

2019 – 2020 ANNUAL REPORT

CONTENTS

INTRODUCTION	2	Partner Organizations / 24
About the RMA / 2		RMA Conventions / 25
Strategic Direction / 3		Message from the Manager of Marketing & Communications / 26
President’s Message / 5		BUSINESS SERVICES
Executive Director’s Message / 6		27
The Team / 7		Message from the Director of Business Services / 28
BOARD OF DIRECTORS	8	Genesis Reciprocal Update / 29
Al Kemmere, President / 9		CORPORATE SERVICES.....
Kara Westerlund, Vice President / 10		31
Brian Brewin, District 1 Director (Foothills-Little Bow) / 11		Message from the Director of Corporate Services / 32
Paul McLaughlin, District 2 Director (Central) / 12		Financial Overview / 33
Kathy Rooyackers, District 3 Director (Pembina River) / 13		Management’s Responsibility / 35
Tom Burton, District 4 Director (Northern) / 14		Report of the Independent Auditor on the Summary Financial Statements / 36
Soren Odegard, District 5 Director (Edmonton East) / 15		Summary Financial Statements: Rural Municipalities of Alberta / 37
Gerald Rhodes, Executive Director / 16		Summary Financial Statements: Rural Municipalities of Alberta / 38
EXTERNAL RELATIONS & ADVOCACY	17	Summary Financial Statements: RMA Insurance Ltd. / 39
Message from the Director of External Relations & Advocacy / 18		Summary Financial Statements: RMA Fuel / 40
Advocacy Highlights / 19		Summary Financial Statements: Genesis Reciprocal Insurance Exchange / 41
Building Broadband Connectivity / 21		
Closing the Digital Divide / 22		
Staff Committee Participation Highlights / 23		



RMA

RURAL MUNICIPALITIES OF ALBERTA

INTRODUCTION

About the RMA

The Rural Municipalities of Alberta is an independent association comprised of Alberta's sixty-four incorporated municipal districts and counties, four incorporated specialized municipalities, and the Special Areas Board. Since 1909, we have helped rural municipalities achieve strong, effective local government by providing our members with advocacy and business services including RMA Trade, RMA Fuel, and RMA Insurance.



Strategic Direction

VISION

Strong vibrant rural communities

MISSION

Strengthening rural Alberta by supporting our members through effective representation and valued services

VALUES

The RMA is committed to the following values:

- ◆ Leading in a proactive, collaborative, and accountable manner
- ◆ Being transparent and relationship focused
- ◆ Interacting with diplomacy and respect
- ◆ Communicating with intention and authenticity
- ◆ Continuously improving as a learning organization

Strategic Direction (cont'd)



Insightful Leadership & Effective Internal Operations

Ensuring a strong organization through insightful leadership and effective internal operations



Being a Resource of Credible Knowledge

Conducting research to understand issues and support evidence-based decision making



Championing & Advocating on Municipal & Rural Issues

- ◆ Elevating the rural profile by communicating and promoting rural and municipal issues
- ◆ Engaging our members to identify emerging issues and needs



Cultivating Strategic & Collaborative Partnerships

Increasing RMA's influence by demonstrating the purpose and value of the organization and those that it represents



Facilitating Networking & Educational Opportunities

Providing education and sharing best practices



Delivering Responsive Business Services

Providing procurement expertise and risk management solutions valued by our members to meet their needs

President's Message



AL KEMMERE

2020 has been a very interesting year. Since we met last fall, we have experienced decision-making processes that have never been considered previously.

In March, just a few days before the 2020 Spring Convention and Tradeshow, your RMA board was faced with the decision of whether to continue with the convention as planned or cancel due to the concerns with COVID-19. Ultimately, we cancelled the convention and began working on sharing protocols from the province that were developed to minimize the spread of COVID-19. Significant changes to the various acts that guide our everyday lives and our municipal operations were shared with our members. These changes assisted us in being compliant and meeting our governance duties. Virtual meetings are still commonplace and will likely impact way we meet into the future.

Another item that has attracted much of our focus and time this fiscal year is the assessment model review, which was an embargoed process that included various scenarios prepared by the province, then released to our members in mid-July. Since then, our members have done a tremendous job in taking the information they have received and engaging with their MLAs and the public to share the impacts of those scenarios. All this was in an effort to help them be fully informed and understand the significant financial impacts that could result if implemented.

