



ANNUAL REPORT | 2020

AMO Association of
Municipalities Ontario

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Message from the AMO President



I was pleased and very proud to be elected AMO President in 2020. Taking on the role in what has been a very challenging year for our members and our communities has been a rewarding experience, and I am very grateful for the opportunity to serve in this way.

AMO has a dedicated and capable Board made up of municipal councillors, heads of council and public servants from every part of Ontario. They bring local perspectives and firsthand experience to the table, helping to identify broader needs of the sector and the collective aspirations of Ontario's communities. AMO's members govern, and provide critically important services to about 80% of Ontario's population. That's nearly one in three Canadians.

AMO staff did a great job again in 2020 of leading our policy development, member services and administrative functions to ensure you are well served. In partnership with the Board and AMO's members, staff have continued to forge a leadership role for AMO in government relations and advocacy. As an advocacy organization, AMO's influence is second to none.

2020 will be remembered as the year of exceptional challenges. The impact of COVID-19 on communities, families, businesses, essential workers, and governments is immeasurable. But the collective response of people, institutions, and governments can be measured in lives saved and the resiliency of our communities.

In 2020, AMO's relationship with the Ontario government shifted from advocacy to collaboration as municipalities and the province worked in partnership to maintain key services and supports, to keep people safe and to safeguard economic stability. This collaboration has continued into 2021 and will be essential to Ontario's recovery and its future prosperity.

I want to thank AMO members for the work you do and for your support. None of the work we do would be possible without the support of AMO members.

Your membership in AMO makes a world of difference.

A handwritten signature in black ink, appearing to read 'Graydon Smith'.

Graydon Smith

President, AMO

Mayor, Town of Bracebridge

Secretary-Treasurer's Report



I am pleased to provide you with my report on the 2020 financial status and some highlights of the Association from a corporate lens.

AMO continues to have a strong consistent membership base. In 2020, AMO had a membership of 420 municipal members - representing 95% of all municipalities.

Our membership is further strengthened by 38 organizations that are Partners, Associates, Districts and Affiliates. We are pleased to have a working relationship with these unique members as we advance the interests of municipal government.

A copy of the audited financial statements for the year ending December 31, 2020, is included in this report. The Association continues to be in good financial shape. The main sources of revenue for the Association are membership fees and the annual conference. AMO's Audit Committee meets three times a year with the auditors as part of the Association's accountability framework.

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

AMO's website had over 546,000 pageviews in 2020. Subscription to the weekly AMO WatchFile is currently at 7,900. Communicating with our members and keeping everyone up to date is just part of the value-added benefit of an AMO membership.

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

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

Gary Dyke

*Secretary-Treasurer
CAO, Municipality of North Grenville*

Message from the Executive Director



It has been a remarkable year and 2020 will be remembered as a year when organizations like AMO worked hard to respond to crisis. It would be more accurate to say, AMO worked hard to support its members and the vitally important work they do to keep communities safe and to protect the services Ontarians rely on most.

I hope 2020 will be remembered as a year in which AMO served its members well.

Guided by an exceptional Board, AMO did what it does best. It kept members informed of rapidly changing terrain. It responded to members' needs for strategic information. It made much needed connections with ministries in need of municipal expertise. It advocated successfully for financial assistance to protect municipal services. It created opportunities for provincial-municipal collaboration, and for critically important discussions about local priorities and province-wide impacts.

At no other time in Ontario's history has the essential role of municipalities been so well understood. AMO's capacity to make these connections reflects many years of partnership with successive Ontario governments and a remarkable network of municipal staff and members of council who generously share their time and knowledge to support the work we do. Thank you.

I also want to say thanks, on behalf of AMO, for your support of our virtual 2020 AMO Conference. The AMO Board took a risk that the AMO staff could achieve something new and untested, and agreed that the importance of an AMO Conference in 2020 made the challenge worthwhile.

The 2020 Conference was a great success, due in large part to partnerships with the Government of Ontario and TVO. But the real success was reflected in strong member support and your positive feedback. As we prepare for another virtual conference in 2021, we are building on lessons from 2020 to meet your heightened expectations.

