



2025 **Annual** **Report**

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AMO President's Message | *Robin Jones*



Serving as President of the Association of Municipalities of Ontario (AMO) since August 2024 has been a tremendous honour. Together with dedicated Board colleagues and an exceptional AMO staff team, I am proud to help strengthen municipal leadership across Ontario.

As Mayor of the Village of Westport, I know firsthand that municipal leadership today is both challenging and increasingly complex. Councils and staff are being asked to do more than ever before – often with limited resources, tight budgets, and rising public expectations. Housing, infrastructure, emergency response, and climate impacts all converge at the local level.

Ontario's 444 municipalities are wonderfully diverse. What works in Westport may not be the right fit everywhere, but while our communities are unique, we share fundamental challenges. From infrastructure demands to affordable housing pressures, these issues do not stop at municipal borders; they are felt in Ontario's entire backyard, not just our own. This is precisely why AMO's role is so important. By bringing practical municipal experience into provincial policy discussions and helping communities collaborate, we spotlight these shared realities. When we speak as one sector, it helps local residents understand that they are not facing these pressures alone, while creating the focus needed to drive meaningful action and investment from the province.

As we approach another municipal election cycle, AMO continues to emphasize the importance of local leadership and a healthy democratic process. Strengthening public understanding of who we are, what we do, and why local government matters remains central to this work. Democracy thrives when people feel connected, informed, and respected.

In 2025, we marked 10 years since the Truth and Reconciliation Commission of Canada released its final report and 94 Calls to Action. I sincerely thank the municipalities and Indigenous governments, organizations, and people whose leadership and lived experience also helped to guide the development of AMO's Indigenous Reconciliation Action Plan. This plan is not an endpoint, but rather a framework to support AMO's own organizational learning accountability,

and relationship-building as it continues its reconciliation journey. The plan also serves as a roadmap template for member municipalities to develop similar plans with their local Indigenous partners.

Part of my role as AMO President has been to represent Ontario's 444 municipalities in discussions with the provincial government. This included regular meetings with members of Cabinet, particularly Rob Flack, Minister of Municipal Affairs and Housing.

While we occasionally engaged in lively debates when our perspectives differed, I always appreciated the Minister's willingness to listen to the concerns and suggestions brought forward by municipalities across Ontario. I extend my sincere appreciation to Minister Flack for his openness, professionalism, and commitment to constructive dialogue.

AMO's strength comes from its members. I extend my sincere appreciation to municipal leaders from across Ontario for sharing their insight, experience, and commitment to public service, and to AMO staff for ensuring municipal voices are heard, respected, and represented. Our accomplishments have been a shared effort, and I remain deeply appreciative of the trust and support placed in me over these past two years.

AMO's commitment remains unwavering: advocating for Ontario's municipalities, sharing practical local experience, and making tangible impacts for communities across the province. I am proud to work alongside municipal leaders from every region of Ontario to advance this mission.

Let us continue to lead, inspire, and build stronger communities together.

Miigwetch. Thank you. Merci.

A handwritten signature in blue ink that reads "Robin Jones".

Robin Jones, AMO President



Executive Director's Message | *Lindsay Jones*

Stepping into the role of Executive Director of the Association of Municipalities of Ontario has been both humbling and energizing. We are currently at a time of real pressure for Ontario's municipalities, and also at a moment of opportunity. Communities across the province are navigating complex, interconnected challenges that rarely lend themselves to simple answers. However, those challenges reinforce why AMO matters. At every step, our work is guided by the priorities and aspirations of our members across Ontario.

In 2025, AMO continued to advance advocacy on core priorities such as infrastructure investment, housing delivery, and municipal fiscal sustainability. At the same time, we supported municipalities through programs, education, and events that connect local leaders, support peer learning, and help address shared challenges collectively rather than in isolation.

What continues to stand out to me is the people behind this work. Our Board of Directors brings diverse municipal perspectives and a shared commitment to the public interest. AMO's staff bring professionalism, care, and a strong sense of purpose every day. Together, they model collaboration rooted in respect and a desire to get things done.

I also want to thank Brian Rosborough, who marked the end of a distinguished 34-year career in public service last year after serving as AMO's Executive Director since 2019. Brian led the organization through a period of significant change with steadiness and integrity, leaving AMO well-positioned for the future. We are grateful for his leadership and contributions to the municipal sector.

Looking ahead, a key focus is to strengthen alignment across all of AMO. Through Local Authority Services (LAS), AMO provides cost-saving business services to municipalities, and through the Municipal Employer Pension Centre of Ontario (MEPCO), AMO harnesses

pension expertise to effectively represent municipal employers in the oversight of OMERS. LAS and MEPCO complement our policy and program leadership and are important parts of our work on behalf of our municipal members.

AMO is committed to connecting local experience and expertise with provincial decision-making. Municipalities are essential partners who are experts in service delivery and have insight on provincial priorities and policy that can make communities better across Ontario. With your continued support, we will continue to demonstrate that our sector is coordinated, capable, and able to deliver solutions.

Sincerely,
Lindsay Jones

“Municipalities are essential partners who are experts in service delivery and have insight on provincial priorities and policy that can make communities better across Ontario”



The Value of AMO Membership and Services

Ontario's 444 municipalities face complex, shared challenges. The AMO is here to make sure no local council has to face them alone. As the trusted, collective voice of municipal government in Ontario, AMO works to make local governments stronger and more effective, ensuring municipal realities are heard clearly and consistently at the provincial level.

AMO is:



Amplifying the Municipal Voice: AMO works to ensure the expertise and perspectives of municipal governments inform provincial and federal decision-making on the issues that matter most to communities, protect local autonomy and advocate for provincial and federal policies that support strong and healthy communities.



Building Local Capacity: AMO equips elected officials with the skills to navigate complex community issues. Through targeted programming, members access training on crucial topics like cybersecurity, Indigenous community awareness, strategic planning, municipal codes of conduct, and strengthen.



Saving Time and Money: Through Local Authority Services (LAS), AMO leverages the collective buying power of the sector. Municipalities gain access to preferred pricing and cost-effective business services, ensuring local tax dollars go further.



Providing Expert Representation: Pensions are complex and carry significant financial weight for local budgets. Through the Municipal Employer Pension Centre of Ontario (MEPCO), AMO acts as the expert sponsor representative, ensuring the municipal voice influences the governance and administration of the \$145 billion Ontario Municipal Employees Retirement System (OMERS) pension plan so it remains affordable and sustainable.

Bringing The Sector Together



> The 2025 AMO Annual Conference

The AMO Annual Conference is the established premier gathering of Ontario's municipal sector, bringing together elected officials, senior staff, and provincial leadership to advance shared priorities for Ontarians. In 2025, the Conference, hosted in the City of Ottawa, demonstrated the importance of AMO's convening role and the collective strength of municipal voices, setting new participation and engagement records.

3,453
registrants

820
delegation meetings with
Cabinet members and
opposition party members
from 29 ministries.

16 concurrent sessions and seven pre-conference workshops to address priority municipal issues and secure feedback from our members to enhance AMO's advocacy. These sessions focused on key topics, including:

- AMO's Indigenous Reconciliation Action Plan
- Innovative approaches to mental health, addictions, and supportive housing
- Partnerships to strengthen the municipal talent pipeline
- Collaborative work with Indigenous partners to address gender-based violence.

AMO's "best-in-class" plenary programming elevated municipal perspectives on issues like housing, infrastructure, and trade to the provincial and national stage. Main stage sessions – moderated in partnership with TVO – featured senior political leaders, including Premier Doug Ford, Deputy Premier and Minister of Health Sylvia Jones, Minister of Municipal Affairs and Housing Rob Flack, Minister of Infrastructure Kinga Surma and federal Minister of Housing and Infrastructure Gregor Robertson. The Conference also featured party leaders from across the political spectrum including Marit Stiles, Bonnie Crombie, and Mike Schreiner, reinforcing the Conference's role as a non-partisan forum for ideas and debate.

The program also featured Ontario Regional Chief Abram Benedict, Lieutenant Governor Elizabeth Dowdeswell, Ombudsman Paul Dubé, Federation of Canadian Municipalities (FCM) President Rebecca Bligh, and nationally syndicated political journalist Andrew Coyne, alongside signature events such as the sixth annual Women's Leadership Forum, AMO's annual PJ Marshall Awards, and the presentation of an Honorary Life Membership to Mayor Gary McNamara.