Many of you will be aware of the business services that RMA provides to our members. The diverse line of products and services, along with the growing number of those who use our services, all works together to provide you with the most attractive pricing in the marketplace or force your other providers to sharpen their pencils and assist in cutting the costs of providing the needed municipal services.

Though the 2020 Fall Convention will still be delivered under a different format than what is traditional, we still look forward to engaging with an many of you as possible.

As I wrap up the final year of my term as president of RMA, I would like to thank all of you for the endless information that has helped me in being your advocate and for the many friendships that I have been able to build. This has been the experience of a lifetime and for that I am forever thankful.

A handwritten signature in black ink, appearing to read 'Al Kemmere', written in a cursive style.

Executive Director's Message



GERALD RHODES

Last year, I noted in our annual report that 2019 was the most challenging year that our members had seen in decades with the impacts of the oil and gas sector crash. Little did we know that in addition to the challenges faced back then (decreased assessments for those with shallow gas, energy company receiverships, and unpaid taxes), things would pile on in 2020 with new charges for rural policing, a provincial effort to update and further reduce oil and gas property assessment, way more unpaid property taxes, uncertainty in future municipal financial capacity when negotiating the newly legislated multi-year intermunicipal collaboration frameworks (ICFs) with urban neighbours, and finally a health pandemic. We also dealt with perplexing and unreasonable attacks against rural municipalities building and using reserves — the core tool of lifecycle costing based municipal asset management for legislated capital plans required to maintain the huge amount of core public infrastructure that rural municipalities collectively provide across the province. It was a time like no other for the RMA to represent, educate, and refute where necessary, as well as to provide the tools and support for our members to do the same.

Recognizing the challenges that our members faced, the association worked hard to serve its clients. We are pleased to report that the association is strong both in the advocacy and business services it provides, as well as financially. Please accept the following pages as the RMA's yearbook of the year that was. The organization was busy and achieved much.

Before I sign off, though, I want to refer to the impending change in board leadership with the retirement of President

Al Kemmere. Al has served the association well with a decade of service, first as a zone director and later as president. He worked with five different premiers, nine Ministers of Municipal Affairs, several board members, many councils and CAOs, and many more provincial departments, agencies, and associations on the committees he served; he is well known and respected in Alberta and across Canada. During Al's tenure as president, there were unprecedented changes to be current and relevant starting with the multi-year total rewrite of the *Municipal Government Act* and all the new things that came from it. Organizationally, Al was our leader through restructuring, growing, and improving the offerings and value from the RMA's group purchasing program for both our members and partners; merging, growing, and strengthening our insurance reciprocals; and aptly changing the association's name to the Rural Municipalities of Alberta. Another highlight has been Al's relentless representation of rural Alberta and the province at both the Federation of Canadian Municipalities and the federal table. Probably the best for me, though, has been the many travels I had with Al to all corners of this large province and this country with great discussions about local government, the importance of rural, and family. I appreciate the authenticity and integrity of the man and it has been a pleasure to serve with him. I wish him and his wife Kathy the best on their new adventures.

A handwritten signature in black ink that reads "Gerald Rhodes". The signature is written in a cursive, flowing style.

The Team

EXECUTIVE

Gerald Rhodes, Executive Director
Susan Valentine, Executive Administrative Coordinator

CORPORATE SERVICES

Olly Morrison, Director of Corporate Services
Monica An, Finance & HR Analyst
Zeeshan Arain, IT Administrator
Meghan Clarke, Business Process Analyst
Leona Munro, Accounting Clerk
Kelsy Propp, Project Management Coordinator
Susan Wolfe, Senior Financial Analyst
Sarah Wong, Receptionist
Sarah Wormsbecker, Senior Financial Analyst

EXTERNAL RELATIONS & ADVOCACY

Tasha Blumenthal, Director of External Relations
& Advocacy
Cindy Carstairs, Administrative & Convention
Coordinator
Alexandra Mochid, Policy Advisor
Warren Noga, Policy Advisor
Wyatt Skovron, Senior Policy Advisor

Marketing & Communications

Brandon Low, Manager of Marketing &
Communications
Hilary Darrah, Digital Communications Coordinator
Bianca Ho, Visual Communications Designer