I am keenly aware of the important part AMO plays in shaping public policy, supporting members, and facilitating local innovation through a range of services and supports. These core objectives will continue to drive the work we do.

Thank you to our members for your support. It makes a world of difference to the work we do on your behalf. I also want to take note of the contributions of the many extraordinary municipal public servants who work with the AMO staff to ensure our advocacy and member services reflect the best knowledge of your priorities, challenges, and aspirations.

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

Brian Rosborough

Executive Director

AMO Enterprise Centre Report

AMO's Enterprise Centre (EC) builds strategic relationships with partners where there is shared value – the partner succeeds in achieving business goals while AMO maximizes benefits to members.

Municipal governments are exploring how to harness digital technologies to assist staff, improve service delivery, operational efficiencies, and engagement with residents. In 2020, EC secured a partnership with MindBeacon – a digital mental health provider that provides therapist assisted, mental health supports for municipal employees and their families.

The COVID-19 pandemic accelerated municipal government digital transformation. For many municipalities, embracing digital transformation initiatives moved from the back burner to front-and-centre. Municipalities pivoted to online services to maintain business continuity for internal administration as well as citizen-facing work.

Implementing digital solutions requires a substantial amount of legwork and research – which can be a challenge for many, even under non-pandemic conditions. Since 2017, AMO has been doing that legwork. It has since partnered with leading providers to offer scalable, affordable, and easy-to-use technologies to help members find ways to be more efficient and reduce costs. In 2020, more than 50 municipalities took advantage of AMO's Digital Partnerships.

AMO continues to identify potential partners that offer cost-effective, proven, and appropriate technology to help members with digital transformation efforts.

Judy Dezell, *Director*

AMO Membership Centre Report

AMO's Membership Centre (MC) supports the AMO membership through the development and delivery of events, education and training, the management of key transfer payment programs such as the federal Gas Tax (now known as the Canada Community-Building Fund), and the fulfilment of AMO's responsibilities as a key sponsor of the over \$100 billion OMERS Pension Plan.

In 2020, the Membership Centre's Gas Tax team distributed nearly \$650 million in funding to Ontario's municipalities, bringing the accumulated total to approximately \$8.85 billion. The federal Gas Tax team worked directly with municipalities to make advances in municipal asset management and continues its leadership on a national scale.

Due to the COVID-19 pandemic, many municipalities experienced disruption to local projects. AMO staff successfully secured an extension to the \$26 million Main Street Revitalization Initiative to allow municipalities to use this important funding.

Over the year, the Centre delivered and developed educational support on such topics as local land use planning; modernized the new councillor training; and initiated training that supports municipalities in addressing critical issues such as human rights and equity, indigenous cultural competency, and leadership through crisis.

In response to public health measures that limited large-scale gatherings, the Centre shifted its efforts to successfully deliver AMO's first virtual annual conference. Once again, the conference brought to its membership timely content, delegation meetings, leadership engagement, and multiple Ministers' Forums.

Petra Wolfbeiss, *Director*

AMO Policy Centre Report

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

2020 was an extremely busy and different year for the Policy Centre as all policy work as of March 2020 was done with a COVID-19 lens. This involved increased municipal-provincial policy liaison on everything from: keeping municipal governments' financially whole so that critical local services could continue; ability to have virtual council meetings; stabilization of public health budgets; pandemic pay matters; to COVID public health measures and orders and the respective municipal impacts.

We developed and maintained a COVID-19 resource page where all the provincial emergency orders, regulations and constantly changing information remained updated and we also worked with the province get timely answers to members' COVID-related inquiries. While doing this, we also continued our efforts on a full suite of policy issues with over 20 provincial ministries with an emphasis on strategic issues regarding: broadband, housing, social assistance, long-term care, planning, policing and the Blue Box. We supported the AMO and ROMA conferences with timely concurrent sessions as well as the first virtual Ministers' Forums in August 2020.