AMO Annual Conference 2025, Registration Desk



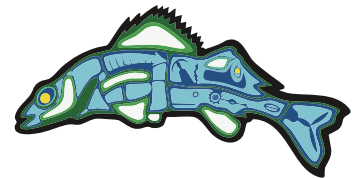
➤ Advancing Municipal-Indigenous Relations

AMO continues to strengthen and deepen relationships between municipal and Indigenous organizations and leaders.

The launch of AMO's first Indigenous Reconciliation Action Plan (IRAP) at the 2025 Conference marked a significant step forward, providing a clear framework to advance reconciliation within the organization and across Ontario's municipal sector through member support.

The Plan was unveiled at the AMO Conference, coinciding with the 10th anniversary of the Truth and Reconciliation Commission of Canada's final report. It reflects the voices, perspectives, and guidance of Indigenous leaders from across Ontario, alongside extensive consultation with member municipalities. Developed under the guidance of AMO's Indigenous Advisory Council, the Council now continues to advise on the implementation of the Plan's commitments.

Throughout the year, AMO also advanced joint advocacy on shared municipal-Indigenous priorities, including land-use planning, heritage protection, and economic development, working collaboratively with partners such as the Chiefs of Ontario.



Artist Credit:
Manidoo Nemeen (a Spirit
Dancing) aka Que Rock



The Year In Review: 2025 Priorities



Fixing the Fiscal Framework



Municipalities continue to be hindered by a system that relies heavily on property taxes to fund provincial responsibilities

> Municipal Fiscal Sustainability

In 2025, AMO intensified the call for a fundamental reset of provincial-municipal fiscal arrangements, building upon the foundational work established in 2023.

Through our non-partisan pre-election campaign and 2025 pre-budget submission, AMO presented irrefutable evidence that the current fiscal model is unsustainable.

While municipalities remain focused on delivering essential housing, transit, and public safety services, they continue to be hindered by a system that relies heavily on property taxes to fund provincial responsibilities.

Despite a formal request from nearly 200 member councils for a joint provincial-municipal fiscal review, the province has not yet come to the table.

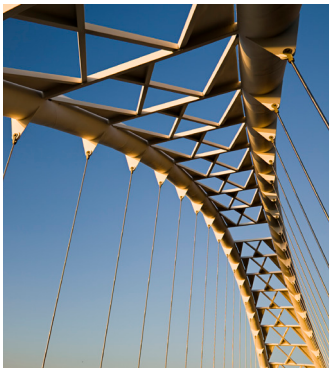
AMO continues to call on the government to address these structural gaps by committing to sustainable infrastructure funding, ending municipal subsidies for provincial responsibilities, and implementing system-wide solutions to address the homelessness crisis.

> Homelessness

We started the year by releasing the landmark report “[Municipalities Under Pressure: The Growing Human and Financial Cost of Ontario’s Homelessness Crisis](#),” defining the provincial narrative on homelessness and bolstering AMO’s reputation as a credible thought-leader. The study was conducted by HelpSeeker Technologies, in partnership with AMO, the Ontario Municipal Social Services Association (OMSSA) and the Northern Ontario Service Deliverers Association (NOSDA). AMO’s study received widespread media attention across the province for its unprecedented approach and the depth and breadth of its data. AMO provided briefings on findings to provincial and federal ministries, opposition parties, senators, and think tanks.

To keep this critical issue front and centre, AMO, OMSSA and NOSDA launched a 2025 update in early January 2026, supported by the same robust engagement strategy across governments, partners and media.

Through our ongoing advocacy, we helped secure \$13 billion in federal investment in non-market housing through Build Canada Homes and obtained commitments from federal and provincial governments to renew the National Housing Strategy. As a result of continued pressure, provincial investment expanded to include more than \$560 million to support 29 integrated Homelessness and Addiction Recovery Treatment Hubs across Ontario.



AMO adopted a two-pronged strategy. Practical tools for members and advocacy with the province.

> Trade and Tariffs

In response to global economic uncertainty, AMO adopted a two-pronged strategy: providing members with actionable tools to navigate challenges and advocating for the province to position municipalities as key partners in the economic response.

AMO developed resources to quantify the impact of tariffs on construction costs and municipal balance sheets, and hosted a Trade and Tariff Symposium to help elected officials navigate change and uncertainty. AMO’s government relations strategy declared support for provincial and federal leadership in their economic response and positioned our sector as a partner. AMO ensured our sector remained at the table for key provincial economic initiatives including:

- **On energy.** The province is leading generational energy investments to enable economic growth with a requirement for formal municipal approval on projects proposed for their communities. AMO has provided guidance to municipalities and energy developers on collaborative decision-making to help partners make sound, informed decisions and encourage municipalities to share in the financial benefits. We continued to position municipalities as a trusted partner on energy policy through multiple committee submissions, appearances, and close engagement with the province’s panel on local electricity distribution (PULSE).
- **On procurement.** AMO supported the expansion of the Buy Ontario Act to select municipal procurements in support of Ontario and Canadian businesses. Our provincial-municipal roundtables on proposed regulations provided advice to ensure requirements could be implemented successfully.

Building Ontario's Future



> Housing and Municipal Infrastructure

AMO continued to make progress on securing infrastructure funding to support growth. Our advocacy leveraged the economic pressures of trade and tariffs to make a compelling [case for municipal stimulus](#), resulting in an additional \$2 billion in infrastructure funding to support growth across the province.

AMO successfully influenced provincial action on development charges. By utilizing an innovative, partnership-driven approach – providing joint advocacy and technical advice in partnership with the Ontario Home Builders Association – AMO helped avoid significant across-the-board, mandatory development charge reductions and exemptions.

Recognizing the growing pressure to maintain and grow municipal infrastructure, AMO has commissioned new research to strengthen our funding advocacy for 2026 and beyond.

> Delivering Federal Dollars to Local Priorities: The Canada Community-Building Fund (CCBF)

CCBF, rebranded as the [Community stream of the Building Communities Strong Fund](#), continues to provide predictable, long-term infrastructure funding.

In 2025, AMO administered nearly \$750 million, or 30 per cent of the national allocation, on behalf of the federal government in support of priority infrastructure projects. Ontario's total share in 2025 was nearly \$933 million, bringing total funding received since the program began in 2005 to \$17 billion.

Throughout the year, AMO delivered programming that supported municipalities in advancing asset management and housing needs assessments. This included over a dozen webinars and conference presentations reaching approximately 3,000 participants, the development of a dozen capacity-building tools and case studies, and the assessment of asset management maturity across Ontario municipalities managing approximately \$1 trillion in infrastructure.

CCBF CANADA
COMMUNITY-BUILDING
FUND

Defending the Municipal Voice in Pensions



> The Municipal Stake in OMERS

For municipal governments, OMERS is three things at once:

- A core part of the compensation framework used to recruit and retain employees
- A significant and growing financial obligation within municipal budgets
- A long-term commitment that municipalities fund and backstop on behalf of employees and retirees.



As the largest employer group participating in the plan, municipalities contribute about \$120 million annually to OMERS and bear a disproportionate share of the financial risk. Through MEPCO, 347 municipal employers – including five District Social Services Administration Boards (DSSABs) – pool their resources to ensure they have the expertise and collective capacity needed to fulfill AMO's responsibilities as an OMERS plan sponsor.

> 2025 Legislative Change

In late 2024, the province initiated a governance review of OMERS, appointing a Special Advisor, Robert Poirier, to examine the plan's structure. This review followed a routine 2024 contribution rate review designed to improve equity across the plan. While AMO and MEPCO consistently maintained that the existing governance model was functioning as intended, the Special Advisor's 2025 report recommended significant alterations.

Legislation implementing parts of these recommendations was advanced quickly through amendments to the OMERS Act. The longstanding model – built around shared stewardship, fiduciary responsibility, and balanced oversight – was dissolved and replaced with a new Sponsors Council, significantly reshaping the municipal role in the plan with limited opportunity for sponsors to fully assess the long-term implications.

> What Changed – and Why It Matters to Municipal Employers

The governance changes adopted in 2025 materially altered the balance of power within OMERS and diluted the collective municipal voice in several important ways:

• Loss of fiduciary-based sponsorship oversight:

The former Sponsors Corporation was governed by directors with a clear fiduciary obligation to act in the best interests of the plan as a whole. Replacing it with a Sponsors Council fundamentally changes the nature of sponsor decision-making and creates the conditions for interest-based advocacy.

• Weakened sponsor oversight of the Administrator:

Under the new model, greater authority over appointments, by-laws, and resources is shifted toward >

the OMERS Administration Corporation, an entity that does not have a mandate to represent employers or sponsor interests.

