ASSOCIATION OF MANITOBA MUNICIPALITIES

Financial Statements

Year Ended August 31, 2026

ASSOCIATION OF MANITOBA MUNICIPALITIES
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Year Ended August 31, 2026

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CHARTERED PROFESSIONAL ACCOUNTANTS
BUSINESS & TECHNOLOGY CONSULTANTS
EXCHANGE GROUP

INDEPENDENT AUDITORS' REPORT

To the Members of Association of Manitoba Municipalities

Opinion

We have audited the financial statements of Association of Manitoba Municipalities (the Association), which comprise the statement of financial position as at August 31, 2026, and the statements of income - unrestricted operations, changes in net assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at August 31, 2026, and the results of its operations and its cash flow 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian 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 the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

(continues)

Exchange Chartered Professional Accountants Inc.
1-554 St. Mary's Road, Winnipeg, MB R2M 3L5
Telephone: (204) 943-4584 Fax: (204) 957-5195
E-mail: info@exg.ca Website: www.exg.ca

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Association 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.

Exchange

Chartered Professional Accountants Inc.
Winnipeg, Manitoba
October 23, 2026

ASSOCIATION OF MANITOBA MUNICIPALITIES

Statement of Financial Position

August 31, 2026

	2026	2025
ASSETS		
CURRENT		
Cash and short term deposits	**$ 226,260**	$ 134,653
Accounts receivable	**41,547**	30,638
Prepaid expenses	**17,961**	29,978
	285,768	195,269
SEGREGATED FUNDS *(Note 4)*		
General Reserve	**2,779,715**	1,750,404
Due from AMM Trading Company of Manitoba Ltd. *(Note 11)*	**1,429,947**	4,113,652
PROPERTY AND EQUIPMENT *(Notes 2, 6)*	**289,810**	297,708
RESTRICTED CASH *(Note 5)*	**62,205**	82,768
	$ 4,847,445	$ 6,439,801
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**$ 38,182**	$ 42,455
Goods and services tax payable	**15,908**	15,657
Deferred income	**95,739**	103,306
	149,829	161,418
FUNDS HELD FOR OTHER ENTITIES *(Note 5)*	**62,205**	82,768
	212,034	244,186
NET ASSETS		
Unrestricted	**147,701**	44,124
Invested in property and equipment	**289,810**	297,707
General reserve *(Note 9)*	**4,197,900**	5,853,784
	4,635,411	6,195,615
	$ 4,847,445	$ 6,439,801

LEASE COMMITMENTS *(Note 8)*

APPROVED ON BEHALF OF THE BOARD

Katherine Valentino _____ *President*

_____ *Executive Director*

See notes to financial statements

ASSOCIATION OF MANITOBA MUNICIPALITIES

Statement of Income - Unrestricted Operations

Year Ended August 31, 2026

	2026	2025
REVENUE		
Convention	**$ 868,687**	$ 767,506
Membership dues	**447,616**	432,281
Trade show	**212,325**	164,038
Seminar	**38,975**	15,446
Magazine	**24,445**	23,531
Rental	**21,576**	21,576
Associate membership	**10,850**	10,350
Investment income	**10,758**	14,066
Advertising - bulletin	**500**	1,100
Miscellaneous	**466**	860
Education	**-**	18,975
Corporate membership	**-**	1,695
	1,636,198	1,471,424
EXPENSES		
Schedule of Expenses *(Schedule 1)*	**2,733,318**	2,493,995
DEFICIENCY OF REVENUE OVER EXPENSES FROM OPERATIONS	**(1,097,120)**	(1,022,571)
OTHER ITEMS		
Management fees *(Note 11)*	**1,180,000**	1,039,125
Gain (loss) on disposal of assets	**(1,004)**	11,471
Unrealized gain (loss) on investments	**(789)**	(2,697)
	1,178,207	1,047,899
NET ANNUAL SURPLUS (DEFICIT)	**$ 81,087**	$ 25,328