BUSINESS SERVICES

Duane Gladden, Director of Business Services
Miranda Andersen, Business Services Coordinator

Business Development

Tyler Hannemann, Manager of Business Development
Tim Elms, Client Relations Manager
Ainsley Murdock, Client Relations Manager
Kim Thiesen, Client Relations Manager
Jerad Uytterhagen, Client Relations Manager
Ryan Yavis, Client Relations Manager

Vendor Relations

Dave Dextraze, Manager of Vendor Relations
Sheila Ashton, Member Services Representative
Carmen Chase, Member Services Representative
Carolyn Caldwell, Vendor Administration Manager
Nigel Gamester, Vendor Administration Manager
Jesse Patenaude, Manager of National Partnerships

RMA Insurance

Craig Pettigrew, Manager of Insurance
Karen Ankerstein, Administrative Support
Connor Baird, Claims Adjuster
Lacey Barnhard, Risk Advisor
Brandy Broz, Member Services Representative
Debbie Depeel, Member Services Representative
Kerry Dutton, Member Services Representative

RMA Insurance (cont'd)

Dayna Johnson, Client Relations Manager
John Hackwell, Risk Advisor
Tom Hirst, Senior Claims Examiner
Lindsay Mickanuck, Senior Claims Examiner

Legal

Raman Khabra, General Counsel
Michele Carroll, Legal Assistant

In 2020, we said goodbye to:

Lisa Haavaldsen, Member Services Representative
Holly Neill, Member Services Representative
Julie Thibeault, Senior Financial Analyst

BOARD OF DIRECTORS

Committee participation is a significant part of each RMA board member's responsibilities. Those elected to the RMA Board of Directors also serve on the three RMA subsidiary boards for RMA Insurance, RMA Fuel, and the Genesis Reciprocal Insurance Exchange (GRIE).

The RMA is regularly invited to sit on province-wide committees because the association is seen as a credible voice for the rural municipal perspective. The RMA uses these committee roles to support advocacy on behalf of the membership, bringing the rural municipal perspective to the table.

Al Kemmere, President



Al was elected as a member of the Board of Directors in 2010 and as President in 2014. Since 2004, he has been a Councillor for Mountain View County. Al is involved in numerous committees on behalf of the RMA, including the Alberta Recycling Management Authority Board of Directors, the Federation of Canadian Municipalities National Board of Directors, the Rural Alberta Health Professions Action Plan Board of Directors, and the Drought and Excessive Moisture Advocacy Group.

Executive Involvement

- ◆ Agricultural Operation Practices Act Policy Advisory Group
- ◆ Agricultural Plastics Recycling Stakeholder Advisory Committee
- ◆ Alberta Common Ground Alliance Task Force
- ◆ Alberta Recycling Management Authority and Assessment Board
- ◆ Drought and Excessive Moisture Advisory Group
- ◆ Federation of Canadian Municipalities National Board of Directors
- ◆ Rural Health Professions Action Plan Board of Directors
- ◆ Western Canada Municipal Associations

Committee Highlight: Federation of Canadian Municipalities National Board of Directors

The Federation of Canadian Municipalities (FCM) is the national voice of local government and maintains regular contact with the federal government, opposition parties, and stakeholders from the public sector, industry, and civil society. FCM's National Board of Directors includes elected municipal officials and affiliate members from all regions and various-sized communities throughout Canada. The board sets policy priorities that reflect the concerns of municipal governments and affiliate members.

The RMA values the opportunity to bring the rural Alberta municipal perspective to the FCM National Board of Directors through President Kemmere's involvement. The RMA's participation helps to ensure that the FCM develops advocacy positions and capacity-building programs that meet the needs of rural municipalities, as well as other types of municipalities in Canada.

Kara Westerlund, Vice President



Kara was elected as the RMA Vice President in 2017 and is currently a councillor with Brazeau County where she has served for eight years. Kara represents the RMA on several committees including the RMA / AUMA Joint Operating Committee, the Alert Civilian Advisory Committee, and as Vice-Chair of the Interim Alberta Police Advisory Board. Kara also serves as Chair of the RMA's Resolutions Committee.