• **Expanded provincial authority:**

The amendments grant the Minister broad regulation-making powers related to sponsor governance. This introduces ongoing uncertainty and increases the risk of future interventions that could affect

plan design, contributions, or governance processes without sponsor consent.

• **Increased risk to affordability:**

Municipal employers ultimately fund the plan. Governance changes that reduce sponsor oversight and introduce uncertainty raise the risk of future decisions that could increase costs for employers and employees alike.



> The Sector Response: Advocacy and Expertise in Action

AMO is a plan sponsor representing nearly 40 per cent of active OMERS members. That's why when these proposed changes emerged, AMO and MEPCO spearheaded a coordinated, multi-pronged strategy. With MEPCO providing the technical pension expertise and AMO leading the government relations response, we worked to ensure the municipal voice was heard clearly at the provincial level. This unified sector response included:



AMO's sector-wide campaign generated nearly 100 municipal resolutions.

- **Launching a sector-wide campaign that generated nearly 100 municipal resolutions.**
- **Equipping members with a comprehensive toolkit to support local government relations and delegation meetings.**
- **Engaging directly with the province to communicate concerns about governance changes, plan sustainability, and employer costs.**
- **Collaborating closely with other employer and employee sponsors, as well as retiree organizations, to highlight shared concerns about rushed implementation and weakened oversight.**
- **Hosting webinars, briefings, and written materials for municipal councillors, CAOs, and senior staff to build an understanding of the changes and their potential impacts.**
- **Emphasizing that OMERS is a jointly sponsored plan that belongs to employers, employees, and retirees – not the province.**

> Looking Ahead: What 2025 Means for Municipal Employers

The changes introduced in 2025 mark the beginning of a transformation in OMERS governance. Much remains to be determined through regulations, bylaws, and implementation decisions that will shape how the new governance structure functions in practice.

For AMO and MEPCO, this means continued monitoring, advocacy, and engagement will be essential. Ensuring that municipal interests are heard and defended in a more complex and potentially constrained environment may require additional capacity, expertise, and coordination in the years ahead. MEPCO will continue to work with AMO and municipal leaders to make the case that sustained investment in sponsor advocacy is essential to fulfilling our obligation to the long-term sustainability of the OMERS pension plan.

Building Sector Capacity: Tools for Municipalities



Strengthening Local Governance

> Communications and Engagement

Communicating with members and keeping municipalities informed is a core value-added benefit of AMO membership. In 2025, AMO made significant strides in expanding and improving communications capacity and processes:

1,268,000
Pageviews

on AMO's website
in 2025

8,917
Subscribers

to AMO's weekly
Watchfile newsletter.

16,000
Followers

on the AMO LinkedIn
account.

> The Healthy Democracy Project

Through the Healthy Democracy Project, AMO continued to strengthen local democracy across Ontario by promoting participation, representation, and public trust in municipal governance.

In 2025, AMO produced a range of resources to help members improve the strength of local democracies. These included a suite of civic education materials, a resource focused on strengthening youth engagement in Ontario communities and Turn Up the Turnout: A Resource on Voter Participation in Local Elections. Together, these resources provide locally elected officials with practical strategies and tools to enhance community engagement, increase awareness of the importance of local government, and support improved voter turnout in upcoming municipal elections.

AMO also hosted two Healthy Democracy Forums in 2025, bringing together more than 250 participants from municipalities across the province, including elected officials, municipal staff, sector organizations, and community leaders. The forums created space for meaningful dialogue on key challenges facing local

democracy, such as barriers to participation, council diversity, and approaches to strengthening civic engagement. At the second Annual Healthy Democracy Forum, AMO released the updated Local Democracy Solutions Bank, featuring a first-of-its-kind searchable catalogue of existing candidate support resources.

In advance of the 2026 municipal elections, AMO released Lead Where You Live, a comprehensive resource that includes election timelines, campaign management guidance, and links to essential information for prospective candidates. AMO also delivered the first of its campaign readiness workshops, reaching more than 450 participants. Designed to support prospective candidates, these sessions included targeted outreach to underrepresented communities and provided practical guidance on navigating the municipal election process.

In 2025, the Healthy Democracy Project team also initiated the development of a public affairs campaign aimed at equipping prospective candidates and voters with the information, resources, and motivation to participate in the 2026 municipal elections.

> Leading with Respect

Civility is the foundation of effective and respectful governance. However, harassment and hostility toward – and between – municipal elected officials and staff continue to undermine local democracy and the municipal sector’s ability to effectively serve communities.

Following years of policy advocacy, the province introduced legislation through Bill 9, the Municipal Accountability Act, 2025, to establish strengthened municipal codes of conduct. AMO is united with municipalities and the province in wanting all orders of government to work efficiently and effectively in the best interests of their residents. Some targeted governance changes may help further this goal, but only if they are designed with local voice. A successful path forward relies on the province setting clear objectives, providing the

right implementation supports, and conducting the local consultation necessary to make changes successful. In this context, AMO continues to advocate for approaches that advance strong municipal governance while preserving local voice and decision-making.

At the same time, AMO has focused on practical, sector-led solutions to foster respectful municipal workplaces. In 2025, through a collaboration between AMO’s Healthy Democracy Project and Workforce Development Project, AMO developed the [Leading with Respect](#) handguides. These resources provide practical tips and tools that municipal elected officials and senior staff can adapt, rebrand, and use locally to promote civility, address workplace challenges, and strengthen positive governance cultures.

> Workforce Development Project

Ontario municipalities continue to face significant workforce pressures, including retirements, demographic shifts, and growing competition for skilled talent. The Workforce Development Project supports municipalities by identifying workforce trends, challenges, and opportunities to ensure they have the skills and capacity needed to deliver the essential services and infrastructure Ontarians rely on. This work is guided by AMO’s Careers that Build Communities: Municipal Workforce Development Project Roadmap, which sets priorities to strengthen recruitment, retention, and professional development.

In 2025, AMO began work on a flagship initiative, Make Your Municipal Move, a province-wide advertising campaign designed to reposition the municipal sector as a destination for meaningful and rewarding careers. By delivering a unified message on behalf of members, AMO is generating public awareness of the breadth, value, and diversity of municipal careers in ways individual municipalities cannot achieve on their own.

Strengthening partnerships with post-secondary institutions and professional associations remained a core focus. In 2025, AMO used its convening power to

raise awareness of municipal careers among students and early-career professionals, expand work-integrated learning opportunities, and improve access to professional development for municipal employers and staff.

A cornerstone initiative of this work has been AMO’s Strengthening the Municipal Talent Pipeline through Work-Integrated Learning project. In 2025, AMO made significant progress toward releasing research insights and practical tools to help municipalities more effectively engage in experiential learning and convert student placements into long-term municipal careers. AMO also hosted several webinars with post-secondary partners, highlighting innovative approaches that link academic programs to municipal employment pathways and providing members with direct, practical access to institutional partners.

In addition, AMO sustained delivery of the well-received Mayor-CAO Relationship Series with the Ontario Municipal Administrators Association (OMAA). These moderated sessions focus on strengthening alignment between heads of council and CAOs to support effective governance and organizational leadership.

> AMO Education and Events

In 2025, AMO delivered a robust, year-round education and events program that provided municipal leaders with timely expertise, practical tools, and valuable peer connections. Programming included 15 custom-designed workshops led by subject matter experts on priority topics such as land use planning, codes of conduct, cybersecurity, strategic planning, and community and Indigenous engagement.

AMO also supported the delivery of the Rural Ontario Municipal Association (ROMA) and Ontario Small Urban Municipalities (OSUM) annual conferences, welcoming 1,701 and 231 attendees respectively.

In response to a rapidly evolving political and economic environment, AMO hosted a Trade and Tariffs Forum. The forum provided a credible assessment of tariff and trade impacts on Ontario municipalities and the business sector. Discussions identified practical measures to address and mitigate these challenges, as well as opportunities to build new alliances and cross-sector relationships in support of strong, coordinated economic advocacy.

Overall, AMO supported 23 events, including four major conferences, workshops, pre-election sessions, and other AMO offerings, attracting more than 6,400 registrations. Together, these opportunities demonstrate the value of AMO membership in strengthening municipal capacity, informed decision-making, and collaboration across Ontario's municipal sector.

**In 2025 AMO
supported 23
events, attracting
more than 6,400
attendees.**



Saving Time and Money

> LAS: Collective Buying Power for Municipalities

LAS is AMO's business services arm created in 1992 to help municipalities lower costs, increase revenues, and strengthen internal capacity.

In 2025, LAS expanded its reach and impact as a central hub for municipally informed solutions, enabling municipalities to access practical administrative, digital, energy, financial, and municipal asset service areas.