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

Monika Turner, *Director*

AMO Finance and Operations Centre Report

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

Over the past two years we transitioned our websites to fully mobile and accessible sites. In 2019, we completed work on LAS, ONE and Gas Tax at Work. We are happy to report that in 2020, AMO, Municipal Employer Pension Centre Ontario (MEPCO), Ontario Small Urban Municipalities (OSUM), and Rural Ontario Municipal Association (ROMA) are now also fully mobile and accessible.

We are excited to continue with the planning phase of our digitization strategy for all AMO and AMO-related organizations to eliminate the need for paper storage and to bring additional cost savings and process efficiency to the organization.

Afshin Majidi, *Director*

AMO Board of Directors

* Indicates member of the AMO Executive Committee

AMO Board of Directors

Graydon Smith*

AMO President
Mayor, Town of Bracebridge

Gary Dyke*

Secretary-Treasurer
CAO, Municipality of North Grenville

Jamie McGarvey*

Past President
Mayor, Town of Parry Sound

Trevor Wilcox*

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

Association Française des Municipalités de l'Ontario (AFMO)

Roger Sigouin

Maire/Mayor,
Ville de/Town of Hearst

County Caucus

Paul McQueen*

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

Justin Bromberg

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

George Cornell

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

Aina DeViet

Councillor, Middlesex County
Mayor, Municipality of
Middlesex Centre

Gary McNamara

Warden, County of Essex
Mayor, Town of Tecumseh

Debbie Robinson

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

Large Urban Caucus

Anna Hopkins*

Chair, Large Urban Caucus
Councillor, City of London

Kevin Davis

Mayor, City of Brantford

Dawn Dodge

Councillor, City of St. Catharines

Jeff Lehman

Chair, LUMCO
Mayor, City of Barrie

Marianne Meed Ward

Mayor, City of Burlington

Bryan Paterson

Mayor, City of Kingston

Dan Chapman

CAO, City of Kitchener

Northern Caucus

Wendy Landry*

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

Danny Whalen*

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

Rick Dumas

Mayor, Town of Marathon (NW)

Doug Lawrance

Mayor, Municipality of Sioux Lookout
(NW)

Nicole Fortier Levesque

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

Roger Sigouin

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

Regional and Single-Tier Caucus

Colin Best*

Chair, Regional Caucus
Councillor, Region of Halton

Riley Brockington

Councillor, City of Ottawa

Robert Foster

Councillor, Region of Niagara

John Henry

Chair, Region of Durham

Deb McIntosh

Councillor, City of Greater Sudbury

Karen Redman

Chair, MARCO
Chair, Region of Waterloo

Paul Vicente

Councillor, Region of Peel

Rural Caucus

Robin Jones*

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

Peter Emon

Reeve, Town of Renfrew

Christa Lowry

Mayor, Municipality of Mississippi Mills

Christine Robinson

Mayor, Municipality of West Grey

Sandra Datars Bere

CAO, County of Bruce

Small Urban Caucus

Lynn Dollin*

Chair, Small Urban Caucus
Mayor, Town of Innisfil

Jo-Anne Albert

Mayor, Municipality of Tweed

Bob Kwapis

Councillor, Town of Newmarket

Hilda MacDonald

Mayor, Municipality of Leamington

Rick Milne

Chair, OSUM
Mayor, Town of New Tecumseth

Michael Touw

CAO, Town of Perth

Association of Municipalities of Ontario
Financial Statements
For the year ended December 31, 2020

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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, 2020, 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, 2020, 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 25, 2021

Association of Municipalities of Ontario

Statement of Financial Position

December 31	2020	2019
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Assets

Current

Cash	\$ 495,636	\$ 310,959
Accounts receivable (Notes 3 and 17)	1,958,130	424,978
Investments (Note 4)	16,486,697	12,887,421
Prepaid expenses	295,068	249,988
	19,235,531	13,873,346

Investment in LAS (Note 5)	100	100
Property and equipment (Note 6)	77,372	91,334
	19,313,003	13,964,780