Executive Involvement

- ◆ ALERT Civilian Advisory Committee
- ◆ AUMA / RMA Joint Operating Committee
- ◆ Growth Management Board Rural Caucus
- ◆ Interim Alberta Police Advisory Board
- ◆ RMA Resolutions Committee
- ◆ R.W. Hay Evaluation Committee
- ◆ Western Canada Municipal Associations

Committee Highlight: Alberta Law Enforcement Response Teams Civilian Advisory Committee

The Alberta Law Enforcement Response Teams (ALERT) Civilian Advisory Committee work includes reviewing ALERT's annual business plan, budget, and strategic plan, while representing the interests of the public to ALERT directors. Committee members also engage with the communities and organizations they represent to provide and receive information relevant to ALERT.

As community input into policing is central to supporting safe rural communities, RMA places great importance on VP Westerlund's involvement on the ALERT Civilian Advisory Committee.

Brian Brewin, District 1 Director (Foothills-Little Bow)



Brian was elected to the RMA Board of Directors at the 2018 Fall Convention and has served on the MD of Taber council since 1998. Brian represents the RMA on the Provincial Agriculture Services Board, the Alberta Municipal Health and Safety Association Board, the Alberta Water Council Multi-Year Drought Working Group, and the Alberta Game Policy Advisory Committee.

Executive Involvement

- ◆ Alberta Game Policy Advisory Committee
- ◆ Alberta Municipal Health and Safety Association Board of Directors
- ◆ Alberta Riparian Habitat Management Society
- ◆ Alberta Water Council – Multi-Year Drought Working Group
- ◆ Interim Alberta Police Advisory Board
- ◆ Municipal Excellence Awards Review Committee
- ◆ Provincial Agriculture Service Board

Committee Highlight: Alberta Municipal Health and Safety Board of Directors

The Alberta Municipal Health and Safety Association (AMHSA) represents municipal councils to develop and maintain sound occupational health and safety practices for the municipal workforce. The AMHSA Board of Directors oversees AMHSA to ensure the organization is meeting its mandate related to municipal health and safety best practices.

Director Brewin's voice at the table ensures that the unique health and safety challenges encountered by rural municipalities are considered, informing AMHSA's policy and program development.

Paul McLauchlin, District 2 Director (Central)



Paul was elected as the RMA's District 2 Director in 2017 and is also the Reeve of Ponoka County where he has served as either Reeve or Councillor since 2007. Paul represents the RMA on several committees and boards including the Alberta Water Council Board of Directors, the Foothills Research Institute, the Agri-Environmental Partnership, and the Upper Smoky Caribou Sub-regional Task Force.

Executive Involvement

- ◆ Agri-Environmental Partnership of Alberta Advisory Committee
- ◆ Agri-Environmental Partnership of Alberta – Land-Use Framework
- ◆ Alberta Water Council Board of Directors
- ◆ Alberta Water Council – Water for Life Implementation Review Committee 2019 – 20
- ◆ Endangered Species Conservation Committee
- ◆ Foothills Research Institute Board of Directors
- ◆ Miistakis Institute / Environmental Law Centre Community Conserve Municipal Advisory Committee
- ◆ Upper Smoky Caribou Sub-regional Task Force
- ◆ Wildfire Management Advisory Committee

Committee Highlight: Endangered Species Conservation Committee

The Endangered Species Conservation Committee (ESCC) is established by the Minister of Environment and Parks under the *Wildlife Act*. The ESCC is responsible for recommending legal designations and protections for threatened, endangered, and special concern species, as well as facilitating programming of conservation and recovery programs. The ESCC also recommends actions that will prevent species from becoming at risk. As RMA members are often challenged to implement or abide by endangered species protection orders within their municipalities, Director McLauchlin brings forward the rural municipal perspective, identifying the need to balance protection with economic and social impacts.

Kathy Rooyakkers, District 3 Director (Pembina River)



Kathy Rooyakkers was elected to the RMA board from District 3 in 2017. Kathy has been on the County of Wetaskiwin's Council for nine years, five of which she served as Reeve. At the RMA, Kathy serves on a variety of committees and boards including the Clean Air Strategic Alliance Board of Directors, the Local Authorities Election Plan Stakeholder Consultation Group, the Cancer SCN Core Committee, the Municipal Excellence Awards Review Committee, and the Safety Codes Council Technical Coordinating Committee.