LAS programs continue to demonstrate strong sector uptake. Since its inception, 90 per cent of Ontario municipalities have participated in at least one LAS program, with participation growing year over year. In 2025 alone, 147 municipalities joined one or more programs, contributing to a total of 2,084 program participations across the LAS portfolio.

Through group purchasing programs, shared services, and strategic partnerships, LAS delivered significant financial and operational value to municipalities. This included \$221 million in cooperative purchasing through the Canoe Procurement Group, \$5.6 billion in assets under management through ONE Investment, more than \$3 million in annual electricity commodity savings, and \$3.8 million in cumulative natural gas rebates since 2020.

Digital and risk-focused services continued to generate strong efficiency gains. Workflow automation in the Freedom of Information and Privacy program resulted in an estimated \$1.14 million per year in avoided administrative effort and burden reduction, while electronic signature solutions improved contract and payment turnaround times. Risk-focused programming, including cyber incident management support, helped municipalities mitigate financial exposure and strengthen preparedness.

90%

of Ontario municipalities have participated in at least one LAS program, with participation growing year over year

**Total of
2,084 program
participations
across the LAS
portfolio.**

LAS | AMO
Business
Services

Energy and sustainability programs remained a cornerstone of LAS's value proposition, supporting predictable budgeting, regulatory compliance, and cost savings through electricity and natural gas programs, lighting retrofits, and energy planning tools.

LAS maintained a strong sector presence in 2025, participating in 15 conferences, engaging over 80 municipalities, and delivering 12 webinars attended by over 500 municipal staff.

> Looking ahead to 2026-2027

AMO will advance LAS Forward, a future-focused reorientation in close collaboration with AMO members to ensure programs are responsive, relevant, and well positioned to meet evolving municipal needs. This work will focus on refining the program portfolio, deepening engagement with municipalities and sector partners, and prioritizing services that support efficiency, resilience, and long-term sustainability. Through LAS Forward, we will continue to scale high-impact programs, and strengthen customer experience and performance measurement, supporting AMO's strategic objectives and helping municipalities navigate increasing fiscal, operational, and risk-related complexity.

In 2025 LAS participated in 15 conferences and delivered 12 webinars attended by more than 500 municipal staff.



The Record: Financials





Message from Secretary-Treasurers *Dan Chapman and Afshin Majidi*

On behalf of the Association of Municipalities of Ontario (AMO), Local Authority Services (LAS), and the Municipal Employer Pension Centre of Ontario (MEPCO), we are pleased to present the audited financial statements for the year ended December 31, 2025.

While AMO, LAS, and MEPCO are governed separately with distinct mandates on behalf of municipalities, they operate in a shared services environment, supported by the same AMO leadership and support staff. This structure provides for specialized expertise and oversight, while maintaining coordinated advocacy, and efficient service and program delivery. All three organizations remain financially sound and well positioned to meet the evolving needs of the municipal sector.

It is a privilege to serve on behalf of the municipal sector and to contribute to organizations that play a vital role in strengthening Ontario's municipal sector. On behalf of the Boards, we extend our sincere appreciation to municipal members and program participants, and our partners for their continued trust and engagement.

Copies of the audited financial statements for the year ending December 31, 2025, follow this message.

A handwritten signature in black ink that reads "Dan R. Chapman".

Dan Chapman

Secretary-Treasurer, Association of Municipalities of Ontario
Chief Administrative Officer, City of Kitchener

A handwritten signature in black ink that reads "Afshin Majidi".

Afshin Majidi

Secretary-Treasurer, Local Authority Services (LAS)
Secretary-Treasurer, Municipal Employer Pension Centre of Ontario (MEPCO)
Director of Finance, Association of Municipalities of Ontario

Association of Municipalities of Ontario
Financial Statements
For the year ended December 31, 2025

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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, 2025, 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, 2025, 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 19, 2026

Association of Municipalities of Ontario

Statement of Financial Position

December 31	2025	2024
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Assets

Current

Cash	\$ 599,310	\$ 429,829
Accounts receivable (Note 3)	665,159	877,112
Investments (Note 4)	18,943,581	18,117,090
Prepaid expenses	606,896	995,078
	20,814,946	20,419,109

Long-term investments (Note 5)	707,915	615,181
Property and equipment (Note 6)	1,342,255	1,578,102

	\$ 22,865,116	\$ 22,612,392
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Liabilities and Net Assets

Current

Accounts payable and accrued liabilities (Note 7)	\$ 1,319,987	\$ 1,177,098
Deferred revenue	2,160	276,787
Deferred contributions - projects (Note 8)	44,485	311,177
Deferred rent	151,774	145,127
Current portion of lease inducement (Note 16)	59,200	59,200
	1,577,606	1,969,389

Deferred contributions - other	23,116	38,727
Long-term portion of lease inducement (Note 16)	414,400	473,600
	2,015,122	2,481,716

Net assets

Restricted fund	6,993,175	5,331,973
Unrestricted fund	8,446,728	9,540,985
Conference self-insurance reserve	1,185,000	1,035,000
Training reserve	139,836	170,616
Invested in capital assets reserve	1,342,255	1,578,102
Stabilization reserve	2,743,000	2,474,000
	20,849,994	20,130,676

	\$ 22,865,116	\$ 22,612,392
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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

2025

2024

	Canada Community Building Fund	Other Restricted	Unrestricted	Total	Total
Revenue					
Membership fees	\$ -	\$ -	\$ 2,664,778	\$ 2,664,778	\$ 2,422,722
Conferences and seminars	-	-	3,592,133	3,592,133	3,376,975
Investment income (Note 17)	-	-	552,247	552,247	773,768
Administration and occupancy (Note 3)	-	-	5,904,654	5,904,654	5,785,221
Other income	-	-	316,941	316,941	345,772
Funds received					
Canada Community-Building	746,573,182	-	-	746,573,182	716,710,255
Municipal Asset Management Program	-	-	-	-	35,962
Community School Alliance (Note 8)	-	20,750	-	20,750	250
Waste Diversion Project	-	-	-	-	174,720
Interest earned on funds received	725,073	-	-	725,073	2,068,902
	747,298,255	20,750	13,030,753	760,349,758	731,694,547
Expenditures					
General - Administration	-	-	1,564,510	1,564,510	1,347,190
Policy - Administration	2,796,737	-	2,392,106	5,188,843	4,810,182
Corporate services - Administration	-	-	5,768,904	5,768,904	5,666,420
Special projects	-	-	1,882,321	1,882,321	717,040
Conference, seminars and membership centre	-	-	2,364,796	2,364,796	2,062,957
Funds distributed					
Canada Community-Building	742,840,316	-	-	742,840,316	713,126,704
Municipal Asset Management Program	-	-	-	-	35,962
Community School Alliance (Note 8)	-	20,750	-	20,750	250
Waste Diversion Project	-	-	-	-	174,720
	745,637,053	20,750	13,972,637	759,630,440	727,941,425
Excess of revenue over expenditures	\$ 1,661,202	\$ -	\$ (941,884)	\$ 719,318	\$ 3,753,122

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

2025

2024

	Restricted Fund	Unrestricted Funds	Conference Self- Insurance Reserve	Training Reserve	Invested in Capital Assets	Stabilization Reserve	Total	Total
Balance, beginning of year	\$ 5,331,973	\$ 9,540,985	\$ 1,035,000	\$ 170,616	\$ 1,578,102	\$ 2,474,000	\$ 20,130,676	\$ 26,877,654
Excess (deficiency) of revenue over expenditures for the year	1,661,202	(941,884)	-	-	-	-	719,318	3,753,122
Disbursement of surplus (Note 11)	-	-	-	-	-	-	-	(10,500,000)
Transfers (Note 2)	-	(152,373)	150,000	(30,780)	(235,847)	269,000	-	(100)
Balance, end of year	\$ 6,993,175	\$ 8,446,728	\$ 1,185,000	\$ 139,836	\$ 1,342,255	\$ 2,743,000	\$ 20,849,994	\$ 20,130,676

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	2025	2024
Cash provided by (used in)		
Operations		
Excess of revenue over expenditures	\$ 719,318	\$ 3,753,122
Adjustment required to reconcile excess of revenue over expenditures with net cash provided by operating activities		
Amortization of property and equipment	275,632	265,744
Unrealized gain on long-term investments	(92,734)	(79,061)
Amortization of lease inducement	(59,200)	(59,202)
Changes in non-cash working capital balances		
Accounts receivable	211,953	(85,500)
Prepaid expenses	388,182	(318,147)
Accounts payable and accrued liabilities	142,889	(476,864)
Deferred revenue	(274,627)	90,885
Deferred contributions - projects	(266,692)	(227,247)
Deferred contributions - other	(15,611)	(16,423)
Deferred rent	6,647	145,127
	<u>1,035,757</u>	<u>2,992,434</u>
Investing activities		
Disbursement of surplus (Note 11)	-	(10,500,000)
Purchase of property and equipment	(39,785)	(193,458)
Redemption of investments	6,197,000	15,211,000
Purchase of investments	(7,023,491)	(8,219,051)
	<u>(866,276)</u>	<u>(3,701,509)</u>
Financing activity		
Proceeds from lease inducement	-	592,002
Increase (decrease) in cash during the year	169,481	(117,073)
Cash, beginning of year	429,829	546,902
Cash, end of year	\$ 599,310	\$ 429,829

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

Association of Municipalities of Ontario

Notes to Financial Statements

December 31, 2025

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 \$150,000 from the Unrestricted Fund to the Conference Self-Insurance Reserve (2024 - \$167,000).