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities (Note 8)	\$ 1,617,953	\$ 750,599
Deferred revenue	14,200	600
Deferred contributions - projects (Note 9)	2,317,811	1,874,109
Deferred contributions - other (Note 10)	215,730	188,383
	4,165,694	2,813,691

Net assets

Restricted funds	7,484,907	5,770,491
General funds - unrestricted		
Investment in LAS	100	100
Other	7,662,302	5,380,498
	15,147,309	11,151,089
	19,313,003	13,964,780

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

				2020	2019
	Federal Gas Tax Restricted	Other Restricted	Unrestricted	Total	Total
Revenue					
Membership fees	\$ -	\$ -	\$ 2,176,016	\$ 2,176,016	\$ 2,106,513
Conferences and seminars	-	-	910,935	910,935	2,648,983
Investment income	-	-	89,228	89,228	111,796
Administration and occupancy (Note 3)	-	-	4,976,106	4,976,106	4,667,095
Other Income	-	-	142,773	142,773	109,677
Funds received					
Federal gas tax	647,931,647	-	-	647,931,647	1,297,872,568
Main Street revitalization (Note 9)	-	237,484	-	237,484	1,315,372
Municipal Asset Management Program	-	203,237	-	203,237	251,879
Community School Alliance	-	-	-	-	1,000
Continuous Improvement Fund Project (CIF) (Note 9)	-	383,434	-	383,434	480,921
Waste Diversion Project (Note 9)	-	349,670	-	349,670	403,143
Steward Obligation Project (Note 9)	-	188,810	-	188,810	104,057
Interest earned on funds received	146,592	14,229	-	160,821	907,795
Government subsidies (Note 17)	-	-	1,546,054	1,546,054	-
	648,078,239	1,376,864	9,841,112	659,296,215	1,310,980,799
Expenditures					
General - Administration	-	-	696,151	696,151	899,240
Policy - Administration	1,671,836	212,354	1,794,442	3,678,632	3,677,823
Corporate services - Administration	-	-	4,237,452	4,237,452	4,207,302
- Conference, seminars and membership centre	-	-	831,263	831,263	1,381,209
Funds distributed					
Federal gas tax	644,691,987	-	-	644,691,987	1,294,632,913
Main Street revitalization	-	39,359	-	39,359	1,045,739
Municipal Asset Management Program	-	203,237	-	203,237	251,879
Community School Alliance	-	-	-	-	1,000
Continuous Improvement Fund Project (CIF) (Note 9)	-	383,434	-	383,434	480,921
Waste Diversion Project (Note 9)	-	349,670	-	349,670	403,143
Steward Obligation Project (Note 9)	-	188,810	-	188,810	104,057
	646,363,823	1,376,864	7,559,308	655,299,995	1,307,085,226
Excess of revenue over expenditures before the undernoted	1,714,416	-	2,281,804	3,996,220	3,895,573
Federal gas tax - administration fee surplus distribution	-	-	-	-	8,794,577
Excess (deficiency) of revenue over expenditures	\$ 1,714,416	\$ -	\$ 2,281,804	\$ 3,996,220	\$ (4,899,004)

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

	2020			2019
	Restricted Funds	Unrestricted Funds	Total	Total
Balance, beginning of year	\$ 5,770,491	\$ 5,380,598	\$ 11,151,089	\$ 16,050,093
Excess (deficiency) of revenue over expenditures for the year	1,714,416	2,281,804	3,996,220	(4,899,004)
Balance, end of year	\$ 7,484,907	\$ 7,662,402	\$ 15,147,309	\$ 11,151,089