Executive Involvement

- ◆ Agricultural Operation Practices Act Policy Advisory Group
- ◆ Agri-Environmental Partnership of Alberta Advisory Committee
- ◆ Agri-Environmental Partnership of Alberta – Land-Use Framework
- ◆ Cancer Strategic Clinical Networks Core Committee
- ◆ Clean Air Strategic Alliance Board of Directors
- ◆ Drought and Excessive Moisture Advisory Group
- ◆ Foreign Animal Disease Emergency Support Plan
- ◆ Intensive Livestock Working Group Public Trust Project
- ◆ Interim Alberta Police Advisory Board
- ◆ Local Authorities Pension Plan Stakeholder Consultation Group
- ◆ Municipal Excellence Awards Review Committee
- ◆ Safety Codes Council Technical Coordinating Committee
- ◆ Student Transportation Task Force

Committee Highlight: Drought and Excessive Moistures Advisory Group

The Drought and Excessive Moistures Advisory Group (DEMAG) is intended to bring together organizations with a common interest in mitigating and responding to drought and excessive moisture events. The group develops advice and recommendations to complement government action and its impact on the agriculture industry.

As agriculture is critical to the economic sustainability of many RMA members' municipalities, Director Rooyakkers' participation in the DEMAG is an effective way for the RMA to contribute knowledge and resources towards developing advice and tools intended to support the agriculture industry and rural municipalities. This enables members to better prepare for and build resilience against drought and excessive moisture events.

Tom Burton, District 4 Director (Northern)



Tom has served as an RMA Director since 2008 and has served as an elected official in the MD of Greenview since 2001. Tom represents the RMA on committees across the province including the Power and Natural Gas Consumers Panel, the Safety Codes Council Board of Directors, the Forest Research Improvement Association FireSmart Advisory Committee, the Water North Coalition, the Alberta Fire Chiefs Recruitment and Retention Committee, the AER's Multi-Stakeholder Engagement Advisory Committee, and the Bitscho Lake Caribou Sub-regional Task Force.

Executive Involvement

- ◆ Alberta Blue Cross Nominating Committee
- ◆ Alberta Energy Regulator Multi-Stakeholder Engagement Advisory Committee
- ◆ Alberta Fire Chiefs Association - Recruitment and Retention Task Force
- ◆ Alberta First Responders Radio Communication System Interoperability and Standards Council
- ◆ Bitscho Lake Caribou Sub-regional Task Force
- ◆ Forest Resource Improvement Association – FireSmart Advisory Committee
- ◆ Forest Products Association of Canada
- ◆ Interim Alberta Police Advisory Board
- ◆ Peer Network
- ◆ Power and Natural Gas Consumers Panel
- ◆ Safety Codes Council Board of Directors
- ◆ Water North Coalition

Committee Highlight: Fires Resource Improvement Association – FireSmart Advisory Committee

The FireSmart Advisory Committee functions as the approval body for the administration of the FireSmart program. The advisory committee reviews applications for funding under the FireSmart programs and provides oversight on FRIAA's administration of funded projects.

As many RMA members have significant areas of forested lands within their boundaries, the RMA understands the value of wildfire mitigation initiatives. Director Burton's participation on the FireSmart Advisory Committee provides a valuable opportunity for the RMA to be involved in the development of wildfire mitigation initiatives.

Soren Odegard, District 5 Director (Edmonton East)



Soren has served as an RMA Director since 2010. He was elected Councillor in the County of Two Hills in 2007. Soren represents the RMA on several boards and committees, including the Local Authorities Pension Plan, Alberta Data Partnerships, the RMA / AUMA Joint Operating Committee, the Government-Industry Joint Geophysical Steering Committee, and the Cold Lake Caribou Sub-regional Task Force.

Executive Involvement

- ◆ Alberta Data Partnership
- ◆ Alberta Water Council – Source Water Protection Working Group
- ◆ AUMA / RMA Joint Operating Committee
- ◆ Cold Lake Caribou Sub-regional Task Force
- ◆ Government-Industry Joint Geophysical Steering Committee
- ◆ Local Authorities Pension Plan Board of Directors

Committee Highlight: Cold Lake Caribou Sub-regional Task Force

In August 2019, the Government of Alberta announced the assemblance of three caribou sub-regional task forces that will advise the government on land-use planning at a local scale, including caribou recovery actions. The task force focused efforts on providing recommendations to the government on draft sub-regional plans and addressing recovery outcomes for the specific caribou ranges.