The Training Reserve covers the cost of the development of in-person and online/virtual courses. The Board approved a transfer of \$30,780 from the Training Reserve to the Unrestricted Fund (2024 - \$Nil).

The Stabilization Reserve covers for a maximum of six months any costs incurred. Stabilization reserve allows for additional flexibility for the board to ensure continued operations in case of significant interruptions, difficult economic conditions, or in meeting unforeseen obligations. The reserve will be adjusted annually based on the current budget for the year. The Board approved a transfer of \$269,000 (2024 - \$214,000) from the Unrestricted Fund to the Stabilization Reserve.

The Invested in Capital Assets fund represents funds invested in capital assets and is adjusted annually with net increases and decreases in capital expenditures and amortization.

Association of Municipalities of Ontario Notes to Financial Statements

December 31, 2025

2. Significant Accounting Policies (Continued)

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 revenue and expenditures during the year. Actual results could differ from those estimates.

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.

Contributed Materials and Services

Due to the difficulty in determining the fair value of materials and services contributed to AMO, they are not recognized in the financial statements.

Association of Municipalities of Ontario Notes to Financial Statements

December 31, 2025

2. Significant Accounting Policies (Continued)

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
Leasehold improvements	-	10 years straight-line

Long-lived assets are subject to impairment when events or changes in circumstances indicate that the carrying amount exceeds their fair value. When the carrying amount exceeds the fair value, an impairment loss is recognized as the amount equal to the excess.

Cloud Computing Arrangements

AMO applies the simplification approach to account for expenditures in cloud computing arrangements. The expenditures in the arrangements are treated as supply of services and recognized as an expense as incurred.

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. The plan has net assets of \$145.5 billion (2024 - \$138.2 billion) per the 2025 annual report. The actuarially determined deficit of the OMERS Plan on a going concern basis at December 31, 2025 was \$6.1 billion (2024 - \$4.3 billion). 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 13.

Operating and Overhead Expenditures

Certain operating and overhead expenditures are allocated to other expenditure categories based upon reasonable estimates of staff time or costs incurred (Note 14).

Association of Municipalities of Ontario

Notes to Financial Statements

December 31, 2025

3. Related Party Transactions

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

	<u>2025</u>	<u>2024</u>
LAS (Note 9(a))	\$ 348,006	\$ 565,116
MEPCO (Note 9(b))	42,134	34,459
ROMA (Note 10)	6,707	11,065

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:

	<u>2025</u>	<u>2024</u>
LAS (Note 9(a))	\$ 1,167,844	\$ 1,095,668
MEPCO (Note 9(b))	511,228	499,364
ROMA (Note 10)	181,359	182,798

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

4. Investments

	<u>2025</u>	<u>2024</u>
One Investment High Interest Savings Account (HISA) bearing interest at bank prime rate less 1.675% (2024 - bank prime rate less 1.675%).	<u>\$ 18,943,581</u>	<u>\$ 18,117,090</u>

5. Long-term Investments

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

	<u>2025</u>	<u>2024</u>
ONE Canadian Equity Portfolio	\$ 495,589	\$ 408,939
ONE Canadian Corporate Bond Portfolio	104,524	101,560
ONE Canadian Government Bond Portfolio	107,802	104,682
	<u>\$ 707,915</u>	<u>\$ 615,181</u>

Association of Municipalities of Ontario Notes to Financial Statements

December 31, 2025

6. Property and Equipment

	2025		2024	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer hardware	\$ 460,318	\$ 297,737	\$ 424,278	\$ 219,572
Furniture and fixtures	404,986	159,727	401,241	78,951
Leasehold improvements	1,166,910	232,495	1,166,910	115,804
	\$ 2,032,214	\$ 689,959	\$ 1,992,429	\$ 414,327
Net book value		\$ 1,342,255		\$ 1,578,102

7. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are amounts receivable/payable to the government of \$9,394 receivable (2024 - \$58,172 payable).

8. 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/ returned/ reallocated in the year	Disbursed and/or recognized in the year	Balance end of year
Community School Alliance	\$ 42,057	\$ 23,178	\$ 20,750	\$ 44,485
Waste Diversion Project	69,120	(69,120)	-	-
Waste Diversion Project Wind-up	200,000	(200,000)	-	-
2025	\$ 311,177	\$ (245,942)	\$ 20,750	\$ 44,485
2024	\$ 538,424	\$ (52,277)	\$ 174,970	\$ 311,177

Association of Municipalities of Ontario

Notes to Financial Statements

December 31, 2025

9. Subsidiaries and Controlled Entities

(a) Local Authority Services ("LAS")

LAS is a not-for-profit organization and is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met. 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. A financial summary of LAS as at December 31, 2025 and 2024 and for the years then ended is as follows:

	<u>2025</u>	<u>2024</u>
Financial position		
Total assets	\$ 21,200,687	\$ 18,120,507
Total liabilities	14,312,290	11,922,055
Net assets	\$ 6,888,397	\$ 6,198,452
Results of operations		
Total revenue	\$ 15,882,049	\$ 13,324,502
Total expenditures	15,192,104	12,889,581
Excess of revenue over expenditures	\$ 689,945	\$ 434,921
Cash provided by (used in)		
Operating activities	\$ 1,495,825	\$ 878,873
Investing activities	(1,049,298)	(273,992)
Net change in cash	\$ 446,527	\$ 604,881

Association of Municipalities of Ontario

Notes to Financial Statements

December 31, 2025

9. Subsidiaries and Controlled Entities (Continued)

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

MEPCO is a not-for-profit organization and is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met. AMO is the only member of MEPCO and therefore indirectly controls MEPCO through its membership. 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, 2025 and 2024 and for the years then ended is as follows:

	<u>2025</u>	<u>2024</u>
Financial position		
Total assets	\$ 1,174,071	\$ 1,219,942
Total liabilities	<u>131,508</u>	<u>118,777</u>
Net assets	<u>\$ 1,042,563</u>	<u>\$ 1,101,165</u>
Results of operations		
Total revenue	\$ 702,214	\$ 724,589
Total expenditures	<u>760,816</u>	<u>744,524</u>
Deficiency of revenue over expenditures	<u>(58,602)</u>	<u>\$ (19,935)</u>
Cash provided by (used in)		
Operating activities	\$ (54,701)	\$ 22,052
Investing activity	<u>80,972</u>	<u>(62,135)</u>
Net change in cash	<u>\$ 26,271</u>	<u>\$ (40,083)</u>

Association of Municipalities of Ontario

Notes to Financial Statements

December 31, 2025

10. Affiliate

Rural Ontario Municipal Association ("ROMA")

ROMA is a not-for-profit organization and is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met. 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, 2025 and 2024 and for the years then ended is as follows:

	<u>2025</u>	<u>2024</u>
Financial position		
Total assets	\$ 2,400,555	\$ 2,100,653
Total liabilities	<u>1,376,664</u>	<u>1,235,919</u>
Net assets	<u>\$ 1,023,891</u>	<u>\$ 864,734</u>
Results of operations		
Total revenue	\$ 1,574,526	\$ 1,384,678
Total expenditures	<u>1,415,369</u>	<u>1,144,817</u>
Excess of revenue over expenditures	<u>\$ 159,157</u>	<u>\$ 239,861</u>
Cash provided by (used in)		
Operating activities	\$ 316,685	\$ 349,607
Investing activity	<u>(323,706)</u>	<u>(324,674)</u>
Net change in cash	<u>\$ (7,021)</u>	<u>\$ 24,933</u>

Association of Municipalities of Ontario

Notes to Financial Statements

December 31, 2025

11. Restricted Funds

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

In 2005, the Government of Canada, the Province of Ontario, AMO and the City of Toronto entered into an agreement to provide federal investment in municipal infrastructure. Under this arrangement, AMO was appointed to manage the fund on behalf of the federal government for all Ontario municipalities except Toronto. The agreement allocated \$1.453 billion in federal funding to municipalities between 2005 and 2010.