See notes to finanical statements

ASSOCIATION OF MANITOBA MUNICIPALITIES

Statement of Changes in Net Assets

Year Ended August 31, 2026

	Unrestricted	Invested in Property and Equipment	General Reserve (Note 9)	**2026**	2025
NET ASSETS - BEGINNING OF YEAR	**$ 44,124**	**$ 297,707**	**$ 5,853,784**	**$ 6,195,615**	$ 4,366,520
Net annual surplus (deficit)	**103,577**	**(22,490)**	**-**	**81,087**	25,328
Net annual surplus (deficit) - Reserves	**-**	**-**	**(1,641,291)**	**(1,641,291)**	1,803,767
Transfer	**-**	**14,593**	**(14,593)**	**-**	-
NET ASSETS - END OF YEAR	**$ 147,701**	**$ 289,810**	**$ 4,197,900**	**$ 4,635,411**	$ 6,195,615

See notes to finanical statements

ASSOCIATION OF MANITOBA MUNICIPALITIES

Statement of Cash Flow

Year Ended August 31, 2026

	2026	2025
OPERATING ACTIVITIES		
Net annual surplus (deficit) - Operations	**$ 81,087**	$ 25,328
Net annual surplus (deficit) - Reserves	**(1,641,291)**	1,803,767
Items not affecting cash:		
Amortization of property and equipment	**21,486**	17,531
Loss (gain) on disposal of assets	**1,004**	(11,471)
Unrealized gains	**789**	2,697
	(1,536,925)	1,837,852
Changes in non-cash working capital:		
Accounts receivable	**(10,909)**	451,462
Accounts payable and accrued liabilities	**(4,270)**	27,197
Deferred income	**(7,567)**	(498,063)
Prepaid expenses	**12,017**	11,874
Goods and services tax payable	**251**	562
	(10,478)	(6,968)
Cash flow from (used by) operating activities	**(1,547,403)**	1,830,884
INVESTING ACTIVITIES		
Purchase of property and equipment	**(14,593)**	(62,224)
Proceeds on disposal of property and equipment	**-**	25,250
Net sales (purchases) of segregated funds	**(1,030,102)**	(23,812)
Cash flow used by investing activities	**(1,044,695)**	(60,786)
FINANCING ACTIVITY		
Due from (to) AMM Trading Company of Manitoba Ltd.	**2,683,705**	(1,800,000)
INCREASE (DECREASE) IN CASH	**91,607**	(29,902)
CASH - BEGINNING OF YEAR	**134,653**	164,555
CASH - END OF YEAR	**$ 226,260**	$ 134,653

See notes to finanical statements

1. DESCRIPTION OF BUSINESS

The Association of Manitoba Municipalities (the "Association") was established to provide lobbying activities, professional development seminars and to aid in the development of policies that are of importance to its member municipalities in the Province of Manitoba. The Association is exempt from income tax on its earnings under Section 149 of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement. The combined financial statements have, in management's opinion, been properly prepared within the reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Property and equipment

Property and equipment are stated at cost or deemed cost less accumulated amortization. Amortization is recorded on the straight-line basis using the following annual rates:

Land	non-amortizable
Buildings	2.5%
Computer equipment	30%
Computer software	100%
Office equipment	10%
Sign	10%
Motor vehicles	20%

The Association regularly reviews its property and equipment to eliminate obsolete items.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Revenue recognition

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

The Association's revenues are recognized when earned and collection is reasonably assured.

The investment revenue of the General reserve is recognized in the restricted fund.

3. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure.

Credit Risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Association is exposed to credit risk from its members. Since the Association's members consists of primarily government authorities, there is a minimal risk that a counterparty will fail to perform its obligations.

Market Risk

The Association invests in publicly traded equities and fixed income instruments available on domestic and foreign exchanges. As these securities are affected by market changes and fluctuations, the Association is exposed to market risk as a result of price changes due to economic fluctuations in capital markets.

