Association des municipalités bilingues du Manitoba Inc.

Non-consolidated Financial Statements
For the year ended 31 mars 2020

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Independent Auditor's Report

To the members of **Association des municipalités bilingues du Manitoba Inc.**

Opinion

We have audited the non-consolidated financial statements of **Association des municipalités bilingues du Manitoba Inc.** (the "Association"), which comprise the non-consolidated statement of financial position as at March 31, 2020 and the non-consolidated statement of operations and changes in net assets, and the non-consolidated statement of cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Association as at March 31, 2020 and the 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 Non-consolidated 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 non-consolidated 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 qualified audit opinion.

Other Matter - Comparative Amounts

The non-consolidated financial statements of the Association for the year ended March 31, 2019 were audited by another auditor who expressed an unmodified opinion on these non-consolidated financial statements on November 9, 2019.

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

Management is responsible for the preparation and fair presentation of these non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Association'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 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.

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Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated 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 non-consolidated 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 non-consolidated 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 auditor's report to the related disclosures in the non-consolidated 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 the Association to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entiteis or activities within the Association to express an opinion on the non-consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Comptables professionnels agréés

Winnipeg, Manitoba
October 29, 2020

Association des municipalités bilingues du Manitoba Inc.
Non-consolidated Statement of Financial Position

As at March 31	2020	2019
	$	$
Assets		
Current Assets		
Cash and bank	**117,255**	80,768
Investments (note 3)	**80,000**	-
Grants and accounts receivable	**54,219**	153,092
Prepaid expenses	**2,259**	4,917
	253,733	238,777
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	**136,801**	81,443
Contributions due to municipalities	**112,500**	155,000
	249,301	236,443
Net Assets		
Unrestricted	**4,432**	2,334
	253,733	238,777

Approved on behalf of the Board of Directors:

Director

Director

Association des municipalités bilingues du Manitoba Inc.
Non-consolidated Statement of Operations and Changes in Net Assets

For the year ended March 31	2020	2019
	$	$
Revenue		
Grants		
Canada-Manitoba Agreement	**212,500**	221,000
Heritage Canada	**132,000**	132,000
Service Contracts		
Canada-Manitoba Agreement	**85,000**	85,000
Federation of Canadian Municipalities	**61,250**	-
Interest	**2,249**	187
Membership fees and other	**34,105**	5,786
	527,104	443,973
Expenses		
Resource professionals	**156,927**	38,984
Contributions to municipalities	**115,997**	157,850
Translation	**85,000**	85,000
Salaries and benefits	**84,638**	93,867
Advertising and promotion	**28,852**	11,349
Representation and meetings	**19,257**	19,715
Professional fees	**12,007**	11,596
Travel	**10,384**	13,440
Printing, postage and supplies	**3,062**	43
Rent	**3,000**	3,250
Memberships	**1,972**	1,921
Telephone and Internet	**1,786**	1,582
Insurance	**975**	972
Equipment and rental	**737**	3,333
Bank service fees	**412**	497
	525,006	443,399
Excess of revenue over expenses for the year	**2,098**	574
Net assets, beginning of year	**2,334**	1,760
Net assets, end of year	**4,432**	2,334

Association des municipalités bilingues du Manitoba Inc.
Non-consolidated Statement of Cash Flows

For the year ended 31 mars	2020	2019
	$	$
Cash flows from operating activities		
Excess of revenue over expenses for the year	**2,098**	574
Adjustments for non-cash working capital items		
Grants and accounts receivable	**98,873**	(45,511)
Prepaid expenses	**2,658**	(1,461)
Accounts payable and accrued liabilities	**55,358**	87,052
Contributions due to municipalities	**(42,500)**	(21,000)
	116,487	19,654
Cash Flows from Investing Activities	**-**	-
Cash Flows from Financing Activities		
Acquisition of investments	**(80,000)**	-
Maturity of investments	**-**	40,740
	(80,000)	40,740
Net increase in cash and bank for the year	**36,487**	60,394
Cash and bank, beginning of year	**80,768**	20,374
Cash and bank, end of year	**117,255**	80,768

Association des municipalités bilingues du Manitoba Inc.
Notes complémentaires aux états financiers non consolidés

Pour l'exercice terminé le 31 mars 2020

1. Nature of the Organization

Association des municipalités bilingues du Manitoba Inc. (the "Association") has as its purpose to establish services in both official languages in each municipality where there is a concentration of French-speaking residents.

The Association is dependent upon grants from government agencies for its operations.

The Association is incorporated under The Corporations Act of Manitoba as a non-profit corporation without share capital and is exempt from income taxes under section 149 of the Income Tax Act of Canada.

2. Summary of Significant Accounting Policies

a) Basis of Accounting

These financial statements have been prepare using Canadian accounting standards for not-for-profit organizations.

b) Basis of Accounting for Controlled Not-for-profit Entities

The Association has chosen not to consolidate the financial statements of its controlled not-for-profit entities. The summary financial statements of the controlled not-for-profit entities are disclosed at Note 6.

c) Revenue Recognition

The Association applique la méthode du report pour comptabiliser les apports. Les apports affectés tels que les subventions des pouvoirs publics sont comptabilisés à titre de produits de l'exercice au cours duquel les charges connexes sont engagées. Les produits de contrat de services sont comptabilisés comme produits au cours de l'exercice que les services sont rendus. Les produits d'intérêts sont comptabilisés à titre de produits de l'exercice lorsqu'ils sont à recevoir.

The Association follows the deferral method of accounting for contributions. Restricted contributions including grants from governments are recognized as revenue in the year in which the related expenses are incurred. Revenue from service contracts is recognized as revenue in the year in which services are rendered. Interest revenue is recognized as revenue in the year receivable.

d) Capital Assets

Furniture and equipment acquired are expensed in the year acquired.