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	2020	2019
Cash provided by (used in)		
Operations		
Excess (deficiency) of revenue over expenditures	\$ 3,996,220	\$ (4,899,004)
Adjustment required to reconcile excess (deficiency) of revenue over expenditures with net cash provided by operating activities		
Amortization of property and equipment	45,912	69,162
Changes in non-cash working capital balances		
Accounts receivable	(1,533,152)	(203,836)
Prepaid expenses	(45,080)	52,752
Accounts payable and accrued liabilities	867,354	(123,872)
Deferred revenue	13,600	(33,386)
Deferred contributions - projects	443,702	(1,615,767)
Deferred contributions - other	27,347	32,322
	3,815,903	(6,721,629)
Investing activities		
Purchase of property and equipment	(31,950)	(51,658)
Redemption (purchase) of investments	(3,599,276)	6,071,377
	(3,631,226)	6,019,719
Increase (decrease) increase in cash	184,677	(701,910)
Cash, beginning of year	310,959	1,012,869
Cash, end of year	\$ 495,636	\$ 310,959

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

Association of Municipalities of Ontario

Notes to Financial Statements

December 31, 2020

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 funds represent the Federal Gas Tax and Main Street Revitalization programs, which include grants which have specific external restrictions placed on their 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.

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.

Investment in Subsidiaries

Local Authority Services ("LAS") is a wholly owned subsidiary of AMO. The investment in LAS is stated at cost. A financial summary of LAS is presented and disclosed in Note 5.

Municipal Employer Pension Centre of Ontario ("MEPCO") is controlled by AMO. A financial summary of MEPCO is presented and disclosed in Note 5.

Association of Municipalities of Ontario

Notes to Financial Statements

December 31, 2020

2. Significant Accounting Policies (continued)

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 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.

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

Property and Equipment

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

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

Association of Municipalities of Ontario

Notes to Financial Statements

December 31, 2020

2. Significant Accounting Policies (continued)

Pension

AMO makes contributions on behalf of its employees to Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer pension plan. The Plan is a defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay. As the amount AMO is obligated to contribute under the Plan is not quantifiable, the accounting, presentation and disclosures that would otherwise be required are not determinable. Due to this fact, AMO follows the standards for a defined contribution plan, the details of which are disclosed in Note 13. The amounts contributed are expensed.

3. Related Party Transactions

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

	2020	2019
LAS	\$ 189,073	\$ 158,164
MEPCO	29,004	22,093
ROMA	-	5,824

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:

	2020	2019
LAS	\$ 849,714	\$ 775,108
MEPCO	466,744	468,865
ROMA	104,461	98,194

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

4. Investments

	2020	2019
One Investment High Interest Savings Account (HISA) bearing interest at bank prime rate less 1.535% (2019 - bank prime rate less 1.535%).	\$ 16,486,697	\$ 12,887,421

Association of Municipalities of Ontario

Notes to Financial Statements

December 31, 2020

5. Subsidiaries

Local Authority Services ("LAS")

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

LAS has not been consolidated in AMO's financial statements. Financial statements of LAS are available on request. A financial summary of LAS as at December 31, 2020 and 2019 and for the years then ended is as follows:

	2020	2019
Financial position		
Total assets	\$ 14,331,674	\$ 13,426,589
Total liabilities	3,951,927	3,442,054
Net assets	\$ 10,379,747	\$ 9,984,535
Net assets comprise:		
Internally restricted	\$ 5,592,229	\$ 5,810,183
Unrestricted	4,787,518	4,174,352
	\$ 10,379,747	\$ 9,984,535
Results of operations		
Total revenue	\$ 25,535,980	\$ 28,153,144
Total expenditures	24,390,768	26,680,165
Excess of revenue over expenditures before undernoted item	1,145,212	1,472,979
Distribution of natural gas program surplus	(750,000)	(2,000,000)
Excess (deficiency) of revenue over expenditures	\$ 395,212	\$ (527,021)
Cash provided by (used in)		
Operating activities	\$ 220,505	\$ (3,332,072)
Investing activities	(24,769)	65,117
Net change in cash	\$ 195,736	\$ (3,266,955)

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5. Subsidiaries (continued)

Municipal Employer Pension Centre Ontario ("MEPCO")

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

MEPCO has not been consolidated in AMO's financial statements. Financial statements of MEPCO are available on request. A financial summary of MEPCO as at December 31, 2020 and 2019 and for the years then ended is as follows:

	<u>2020</u>	<u>2019</u>
Financial position		
Total assets	\$ 970,111	\$ 931,601
Total liabilities	43,146	46,033
Net assets	\$ 926,965	\$ 885,568
Net assets comprise:		
Internally restricted	\$ 767,441	\$ 767,441
Unrestricted	159,524	118,127
	\$ 926,965	\$ 885,568
Results of operations		
Total revenue	\$ 643,957	\$ 637,905
Total expenditures	602,560	628,682
Excess of revenue over expenditures	\$ 41,397	\$ 9,223
Cash provided by (used in)		
Operating activities	\$ 25,315	\$ 4,625
Investing activities	(40,182)	(28,442)
Net change in cash	\$ (14,867)	\$ (23,817)

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6. Property and Equipment

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer hardware	\$ 1,352,395	\$ 1,287,487	\$ 1,320,445	\$ 1,246,970
Furniture and fixtures	66,336	53,872	66,336	48,477
	\$ 1,418,731	\$ 1,341,359	\$ 1,386,781	\$ 1,295,447
Net book value		\$ 77,372		\$ 91,334

7. Affiliate

Rural Ontario Municipal Association ("ROMA")

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

ROMA has not been consolidated in AMO's financial statements. Financial statements of ROMA are available on request. A financial summary of ROMA as at December 31, 2020 and 2019 and for the years then ended is as follows:

	2020	2019
Financial position		
Total assets	\$ 1,061,320	\$ 1,278,163
Total liabilities	317,987	722,199
Net assets	\$ 743,333	\$ 555,964
Results of operations		
Total revenue	\$ 959,412	\$ 831,901
Total expenditures	772,043	726,150
Excess of revenue over expenditures	\$ 187,369	\$ 105,751
Cash provided by (used in)		
Operating activities	\$ (162,082)	\$ 274,542
Investing activities	197,567	(305,842)
Net change in cash	\$ 35,485	\$ (31,300)

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8. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are amounts payable to the government of \$890,834 (2019 - \$27,768).

9. Deferred Contributions - Projects

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

	Balance beginning of year	Received /reallocated in the year	Disbursed and recognized in the year	Balance end of year
Community School Alliance Continuous Improvement	\$ 34,316	\$ 2,748	\$ -	\$ 37,064
Fund project (CIF)	60,413	600,352	383,434	277,331
Waste Diversion Project	338,314	650,000	349,670	638,644
Waste Diversion Project Wind-up	200,000	-	-	200,000
Steward Obligation Project	31,179	350,000	188,810	192,369
Main Street Revitalization Fund Project	1,209,887	-	237,484	972,403
2020	\$ 1,874,109	\$ 1,603,100	\$ 1,159,398	\$ 2,317,811
2019	\$ 3,489,876	\$ 688,726	\$ 2,304,493	\$ 1,874,109

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10. Deferred Contributions - Other

Deferred contributions – other represent unspent resources for specific projects which must be approved by the various groups/organizations. Changes in the deferred contributions – other balance are as follows:

	Balance beginning of year	Received /reallocated in the year	Disbursed and recognized in the year	Balance end of year
Regional/Single Tier Caucus	\$ 8,236	\$ -	\$ -	\$ 8,236
Youth Engagement				
Initiative Fund	66,374	1,000	5,496	61,878
Training and development	113,773	31,843	-	145,616
2020	\$ 188,383	\$ 32,843	\$ 5,496	\$ 215,730
2019	\$ 156,061	\$ 32,322	\$ -	\$ 188,383

11. Restricted Funds

Federal gas tax program

On June 17, 2005, the Government of Canada, the Province of Ontario, AMO and the City of Toronto signed an agreement setting out new revenue sharing arrangements for federal gas tax revenues for investment in municipal infrastructure. AMO administers the fund on behalf of the federal government for all municipalities except Toronto. The agreement resulted in funds of \$1.453 billion flowing to municipalities from 2005 to 2010. Under the Agreement, AMO received 1% of the amounts received and distributed to administer the funds. In 2009, the agreement was extended with an additional \$2.361 billion of funds flowing to municipalities over the period 2010-2014. As part of the extended agreement, the administration fee was reduced to 0.5% to better reflect the related costs. At December 31, 2013, AMO had accumulated \$20.692 million in surplus administration funds primarily related to 2005 to 2010.