Interest Rate

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Association manages exposure through its normal operating and financing activities.

4. SEGREGATED FUNDS FOR GENERAL RESERVES

Segregated funds for reserves exceed the reserves due to investments being recorded at market value and the accumulated unrealized gains and losses being recognized in the general operations.

5. RESTRICTED CASH / FUNDS HELD FOR OTHER ENTITIES

Restricted cash represents funds held in a bank account in the Association's name relating to other activities and programs which are not a part of the Association's operations, including special projects funded by the Provincial Government, Federation of Canadian Municipalities member expenses funded by the member municipalities and other miscellaneous projects. These funds are restricted for use on these activities. Revenues and expenses relating to these activities have not been included in these financial statements.

6. PROPERTY AND EQUIPMENT

	2026		2025	
	Cost	**Accumulated amortization**	Cost	Accumulated amortization
Buildings	**$ 378,676**	**$ 240,197**	$ 378,676	$ 232,623
Computer equipment	**8,806**	**8,806**	8,806	8,806
Computer software	**2,020**	**2,020**	2,020	2,020
Land	**90,000**	**-**	90,000	-
Office equipment	**72,941**	**69,030**	72,941	68,292
Sign	**14,593**	**730**	20,085	19,081
Motor vehicles	**62,224**	**18,667**	62,224	6,222
	$ 629,260	**$ 339,450**	$ 634,752	$ 337,044
Net book value	**$ 289,810**		$ 297,708	

7. CONTROLLED ENTITY

AMM Trading Company Ltd. offers member municipalities group discounts on various products and services. The Trading Company is a not-for-profit organization which is controlled by the Association through a common board.

AMM Trading Company Ltd.'s financial information was as follows:

	2026	2025
Balance Sheet		
Assets	**$ 40,630,737**	$ 35,233,537
Liabilities	**(2,978,777)**	(5,935,204)
Net assets	**$ 37,651,960**	$ 29,298,333
Income Statement		
Sales	**$ 16,560,040**	$ 19,639,889
Cost of sales	**(16,451,887)**	(19,375,217)
Other revenues	**4,597,949**	3,352,258
Expenses	**(2,291,459)**	(3,980,581)
Net annual surplus	**$ 2,414,643**	$ (363,651)
Cash Flow Statement		
Cash flow provided (used) by operating activities	**$ 2,273,427**	$ (1,165,710)
Cash flow provided (used) by investing activities	**(6,696,318)**	1,613,208
Cash flow provided (used) by financing activities	**5,063,893**	(641,326)
Increase (decrease) in cash for the year	**$ 641,002**	$ (193,828)

8. LEASE COMMITMENTS

The Association leases a photocopier that expires November 2026. Under the lease, the Association is required to make the following lease payments:

2027	$ 962

9. GENERAL RESERVE

This reserve has been established to fund major repairs, renovations, and expansion of the building, potential severances and other expenses as deemed necessary by the Board of Directors.

	2026	2025
General Reserve		
Opening balance	**$ 5,853,784**	$ 4,050,017
Interest received	**42,414**	58,006
Expenses	**-**	(54,239)
Transfers	**(14,593)**	-
Contribution from (to) Trading Company *(Note 11)*	**(1,683,705)**	1,800,000
	$ 4,197,900	$ 5,853,784

10. MUNICIPAL EMPLOYEES BENEFIT PLAN

The majority of the employees of the Association are members of the Municipal Employees' Pension Plan (MEPP), which is a multi-employer defined benefit pension plan. MEPP members will receive benefits based on 1.5% of their final average yearly Canada Pension Plan (CPP) earnings times years of service, plus 2% of their final average yearly non-CPP earnings times years of service. The costs of the retirement plan are not allocated to the individual entities within the related group. As a result, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with the requirements of the Chartered Professional Accountants of Canada Handbook section PS3250.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by MEPP by placing plan assets in trust and through MEPP investment policy. The pension expense is based on the contribution rate. The MEPP required that employees contribute 8.3% of basic annual earnings up to the CPP ceiling plus 9.5% of basic annual earnings in excess of the CPP ceiling, plus an additional 0.1% of earnings below and in excess of the CPP ceiling from employees that are not members of the Municipal Disability Income Plan. The employers are required to match the employee contributions to the MEPP. Actual contributions to MEPP made during the year by the Association on behalf of its employees are expected to be $41,479 (2025 - $58,578) and are included in the statement of operations.