Director Odegard was appointed in fall 2019 to represent the RMA on the Cold Lake Caribou Sub-regional Task Force, which comprises parts of RMA Districts 4 and 5. Director Odegard brings the municipal voice to this table, along with representatives from the energy sector, forestry sector, recreational users, environmental non-government organizations, and other local stakeholders.

Gerald Rhodes, Executive Director



Gerald Rhodes joined the RMA as Executive Director in 2003 after a lengthy career in both rural and urban municipal administration. Gerald is responsible for providing strategic advice to the RMA's elected Board of Directors and leadership to the organization's Advocacy, Business Services, and Corporate Services divisions. He is involved numerous provincial committees in addition to acting as an advocate for municipal and rural issues to the provincial government. He also has extensive involvement at an administrative level on national issues through the Federation of Canadian Municipalities.

Executive Involvement

- ◆ Alberta Elected Officials Education Program (EOEP) Board of Directors
- ◆ Alberta Centre for Sustainable Rural Communities Advisory Committee
- ◆ Alberta Land Institute Community Advisory Board
- ◆ Federation of Canadian Municipalities (FCM) Provincial & Territorial Municipal Associations Executive Directors Group
- ◆ Municipal Climate Change Action Center (MCCAC) Executive Committee

Committee Highlight: Municipal Climate Change Action Centre Executive Committee

The Municipal Climate Change Action Centre (MCCAC) is a partnership between the Government of Alberta, RMA, and AUMA. The MCCAC provides funding, technical assistance, and education to support Alberta municipalities in addressing climate change by reducing their greenhouse gas emissions and improving their climate resilience. The MCCAC's Executive Committee includes senior representatives from all partner organizations and is responsible for setting goals, objectives, and standards, as well as providing overall guidance. For over 10 years, the MCCAC has enabled Alberta's municipalities to access funding and expertise to support climate change initiatives and Executive Director Rhodes values the opportunity to be involved in this unique partnership.



EXTERNAL RELATIONS & ADVOCACY

Message from the Director of External Relations & Advocacy



TASHA BLUMENTHAL

Rural municipalities have immense responsibility, and External Relations & Advocacy staff take pride in supporting our board and members in championing the importance of rural Alberta. This year, we faced several challenging advocacy issues that could significantly impact rural municipalities, including the establishment and rollout of a police costing model and the assessment model review. Combined with an economic downturn and the COVID-19 pandemic, focused engagement with members was crucial.

We had no idea that the 2019 Fall Convention would be the last time our full membership could gather for more than a year to engage municipal peers and government stakeholders. When the COVID-19 pandemic resulted in the last-minute cancellation of our Spring Convention, our first ever virtual resolutions session went off without a hitch, so kudos to our members for embracing this new opportunity. Our members continued to take advantage of every opportunity to be engaged and informed as the year progressed. The use of virtual meetings enabled us to stay connected with one another, and we truly appreciate the effort and patience of members as we worked hard to learn and develop virtual engagement options.

Our members are the key to our advocacy success. We spent significant effort engaging in the assessment model review and preparing materials for our members to hit the ground running as soon as the embargo was lifted. We cannot thank our members enough for local advocacy on this issue and representing the interests of rural Alberta so passionately. It made a difference.

Our advocacy efforts would not have been possible without the immense contributions of our staff, board, and members. If we continue to work together, I truly believe that rural Alberta will maintain its strong and credible voice. I would like to thank all of you for your dedication, and I look forward to continuing to work with you in the coming year.

A handwritten signature in black ink that reads "T Blumenthal".

Advocacy Highlights

RMA's advocacy efforts take many forms. While official submissions, committee work, and formal meetings with government and other stakeholders are often the most visible advocacy efforts, RMA undertakes many different types of projects to support members through education, capacity-building, and other means. The highlights here give a glimpse into some of the many advocacy issues that RMA has focused on in the past year.