The agreement was extended in 2009, with an additional \$2.361 billion provided to municipalities from 2010 to 2014. As part of the extension, the administration fee charged by AMO was reduced from 1% to 0.5% to more accurately reflect associated costs.

In 2014, the program transitioned to a permanent format with a ten-year agreement and a planned midterm review. From 2014 to 2018, municipalities in Ontario received \$3.849 billion in funding, with allocations based on 2011 population data. AMO continued to receive up to 0.5% of the funds administered as an administrative fee.

That same year, the AMO Board of Directors established a restricted reserve of \$5,000,000 to support program wind-up activities. The remaining surplus administrative funds, totalling \$15,692,043, were distributed among all municipalities for which AMO administered funds.

In 2018, allocations totalling \$4.231 billion were confirmed for the period 2019–2023, based on 2016 population statistics. In 2019, the Government of Canada doubled the funds for a one-time increase, and AMO distributed \$12,044,284 in surplus administration fees using the established allocation model.

Another one-time doubling of funds occurred in 2021. As with the previous top-up, AMO waived the administration fee. Also in 2021, the program's name was changed from the Federal Gas Tax Fund to the Canada Community-Building Fund to reflect its broader scope and the fact that funds were no longer directly sourced from federal gas tax revenues.

In 2024, the program was renewed for another ten years, with a review scheduled for 2027. Funding of \$4.701 billion was confirmed for the period 2024–2028, based on 2021 population data. In 2024, AMO distributed \$10,500,000 in surplus administration funds in accordance with the established allocation model.

12. Capital Disclosures

AMO's capital structure comprises both restricted and unrestricted net assets. The Association actively manages its capital, making necessary adjustments in response to changing economic conditions and the risk profiles associated with its underlying assets.

The primary objective in managing capital for AMO is to protect its capacity to operate as a going concern. By doing so, AMO ensures it can continue to deliver an appropriate level of services to municipalities across Ontario.

Association of Municipalities of Ontario Notes to Financial Statements

December 31, 2025

12. Capital Disclosures (Continued)

AMO must comply with externally imposed capital requirements relating to the Canada Community Building program and certain restricted funds included within the General funds. The Association invests and administers these funds in strict accordance with the relevant requirements, maintaining compliance and supporting its ongoing mission.

13. Pension Plan

AMO contributed \$744,183 (2024 - \$701,025) to OMERS during the year. Of the amount contributed, \$203,119 (2024 - \$203,367) 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.

During the year, \$1,504,344 (2024 - \$1,411,467) of salaries and benefits and \$309,537 (2024 - \$291,293) of administration expenses were allocated to the Canada Community Building Program.

15. Commitments

The future minimum total annual payments under the terms of the operating lease for equipment and office space base rent for the next five years and thereafter are as follows:

2026	\$ 350,375
2027	342,738
2028	348,797
2029	353,124
2030	359,183
Thereafter	<u>1,262,765</u>
	<u>\$ 3,016,982</u>

Association of Municipalities of Ontario Notes to Financial Statements

December 31, 2025

16. Lease Inducement

A lease inducement was received in 2024 as part of the lease agreement for the office space. It is to be applied towards the actual cost of construction of leasehold improvements within the premises. The total inducement received of \$592,000 is being amortized on a straight-line basis over the term of the lease of 10 years.

	2025	2024
Leasehold inducement	\$ 532,800	\$ 592,000
Less: accumulated amortization	59,200	59,200
	\$ 473,600	\$ 532,800
Current portion	\$ 59,200	\$ 59,200
Long-term portion	414,400	473,600

17. Investment Income

	2025	2024
Interest income	\$ 459,513	\$ 694,707
Unrealized gain on long-term investments	92,734	79,061
	\$ 552,247	\$ 773,768

18. 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. This risk has not changed from the prior year.

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. The risk has not changed from the prior year.

Association of Municipalities of Ontario Notes to Financial Statements

December 31, 2025

18. Financial Instruments Risks (Continued)

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 cash, accounts receivable and investments.

AMO mitigates credit risk on its cash holdings by maintaining all balances with Royal Bank of Canada, a major Canadian financial institution with a strong credit rating. Based on creditworthiness of AMO's counter parties receivables, no allowance for doubtful accounts is required. Investment credit risk is managed by holding funds with CIBC, a major Canadian financial institution with a strong credit rating, in high-interest savings accounts and diversified pooled funds, including the ONE Investment Canadian Equity, Corporate Bond and Government Bond portfolios. These investment vehicles are diversified across issuers and sectors, and, in the case of government and high-quality corporate bonds, are primarily composed of instruments with strong credit profiles, thereby limiting exposure to any single counterparty. The risk has not changed from the prior year.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. AMO is exposed to other price risk through its investments in pooled funds.

It is management's opinion that AMO is not exposed to significant interest rate, liquidity, credit, or other price risk arising from its financial instruments. The risk has not changed from the prior year.

19. Comparative Figures

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

Local Authority Services
Financial Statements
For the year ended December 31, 2025

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Independent Auditor's Report

To the Directors of Local Authority Services

Opinion

We have audited the financial statements of Local Authority Services ("LAS"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations and 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 LAS as at December 31, 2025, 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 LAS 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 LAS'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 LAS or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing LAS'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 LAS'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 LAS'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 LAS 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
May 22, 2026

Local Authority Services Statement of Financial Position

December 31	2025	2024
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Assets

Current

Cash	\$ 1,779,070	\$ 1,332,543
Investments (Note 3)	3,568,509	2,525,104
Accounts receivable (Note 6(a))	6,053,895	5,618,035
Prepaid expenses	77,429	66,116
Due from ONE Investment (Note 6(c))	1,143,618	1,118,708
	12,622,521	10,660,506

Property and equipment (Note 4)	13,090	13,373
Natural Gas program fund (Note 5(a))	8,565,076	7,446,628

	\$ 21,200,687	\$ 18,120,507
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Liabilities and Net Assets

Current

Accounts payable and accrued liabilities (Note 6(b))	\$ 5,685,696	\$ 4,421,145
Due to Association of Municipalities of Ontario (Note 6(c))	61,518	30,032
Deferred revenue	-	24,250
	5,747,214	4,475,427

Natural Gas program fund (Note 5(a))	8,565,076	7,446,628
	14,312,290	11,922,055

Net assets

Unrestricted	6,888,397	6,198,452
	\$ 21,200,687	\$ 18,120,507

On behalf of the Board:

_____ Director

_____ Director

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

Local Authority Services Statement of Operations and Changes in Net Assets

For the year ended December 31	2025	2024
Revenue		
Financial service fees	\$ 7,014,820	\$ 7,468,565
Municipal assets service fees	6,312,258	4,064,136
Administrative service fees	1,430,342	565,627
Energy service fees	974,327	1,024,990
Investment income	129,925	156,509
Education and training	20,377	44,675
	<u>15,882,049</u>	<u>13,324,502</u>
Expenditures		
Municipal asset services	5,475,065	3,583,926
Financial services	2,911,337	4,085,182
Salaries and benefits	2,226,655	2,281,646
General administration	2,130,975	1,662,232
Administrative services	2,044,050	782,114
Energy services	389,346	463,264
Education and training	8,500	24,986
Amortization	6,176	6,231
	<u>15,192,104</u>	<u>12,889,581</u>
Excess of revenue over expenditures	689,945	434,921
Net assets, beginning of year	<u>6,198,452</u>	<u>5,763,531</u>
Net assets, end of year	<u>\$ 6,888,397</u>	<u>\$ 6,198,452</u>

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

Local Authority Services Statement of Cash Flows

For the year ended December 31	2025	2024
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures	\$ 689,945	\$ 434,921
Adjustment required to reconcile excess of revenue over expenditures to net cash provided by operating activities		
Amortization	6,176	6,231
Changes in non-cash working capital balances		
Accounts receivable	(435,860)	438,821
Prepaid expenses	(11,313)	(19,968)
Accounts payable and accrued liabilities	1,264,551	122,251
Due to Association of Municipalities of Ontario	31,486	(87,534)
Due from ONE Investment	(24,910)	(27,599)
Deferred revenue	(24,250)	11,750
	<u>1,495,825</u>	<u>878,873</u>
Investing activities		
Purchase of property and equipment	(5,893)	(10,220)
Purchase of investments	(1,043,405)	(263,772)
	<u>(1,049,298)</u>	<u>(273,992)</u>
Increase in cash during the year	446,527	604,881
Cash, beginning of year	<u>1,332,543</u>	<u>727,662</u>
Cash, end of year	<u>\$ 1,779,070</u>	<u>\$ 1,332,543</u>

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

Local Authority Services

Notes to Financial Statements

December 31, 2025

1. Basis of Presentation

Local Authority Services ("LAS") was incorporated on May 13, 1992 under the Business Corporations Act (Ontario) without share capital. On November 28, 2013, LAS was issued a Certificate of Continuance under the Canada Not-For-Profit Corporations Act as a not-for-profit organization, and changed its name to Local Authority Services.