2. Summary of Significant Accounting Policies (continued)

e) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets in actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs are 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.

f) Use of Estimates

The preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported assets, liabilities, revenue and expenses during the reporting period, as well as the disclosure of contingencies at the date of the financial statements. Actual results could differ from those estimates.

3. Investments

The Association has investments in redeemable term deposits with interest at 2.40% and maturing in September 2020.

4. Line of Credit

The Association has a line of credit of $40,000 bearing interest at the financial institution's prime rate plus 1.50% being 4.75% at March 31, 2020. The Association's deposits are held as security for the line of credit. At March 31, 2020, the line of credit is unutilized.

5. Financial Instruments Risk Management

The Association's assets and liabilities expose the Association to various risks in the normal course of operations. The Association's objective in financial instrument risk management is to optimize the risk return trade-off, within set limits, by applying integrated risk management and control strategies, policies and procedures, throughout the Association's activities.

Credit Risk

Credit risk is the risk that the Association will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Association to significant concentrations of credit risk consist primarily of cash and bank, investments and grants and accounts receivable. The Association is not exposed to significant credit risk since its cash, bank and investments are held at a caisse populaire where deposits are guaranteed, and the receivables are collected from various government agencies and organizations in their entirety on a timely basis.

Liquidity Risk

Liquidity risk is the risk that the Association will not be able to meet its obligations as they fall due. Financial instruments that potentially subject the Association to liquidity risk are accounts payable and accrued liabilities, and contributions due to municipalities. The Association manages its working capital to ensure all its obligations can be met when they fall due, and has access to a line of credit.

6. Disclosure of Controlled Not-for-profit Entities

The Association controls Le Conseil de développement économique des municipalités bilingues du Manitoba Inc. ("CDEM") and Éco-Ouest Canada Inc. ("ÉOC") since the Association appointments Directors for each entity.

Le Conseil de développement économique des municipalités bilingues du Manitoba Inc.

CDEM has as its mission to stimulate, encourage, promote and coordinate the economic development of the communities of the Association.

CDEM was incorporated under The Corporations Act of Manitoba as a non-profit corporation without share capital and is exempt from income taxes under section 149 of the Income Tax Act of Canada.

The summary financial statements of CDEM for the years ended March 31, 2020 and 2019 are as follows:

	2020	2019
	$	$
Statement of Financial Position		
Total assets	**1,362,892**	1,401,493
Total liabilities	**705,076**	762,748
Total net assets	**657,816**	638,745
	1,362,892	1,401,493
Statement of Operations		
Total revenue	**2,669,810**	2,451,149
Total expenses	**2,650,739**	2,499,216
Excess (deficiency) of revenue over expenses for the year	**19,071**	(48,067)
Statement of Cash Flows		
Cash flows from (to) operating activities	**(171,739)**	272,194
Cash flows from (to) investing activities	**(34,872)**	37,118
Cash flows from (to) financing activities	**(12,088)**	(108,607)
Net increase (decrease) in cash and bank for the year	**(218,699)**	200,705
Cash and bank, beginning of year	**503,175**	302,470
Cash and bank, end of year	**284,476**	503,175

6. Disclosure of Controlled Not-for-profit Entities (continued)

Éco-Ouest Canada Inc.

ÉOC provides support to municipalities through planning and implementing green economy infrastructure.

ÉOC was incorporated under The Canada Not-for-Profit Corporations Act as a non-profit corporation without share capital and is exempt from income taxes under section 149 of the Income Tax Act of Canada.

The summary financial statements of ÉOC for the years ended March 31, 2020 et 2019 are as follows:

	2020	2019
	$	$
Statement of Financial Position		
Total assets	**290,649**	394,708
Total liabilities	**478,762**	401,203
Total net assets	**(188,113)**	(6,495)
	290,649	394,708

	2020	2019
	$	$
Statement of Operations		
Total revenue	**516,824**	721,293
Total expenses	**698,442**	767,399
Deficiency of revenue over expenses for the year	**(181,618)**	(46,106)
Statement of Cash Flows		
Cash flows from (to) operating activities	**(115,491)**	41,753
Cash flows from investing activities	**-**	-
Cash flows from financing activities	**-**	-
Net increase (decrease) in cash and bank for the year	**(115,491)**	41,753
Cash and bank, beginning of year	**(106,858)**	(148,611)
Cash and bank, end of year	**(222,349)**	(106,858)

7. Related Party Transactions

During the year, the Association transacted with CDEM. Amounts totalling $8,300 were received from CDEM for services rendered and are presented as other revenue in the non-consolidated statement of operations and changes in net assets ($nil in 2019). Amounts totalling $86 098 were paid to CDEM and are presented as resource professionals, advertising and promotion and rent in the non-consolidated statement of operations and changes in net assets ($21 667 in 2019). No amounts are due between the Association and CDEM at March 31, 2020 ($nil in 2019).

During the year, the Association transacted with ÉOC. Amounts totalling $3 000 were received from ÉOC for services rendered and are presented as other revenue in the non-consolidated statement of operations and changes in net assets ($nil in 2019). A balance of $3,000 is due from ÉOC at March 31, 2020 ($nil in 2019).

Related party transactions are measured at the exchange amount and occurred in the normal course of operations.

8. Uncertainty Related to COVID-19 Pandemic

On March 13, 2020, the World Health Organization declared COVID-19 a global pandemic. As a result, the Association has implemented measures to reduce the risk related to COVID-19. Given the dynamic nature of these circumstances, the duration of the disruption of activities and the related financial impact cannot be estimated with certainty at this time.

9. Comparative Figures

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