ASSESSMENT MODEL REVIEW

In late 2019, the Government of Alberta announced consultation on the modernization of the model for assessing regulated oil and gas properties. The intent of the review was to enhance industry competitiveness while supporting municipal viability. RMA participated in the consultation process and provided detailed information on the negative impacts that the changes under consideration would have on rural municipalities in the form of reduced property tax revenue. RMA argued that the changes would lead to a combination of reductions in municipal services, increased tax rates for residential and commercial property owners, and in some cases, the potential dissolution of municipalities unable to adapt to the impacts. RMA's analysis during the consultations also placed serious doubts on the extent to which the changes under consideration would enhance industry competitiveness, and whether any cost savings to industry would be re-invested in Alberta.

While most of the consultation took place under an embargo, in the summer of 2020, RMA was able to provide members with information on the changes being considered, including local impacts for each rural municipality. Using this information, RMA and its members embarked on an aggressive advocacy effort focused on ensuring that government ministers and MLAs understood the impacts that the changes would have, if implemented, and that the complexity of the assessment model makes it a poor tool to support industry competitiveness. RMA and its members have a long history of collaborating with oil and gas companies, but the industry cannot be supported on the backs of the municipalities that already provide critical access to natural resources through the management of Alberta's massive rural transportation network.

The Government of Alberta is currently considering how to best proceed on possible changes to the assessment model, and RMA is hopeful that no permanent changes will occur without further consultation.

AGGREGATE ADVOCACY

The aggregate industry is important to the growth of Alberta and is essential for the development of roads, bridges, and infrastructure. In 2020, many of the challenges that aggregate industry proponents and other stakeholders are facing in the application and approval process for aggregate projects were brought to light.

As many rural municipalities host a large aggregate industry, RMA has worked with Alberta Environment and Parks (AEP) and the Alberta Sand and Gravel Association (ASGA) to ensure that any changes being considered to the aggregate project approval process considered the municipal perspective. In addition, RMA has endorsed ASGA's recommendations related to the importance of having clear and consistent definitions throughout all legislation related to aggregate projects to ensure that they are not misinterpreted.

RMA's advocacy efforts were successful as Bill 31: *Environmental Protection and Enhancement Act 2020* recognized the value of municipal involvement in the approval process and created clear and consistent definitions in relevant legislation. RMA looks forward to continuing to work with AEP and ASGA to help streamline the aggregate approval process to ensure that it is transparent, efficient, fair, and delineates what is required by AEP and municipalities.

RED TAPE REDUCTION

Reducing red tape is a priority for the Government of Alberta, as evidenced by the appointment of an Associate Minister of Red Tape Reduction. RMA provided a submission highlighting legislative areas that are a source of red tape for municipalities with the assistance of RMA members, who provided input. The first submission RMA made to the Associate Minister of Red Tape Reduction addressed the delays municipalities face in obtaining *Water Act* approvals. Since then, Alberta Environment and Parks has begun taking steps to streamline the related application process.

Other ministries, such as Alberta Municipal Affairs and Alberta Agriculture and Forestry, are also engaged in red tape reduction initiatives. RMA is involved in these consultations, providing the rural municipal perspective on a variety of issues. This allows RMA to participate in red tape reduction initiatives while highlighting the important role municipalities play in providing services to residents.

Building Broadband Connectivity

While the majority of RMA's advocacy efforts are provincially focused, we also engage in advocacy activities at the federal level on several issues. One of these priority federal advocacy issues is rural broadband. The COVID-19 pandemic drove the rural internet deficit into public view and highlighted the critical importance of broadband in supporting economic and social involvement. As many rural Albertans already know, broadband connections that are low-quality, prohibitively expensive, or non-existent present huge challenges to those living and working in rural Alberta, and these challenges became more significant due to COVID-19.

RMA has been active in advocating to the Canadian Radio-television and Telecommunications Commission (CRTC) and federal Ministry of Innovation, Science and Economic Development (ISED) on issues such as funding for rural broadband development and spectrum changes to protect the delivery of wireless internet in RMA municipalities. The submissions made to CRTC and ISED are informed by RMA resolutions, as well as guidance from the RMA Board of Directors. In addition to making regular submissions, RMA has also had the opportunity to discuss rural broadband challenges with the Honourable Maryam Monsef, federal Minister of Rural Economic Development and Women and Gender Equality. During a call with Minister Monsef in March 2020, the RMA Board of Directors had the opportunity to discuss the importance of rural broadband for economic development. These types of meetings allow for RMA to provide the rural municipal perspective to key decision makers.