LAS is a subsidiary of Association of Municipalities of Ontario ("AMO"). LAS is mandated 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 the cost of their expenditures and to increase their levels of non-tax revenue through the principle of joint or co-operative procurement efforts.

LAS 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 LAS and applied in these financial statements.

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 revenue and expenditures during the year. Actual results could differ from those estimates.

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. 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 re-measured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Local Authority Services Notes to Financial Statements

December 31, 2025

2. Significant Accounting Policies (Continued)

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 and software - 4 years straight-line

Contracts to Buy or Sell a Non-Financial Item

Contracts related to the natural gas procurement program and the retail electricity program are future contracts to buy or sell a commodity and as such are non-financial items and, therefore, not recognized in the financial statements but are disclosed in Note 5. The gains and losses are recognized in the statement of operations and changes in net assets in the year in which the contracts are settled.

Revenue Recognition

LAS follows the deferral method of accounting. Under the deferral method, grants and funds received in support of specific initiatives are deferred until such time as costs related to the initiative are incurred. Non-restricted grants and funds are recognized as revenue in the year received.

Energy services fees, financial services fees, municipal assets service fees and administrative services fees are recognized when the services have been provided, the amount can be reasonably estimated and collection is reasonably assured.

Education and training revenue is recognized when the education or training event takes place, the amount can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue in the period it is earned.

Pension

AMO makes contributions on behalf of its employees, including the employees of LAS, to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer 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. The Plan has net assets of \$145.5 billion (2024 - \$138.2 billion) per the 2025 annual report. The actuarially determined deficit of the OMERS plan on a going concern basis at December 31, 2025 was \$6.1 billion (2024 - \$4.3 billion). As the amount, LAS 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, LAS follows the standards for a defined contribution plan, the details of which are disclosed in Note 7.

Investment in ONE Investment

ONE Investment ("ONE") is a not-for-profit organization and is exempt from income taxes provided certain requirements of the Income Tax Act are met. LAS is one of the two members of ONE. A financial summary of ONE is presented and disclosed in Note 8.

Local Authority Services Notes to Financial Statements

December 31, 2025

3. Investments

	2025	2024
ONE Investment High Interest Savings Account (HISA) bearing interest at bank prime rate less 1.675% (2024 - bank prime rate less 1.675%)	\$ 3,568,509	\$ 2,525,104

4. Property and Equipment

	2025		2024	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer hardware and software	\$ 100,387	\$ 87,297	\$ 94,493	\$ 81,120
Net book value		\$ 13,090		\$ 13,373

5. Energy Programs

(a) Natural Gas procurement program

LAS as agent for the Natural Gas program, records an asset and liability on the statement of financial position. The statement of operations and changes in net assets includes the administration fee revenue and the expenses to operate the program.

LAS, on behalf of the municipalities, enters into natural gas purchase contracts with suppliers for the purpose of managing the price risk relating to natural gas. LAS has offsetting sales contracts with municipalities. On a monthly basis, all gas contracts are balanced. On an annual basis, LAS is required to balance the gas purchased for the municipalities with their consumption, in line with the parameters established by the gas utilities. If the municipalities consume more gas than hedged, then any shortfall is purchased on the spot market. Conversely, if the municipalities consume less gas than hedged, then the surplus gas is sold in the market place at the then prevalent spot market price.

The Natural Gas procurement program established a fund that is held in trust and is maintained by a third party service provider. This fund is used to balance any purchasing shortfalls or surpluses. Based on a recommendation from management, rebates may be distributed from the excess funds to municipalities in the form of a rebate in proportion to their consumption for a stated period. These funds, along with any accumulated interest, are not usually distributed until a year after the reconciliation has occurred.

Local Authority Services Notes to Financial Statements

December 31, 2025

5. Energy Programs (Continued)

(a) Natural Gas procurement program (continued)

In June 2007, LAS changed its service provider and transferred \$732,000 to the new service provider as seed money for the program, which is included in the program fund asset and liability. The amount in excess of the \$732,000 was distributed to municipalities based on their consumption as at November 1, 2006. If and when this program is terminated, this seed money will be distributed to the municipalities enrolled in the program at November 2006 based on their consumption at that time.

At year end, LAS had the following natural gas purchase and sale and transportation contracts that were not recognized in these financial statements based on LAS's accounting policy for contracts to buy or sell a non-financial item disclosed in Note 2.

	2025	2024
<u>Purchase and sale contracts</u>		
Flow end date	January 2026 to October 2029	January 2025 to October 2028
Fixed price (per GJ)	\$2.69 to \$4.61	\$2.35 to \$4.61
Supply period (months)	10 - 46	10 - 36
Volume (GJ)	5,841,000	6,052,500
Amount of forward contracts	\$20,096,520	\$22,190,015
<u>Transportation contracts</u>		
Flow end date	January 2026 to October 2027	January 2025 to October 2025
Fixed price (per GJ)	\$1.62 to \$2.08	\$1.00 to \$1.55
Supply period (months)	10 - 22	10
Volume (GJ)	3,268,500	3,131,200
Amount of forward contracts	\$5,649,888	\$3,912,936

(b) Electricity procurement program

LAS, on behalf of the municipalities, enters into electricity purchase contracts with suppliers for the purpose of managing the price risk relating to electricity. LAS has offsetting sales contracts with municipalities. On an hourly basis, LAS is required to balance the electricity purchased for the municipalities with their consumption. If the municipalities consume more electricity than hedged, then any shortfall is purchased on the spot market. Conversely, if the municipalities consume less electricity than hedged, then the surplus electricity is sold in the market place, at the then prevalent spot market price.

Local Authority Services Notes to Financial Statements

December 31, 2025

5. Energy Programs (Continued)

(b) Electricity procurement program (continued)

At year end, LAS had the following electricity purchase and sale contracts that were not recognized in the financial statements based on LAS's accounting policy for contracts to buy or sell a non-financial item disclosed in Note 2.

	2025	2024
	December 31, 2026	December 31, 2025
Flow end date	\$84.60	\$57.05
Fixed price (per MW)	12	12
Supply period (months)	289,080	298,871
Volume (MW)	\$24,456,168	\$17,050,593
Amount of forward contracts		

6. Related Party Balances and Transactions

- a) Included in accounts receivable are amounts due from ONE Investment of \$44,516 (2024 - \$772,196).
- b) Included in accounts payable and accrued liabilities are amounts owing to AMO of \$286,488 (2024 - \$330,885) and amounts owing to ONE Investment of \$783,376 (2024 - \$1,191,137).
- c) Amounts due to AMO and from ONE Investment are unsecured, repayable on demand and are non-interest bearing.
- d) Included in general administration is \$1,167,844 (2024 - \$1,095,668) for administration and occupancy costs charged by AMO. Included in administration expenses are management fees of \$2,880,577 (2024 - \$4,085,886) charged by ONE. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Local Authority Services Notes to Financial Statements

December 31, 2025

7. Pension

Included in administration costs are pension contributions in the amount of \$203,119 (2024 - \$203,367) expensed and paid to OMERS on behalf of employees of LAS.

8. ONE Investment

ONE was incorporated on July 18, 2018. ONE is a not-for-profit organization and is exempt from income taxes provided certain requirements of the Income Tax Act (Canada) are met. The members of ONE are LAS and CHUMS Financing Corporation ("CHUMS"). The mandate of ONE is to work with municipalities, their agencies, boards and commissions as well as other organizations of Ontario's broader public sector to provide investment products such as bond and equity portfolios, as well as teaching and supporting their client's investment decisions through online training and various tools and templates.