Subject to the following paragraph, any unfunded liabilities are to be funded by the participating employers. The most recent actuarial valuation as of December 31, 2023, indicated the plan was 111.4% funded on a going concern basis and had an unfunded solvency liability of $24.3 million. The solvency position of the plan is determined by comparing the plan assets to the actuarial present value of the benefits accrued in respect of credited service up to the valuation date, calculated as if the plan were wound up on December 31, 2023.

In 2010, the Government of Manitoba enacted a regulation which permits sponsors of public sector pension plans, including MEPP, to elect permanent exemption from solvency funding requirements subject to certain conditions stated in the regulation. MEPP has elected permanent exemption from solvency funding requirements. As a result, solvency funding is no longer required by MEPP.

11. RELATED PARTY TRANSACTIONS

The Association controls AMM Trading Company Ltd. through a common board. During the year ended August 31, 2026, the Trading Company contributed $316,295 (2025 - $2,800,000) to the Association's reserves, received $2,000,000 from the Association's General Reserve (2025 - $1,000,000), and incurred $1,180,000 (2025 - $1,039,125) in management fees to the Association, of which $1,180,000 had been paid at year end. These amounts were determined by the board.

Amounts owing from the Trading Company have arisen from the transactions described above. These amounts have no terms of repayment and are not interest bearing. At August 31, 2026, the Association was owed $1,429,947 (2025 - $4,113,651) from the AMM Trading Company.

12. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

13. CONTINGENT LIABILITY

Employees of the Association can become eligible to receive 25% of their accumulated sick leave upon retirement after they have began to draw their pension. The estimated amount of the maximum obligation as at August 31, 2026 if all employees had retired as of that date is $78,110. No liability has been record as it not estimable how many of the current employees will retire with the Association.

ASSOCIATION OF MANITOBA MUNICIPALITIES

Schedule of Expenses ***(Schedule 1)***

Year Ended August 31, 2026

		2026		2025
Functions				
Convention	**$**	**572,195**	$	502,193
Education		**-**		10,590
Municipal seminar		**243,768**		218,106
Resolutions committee		**3,317**		3,931
Trade show		**86,608**		56,391
	$	**905,888**	$	791,211
Executive				
Board - stipend	**$**	**175,167**	$	138,608
Meeting		**188,106**		154,594
President's salary		**100,471**		98,940
	$	**463,744**	$	392,142
Other				
Amortization	**$**	**21,486**	$	17,531
Association fees		**2,780**		3,065
Bank charges		**7,693**		1,775
Building repairs and maintenance		**30,029**		24,315
Donations and gifts		**27,206**		28,682
Insurance		**9,811**		10,101
Legal and consulting		**73,954**		47,961
Municipal Election Expenses		**8,840**		-
Office		**56,114**		40,536
Postage and stationery		**4,448**		14,293
Professional fees		**16,431**		15,645
Promotion materials		**16,035**		39,641
Property taxes		**35,489**		33,514
Telephone		**8,552**		9,632
Vehicle		**11,269**		8,229
	$	**330,137**	$	294,920
Staffing				
Employee benefits	**$**	**128,569**	$	135,352
Management		**42,144**		34,365
Salaries		**844,665**		811,893
Staff expenses		**13,382**		11,517
Staff training and recruitment		**3,428**		21,728
Workers compensation		**1,361**		867
	$	**1,033,549**	$	1,015,722
	$	**2,733,318**	$	2,493,995

See notes to finanical statements