \$877,345 (2020 - \$890,834).

10. Deferred Contributions - Projects

Deferred contributions – projects are amounts received from parties to carry out specific projects. Funds are recognized as revenue in the period in which the related expenses are incurred. If amounts are not expended, amounts may be refundable.

	Balance beginning of year	Received /reallocated in the year	Disbursed and recognized in the year	Balance end of year
Community School Alliance Continuous Improvement Fund project (CIF)	\$ 37,064	\$ 10,932	\$ 10,400	\$ 37,596
Waste Diversion Project	277,331	122,330	354,875	44,786
Waste Diversion Project Wind-up	638,644	-	325,235	313,409
Steward Obligation Project	200,000	-	-	200,000
Main Street Revitalization Fund Project	192,369	-	60,688	131,681
	972,403	2,538	172,304	802,637
2021	\$ 2,317,811	\$ 135,800	\$ 923,502	\$ 1,530,109
2020	\$ 1,874,109	\$ 1,603,100	\$ 1,159,398	\$ 2,317,811

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11. Restricted Funds

Canada Community-Building Fund (formerly Federal Gas Tax Program)

On June 17, 2005, the Government of Canada, the Province of Ontario, AMO and the City of Toronto signed an agreement setting out new revenue sharing arrangements for federal gas tax revenues for investment in municipal infrastructure. AMO administers the fund on behalf of the federal government for all municipalities except Toronto. The agreement resulted in funds of \$1.453 billion flowing to municipalities from 2005 to 2010. Under the Agreement, AMO received 1% of the amounts received and distributed to administer the funds. In 2009, the agreement was extended with an additional \$2.361 billion of funds flowing to municipalities over the period 2010-2014. As part of the extended agreement, the administration fee was reduced to 0.5% to better reflect the related costs.

In 2014, the program was made permanent using a ten-year agreement model with a midterm review. \$3.849 billion flowed to municipalities in Ontario for 2014-2018 based on 2011 population data with AMO continuing to receive 0.5% of the amounts it received to administer the funds. In 2014, the AMO Board of Directors decided to establish a restricted reserve to hold \$5 million for wind up of the program and to distribute the balance of \$15,692,043 in surplus administration funds accumulated on a per capita basis to all municipalities AMO administers funds. In 2018, allocations of \$4.231 billion for 2019-2023 were confirmed to flow to Ontario municipalities based on 2016 population data.

In 2019, there was a one-time doubling of funds by the Government of Canada. Also in 2019, AMO distributed \$12,044,284 in surplus administration fees according to the established allocation model.

In 2021, there was another one-time doubling of the funds. As with the prior top-up, AMO did not take an administration fee. Also, in 2021 the program name was changed from Federal Gas Tax to the Canada Community-Building Fund. This was done to reflect the program's evolution over time and the fact that funds do not come directly from federal gas tax revenues.

12. Capital Disclosures

The capital structure of AMO consists of restricted and unrestricted net assets. The unrestricted funds include a provision for a six month allowance should it become necessary to wind up the Association. The Association manages its capital and makes adjustments to it in light of economic conditions and the risk characteristics of the underlying assets.

AMO's main objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide the appropriate level of services to the municipalities of Ontario. AMO is subject to externally imposed capital requirements for the Canada Community-Building and Main Street revitalization programs and the restricted funds included in the General funds. These funds are invested and administered according to these requirements.

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13. Pension Plan

During 2021, AMO contributed \$590,823 (2020 - \$545,909) to OMERS. Of the amount contributed, \$149,528 (2020 - \$124,439) related to employees who worked for AMO's subsidiary, LAS.

14. Allocation of Expenses

Salaries and benefits are allocated based on the percentage of time spent by staff for each program. Expenses such as rent and information technology costs are allocated based on the percentage of the work performed for each program.

Expenses allocated to various funds were as follows:

	2021				
	Canada Community- Building program	Main Street revitalization	CIF	Municipal Asset Management Program	Waste Diversion Project
Salaries and benefits	\$ 1,124,765	\$ 136,503	\$ 344,166	\$ 151,103	\$ 161,905
Administration expenses	257,307	2,083	-	-	-
	\$ 1,382,072	\$ 138,586	\$ 344,166	\$ 151,103	\$ 161,905
	2020				
	Canada Community- Building program	Main Street revitalization	CIF	Municipal Asset Management Program	Waste Diversion Project
Salaries and benefits	\$ 1,099,266	\$ 197,755	\$ 362,822	\$ 125,870	\$ 215,446
Administration expenses	239,156	14,028	-	-	-
	\$ 1,338,422	\$ 211,783	\$ 362,822	\$ 125,870	\$ 215,446

15. Commitments

Minimum annual payments payable under the terms of operating leases for office space for the next two years are as follows:

2022	\$ 270,082
2023	236,082
	\$ 506,164

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16. Financial Instruments Risks

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of market changes in interest rates. AMO is exposed to interest rate risk on its investments.

Liquidity risk

Liquidity risk is the risk that AMO will encounter difficulty in meeting the obligations associated with its financial liabilities. AMO is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. AMO reduces exposure to liquidity risk by ensuring that it maintains adequate cash reserves to pay its creditors.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. AMO's main credit risks relate to its accounts receivable and investments. Based on creditworthiness of AMO's counter parties, no allowance for doubtful accounts is required.

It is management's opinion that AMO is not exposed to significant interest rate, liquidity or credit risk arising from its financial instruments.

17. COVID-19

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

Due to COVID-19, AMO held its annual conference virtually. AMO applied for the Canada Emergency Wage Subsidy ("CEWS") in the amount of \$1,214,638 (2020 - \$1,467,239) and Canada Emergency Rent Subsidy ("CERS") in the amount of \$201,155 (2020 - \$78,815) from the Government of Canada, all recorded in government subsidies revenue at year end, with \$501,466 (2020 - \$1,546,054) in accounts receivable.

There could be further impacts on AMO from COVID-19 that could affect the timing and amounts recognized in AMO's financial results. The full potential impact of the ongoing pandemic on AMO is not known at this time.

18. Comparative Figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.



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