ONE has not been consolidated in LAS's financial statements. Financial statements of ONE are available on request. A financial summary of ONE as at December 31, 2025 and 2024 and for the years then ended is as follows:

	2025	2024
Financial position		
Total assets	\$ 3,563,874	\$ 4,570,903
Total liabilities	3,563,874	4,570,903
Net assets	\$ -	\$ -
Results of operations		
Total revenue	\$ 5,761,154	\$ 8,171,772
Total expenditures	5,761,154	8,171,772
Excess of revenue over expenditures	\$ -	\$ -
Cash provided by (used in)		
Operating activities	\$ (184,876)	\$ 114,522
Investing activities	(2,980)	(1,450)
Financing activity	50,568	53,888
Net change in cash	\$ (137,288)	\$ 166,960

Local Authority Services Notes to Financial Statements

December 31, 2025

9. Allocation of Expenses

Salaries and benefits are allocated based on the percentage of the expense, which is used to benefit the underlying program as follows:

	2025	2024
Financial services	\$ 330,745	\$ 270,610
Energy services	197,559	205,446
General administration	117,648	119,014
Municipal assets services	86,571	53,398
Administrative services	11,987	49,778
Education and training	10,211	25,794
	<u>\$ 754,721</u>	<u>\$ 724,040</u>

10. Financial Instruments Risks

Interest Rate Risk

Interest rate risk is the risk that the fair value or cash flows from a financial instrument will fluctuate because of market changes in interest rates. LAS is exposed to interest rate price risk on its investments. This risk has not changed from prior year.

Liquidity Risk

Liquidity risk is the risk that LAS will encounter difficulty in meeting the obligations associated with its financial liabilities. LAS is exposed to liquidity risk mainly in respect of its accounts payable and accrued liabilities and amounts due to AMO. This risk has not changed from prior year.

LAS reduces exposure to liquidity risk by ensuring that it maintains adequate cash reserves to pay trade 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. LAS's main credit risks relate to its accounts receivable, amounts due from ONE Investment and investments. This risk has not changed from prior year.

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

Local Authority Services Notes to Financial Statements

December 31, 2025

11. Comparative Figures

The comparative figures have been reclassified to conform with the current method of presentation.

**Municipal Employer Pension
Centre of Ontario
Financial Statements
For the year ended December 31, 2025**

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Independent Auditor's Report

To the Directors of Municipal Employer Pension Centre of Ontario

Opinion

We have audited the financial statements of Municipal Employer Pension Centre of Ontario ("MEPCO"), which comprise the statement of financial position as at December 31, 2025, 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 MEPCO as at December 31, 2025, and its results of its 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 MEPCO 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 MEPCO'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 MEPCO or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing MEPCO'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 MEPCO'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 MEPCO'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 MEPCO 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
May 11, 2026

Municipal Employer Pension Centre of Ontario

Statement of Financial Position

December 31	2025	2024
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Assets

Current

Cash	\$ 91,422	\$ 65,151
Investments (Note 3)	1,046,548	1,127,520
Accounts receivable	35,972	26,669
Prepaid expenses	129	602
	\$ 1,174,071	\$ 1,219,942

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities (Note 6(c))	\$ 83,607	\$ 60,864
Deferred revenue	47,626	57,563
Due to Association of Municipalities of Ontario (Note 6(a))	275	350
	131,508	118,777

Net assets

Internally restricted funds		
Arbitration and Mediation Reserve (Note 5)	445,548	445,548
Stabilization Reserve (Note 5)	321,893	321,893
Unrestricted	275,122	333,724
	1,042,563	1,101,165
	\$ 1,174,071	\$ 1,219,942

On behalf of the Board:

_____ Director

_____ Director

Municipal Employer Pension Centre of Ontario Statement of Operations

For the year ended December 31	2025	2024
Revenue		
Municipal contributions	\$ 658,817	\$ 658,009
Interest income	43,397	66,580
	<u>702,214</u>	<u>724,589</u>
Expenditures		
Administrative (Note 6(b))	520,466	507,535
Board expense	100,587	195,596
Communications expense	98,829	20,013
Consultants expense	40,934	21,380
	<u>760,816</u>	<u>744,524</u>
Deficiency of revenue over expenditures	\$ (58,602)	\$ (19,935)

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

Municipal Employer Pension Centre of Ontario Statement of Changes in Net Assets

For the year ended December 31

	<u>Internally Restricted</u>				
	Arbitration and Mediation Reserve	Stabilization Reserve	Unrestricted	Total 2025	Total 2024
Balance, beginning of year	\$ 445,548	\$ 321,893	\$ 333,724	\$ 1,101,165	\$ 1,121,100
Deficiency of revenue over expenditures	-	-	(58,602)	(58,602)	(19,935)
Balance, end of year	\$ 445,548	\$ 321,893	\$ 275,122	\$ 1,042,563	\$ 1,101,165

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

Municipal Employer Pension Centre of Ontario Statement of Cash Flows

For the year ended December 31	2025	2024
Cash provided by (used in)		
Operating activities		
Deficiency of revenue over expenditures	\$ (58,602)	\$ (19,935)
Changes in non-cash working capital balances		
Accounts receivable	(9,303)	4,004
Prepaid expenses	473	23,952
Accounts payable and accrued liabilities	22,743	12,049
Deferred revenue	(9,937)	1,827
Due to Association of Municipalities of Ontario	(75)	155
	(54,701)	22,052
Investing activity		
Proceeds from (purchase of) investments	80,972	(62,135)
Increase (decrease) in cash during the year	26,271	(40,083)
Cash, beginning of year	65,151	105,234
Cash, end of year	\$ 91,422	\$ 65,151

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

Municipal Employer Pension Centre of Ontario

Notes to Financial Statements

December 31, 2025

1. Basis of Presentation

Municipal Employer Pension Centre of Ontario ("MEPCO") is a not-for-profit organization incorporated on August 1, 2007, under Letters Patent under provisions of Part II of the Canada Corporations Act. MEPCO became operational on January 1, 2008. The mandate of MEPCO is to fulfill the obligations of the Association of Municipalities of Ontario ("AMO") and others under the Ontario Municipal Employees Retirement Systems Act, 2006.

As a not-for-profit organization, MEPCO 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 MEPCO and applied in these financial statements.

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.

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. 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 re-measured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Revenue Recognition

MEPCO follows the deferral method of accounting for externally restricted contributions whereby contributions are deferred and recognized as revenue in the period to which the fees relate or the expenses are incurred. Deferred revenue relates to contributions received in advance. All other contributions are recognized in the period received.

Interest income is recognized as revenue in the period it is earned.

Municipal Employer Pension Centre of Ontario Notes to Financial Statements

December 31, 2025

3. Investments

	2025	2024
ONE Investment High Interest Savings Account (HISA) bearing interest at bank prime rate less 1.675% (2024 - bank prime rate less 1.675%).	\$ 1,046,548	\$ 1,127,520

4. Capital Management

The capital structure of MEPCO consists of internally restricted funds (Note 5) and unrestricted net assets. The primary objective of MEPCO's capital management is to provide adequate funding to fulfill the obligations of Association of Municipalities of Ontario ("AMO") and others under the Ontario Municipal Employees Retirement Systems Act, 2006.

The purpose of the internally restricted funds is to provide (a) arbitration and mediation services to support its members' interests should mediation / arbitration be required through the OMERS conflict resolution process; and (b) for the eventual wind-up of MEPCO.

Unrestricted net assets are funds available for future operations and preserved so MEPCO can have financial flexibility should opportunities arise in the future.

5. Internally Restricted Net Assets

Arbitration and Mediation Reserve

The Board of Directors ("Board") has allocated certain amounts to be used specifically for arbitration and mediation. These funds are not available for general purposes and require the approval of the Board prior to use.

Stabilization Reserve

The Board has set aside funds to ensure continued operations in case of significant interruptions, difficult economic conditions, or in meeting unforeseen obligations. Each year, management will reassess the necessary reserve and based on that assessment, transfer an amount to the reserve subject to the surplus available.

6. Related Party Transactions

- Amounts due to AMO are unsecured, due on demand and are non-interest bearing.
- Included in administration expense is \$511,228 (2024 - \$499,364) for administration and occupancy costs charged by AMO. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.
- Included in accounts payable and accrued liabilities are amounts owing to AMO of \$41,859 (2024 - \$32,600).

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7. 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. MEPCO is exposed to interest rate risk on its investments. The risk has not changed from the prior year.

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. MEPCO's main credit risks relate to its accounts receivable from its members and investments. The risk has not changed from the prior year.

Liquidity Risk

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

It is management's opinion that MEPCO is not exposed to significant interest rate, credit or liquidity risk arising from its financial instruments. The risk has not changed from the prior year.



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