In 2014, the program was made permanent using a ten-year agreement model with a midterm review. \$3.849 billion flowed to municipalities for 2014-2018 based on 2011 population data with AMO continuing to receive 0.5% of the amounts it received to administer the funds. In 2014, the AMO Board of Directors decided to establish a restricted reserve to hold \$5 million for wind up of the program and to distribute the balance of \$15,692,043 in surplus administration funds accumulated up to December 31, 2013 to all municipalities (except Toronto) on a per capita basis – in keeping with how funds are allocated under the agreement - using the 2006 population data from Statistics Canada. In 2018, allocations for 2019-2023 were confirmed to flow to Ontario municipalities based on 2016 population data.

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11. Restricted Funds (continued)

Federal gas tax program (continued)

In 2019, there was a one-time doubling of the funds by the Government of Canada. Also in 2019, AMO distributed \$12,044,284 in surplus administration fees. The \$3,249,707 administration fee AMO is not taking for the doubling of the funds in 2019 was included in that amount. Separately, per the Federal Gas Tax Business Plan, \$3.5 million was placed in a reserve account. In 2020, all payments were made to the Ontario municipalities based on the allocations confirmed for 2019-2023.

12. Capital Disclosures

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

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

13. Pension Plan

During 2020, AMO contributed \$582,783 (2019 - \$530,241) to OMERS. Of the amount contributed, \$124,439 (2019 - \$104,173) related to employees who worked for AMO's subsidiary, LAS.

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14. Allocation of Expenses

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

Expenses allocated to various funds were as follows:

	2020			
	Federal gas tax program	Main Street revitalization	CIF	Waste Diversion Project
Salaries and benefits	\$ 1,099,766	\$ 197,755	\$ 362,822	\$ 215,446
Administration expenses	239,156	14,028	-	-
	\$ 1,338,922	\$ 211,783	\$ 362,822	\$ 215,446
	2019			
	Federal gas tax program	Main Street revitalization	CIF	Waste Diversion Project
Salaries and benefits	\$ 1,019,243	\$ 284,920	\$ 451,367	\$ 221,124
Administration expenses	274,566	13,766	-	-
	\$ 1,293,809	\$ 298,686	\$ 451,367	\$ 221,124

15. Commitments

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

2021	\$ 236,082
2022	236,082
2023	236,082
	\$ 708,246

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16. Financial Instruments Risks

Interest rate risk

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

Liquidity risk

Liquidity risk is the risk that AMO will encounter difficulty in meeting the obligations associated with its financial liabilities. AMO is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

AMO reduces exposure to liquidity risk by ensuring that it maintains adequate cash reserves to pay its creditors.

Credit risk

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

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

17. COVID-19

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

AMO had to cancel its in person conference and hold its annual conference virtually. AMO applied for the Canada Emergency Wage Subsidy ("CEWS") in the amount of \$1,467,239 (2019 - \$Nil) and Canada Emergency Rent Subsidy ("CERS") in the amount of \$78,815 (2019 - \$Nil) from the Government of Canada, all recorded in accounts receivable and government subsidies revenue at year end. Management has determined that AMO does not have an obligation to repay the Government of Canada for these subsidies as they have determined that AMO has met all applicable eligibility criteria.

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

18. Comparative Figures

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



Association of Municipalities of Ontario (AMO)

200 University Ave., Suite 801, Toronto, ON M5H 3C6

Telephone direct: 416-971-9856
Fax: 416-971-6191
Toll-free in Ontario: 1-877-4-AMO-LAS (1-877-426-6527)
E-mail: amo@amo.on.ca

Websites: www.amo.on.ca