Closing the Digital Divide

Collaborating with members is always a priority for RMA's External Relations and Advocacy Department, and 2019 – 20 was no different. What did change is our use of technology to maintain consistent connections with members during the COVID-19 pandemic. As was the case for municipalities across the province, RMA was forced to respond quickly to the sudden changes caused by COVID-19. In fact, we had to cancel our Spring 2020 convention with less than a week's notice due to provincial restrictions on in-person gatherings.

RMA went to work on ensuring members were connected to the association and one another to receive information on how to respond to challenges brought on by COVID-19, and to provide an alternative means for members to provide grassroots direction on RMA's advocacy efforts through resolutions.

RMA quickly met both goals by holding the first of several member outreach calls in late March and holding RMA's first-ever virtual resolution session in April. Each member outreach call provided the RMA Board of Directors and senior administration with an opportunity to provide members with the latest information on the provincial response to the pandemic, including municipal-specific changes such as virtual council meetings and utility and tax payment deferments.

Due to the timing of the Spring 2020 convention, RMA was the first municipal association in Canada to attempt to deliver a virtual resolutions session, so not only were members engaged, but eyes from across Canada were on the session. Fortunately, things went great! Members had an opportunity to introduce and debate resolutions from their home or in council chambers and could view real time vote results. The session showed that although an in-person resolution session may be best, RMA and its members can rise to the occasion and utilize new technology to stay connected.

Moving forward as life slowly returns to normal, RMA expects to continue to utilize technology to improve connections with members. This can take the form of virtual town hall sessions, virtual member visits, and other innovative ways to connect more often with members while keeping travel costs manageable.

There is no question COVID-19 has disrupted life for people across Alberta and the world. However, it has shown that RMA and its members are willing to leverage technology in new and exciting ways!

Staff Committee Participation Highlights

Committee participation is at the heart of how RMA advocates. The Government of Alberta and other stakeholders know that if they need the rural municipal perspective on a committee, the RMA is the go-to source. Some key committees over the last year are highlighted here.

INFRASTRUCTURE ASSET MANAGEMENT ALBERTA

As asset management planning continues to increase in importance, Infrastructure Asset Management Alberta's (IAMA) role as the province's grassroots municipal asset management capacity-building organization continues to grow. The RMA recognizes the importance of asset management to building strong municipalities, and RMA staff actively participate in the IAMA working group and membership sub-committee, as well as on the IAMA Board of Directors. While IAMA's main focus continues to be on delivering three low-cost asset management workshops per year, the organization has recently introduced a membership option, and is in the process of developing new tools, resources, and education opportunities for municipalities of all types across the province.

PROVINCIAL AGRICULTURE SERVICE BOARD

The Provincial Agriculture Service Board (ASB) includes representatives of municipal ASBs from across Alberta. RMA sits on the Provincial ASB as a non-voting member. The Provincial ASB conducts advocacy based on resolutions endorsed by its members, many of whom are also RMA members. RMA and the Provincial ASB share several advocacy goals through resolutions calling for similar actions. RMA involvement with the Provincial ASB provides an opportunity for sharing information on items of mutual concern and reflects the importance of agriculture in many rural municipalities.

PRIVATE SEWAGE SYSTEM VARIANCE TRANSITION WORKING GROUP

Municipalities play an important role in planning for and approving developments in compliance with provincial safety and environmental standards. The Private Sewage System Variance Transition Working Group was formed jointly by Alberta Municipal Affairs and RMA to provide guidance to municipalities related to approving variances in setback and separation distances for private sewage systems. This responsibility previously belonged to the Government of Alberta but was recently shifted to municipalities. The working group conducted detailed research on the information that municipalities and safety codes officers would be required to consider when approving variances and developed a guidance document to assist municipalities in preparing for the transition. The working group was a great example of the Government of Alberta, RMA, and other stakeholders coming together to support municipalities in preparing themselves to take on a new responsibility safely and effectively.

Partner Organizations

In addition to advocacy, the RMA is directly involved in the operation of the Elected officials Education Program (EOEP) and the Municipal Climate Change Action Centre (MCCAC). While the purposes of these two organizations are very different, both demonstrate the varied approaches that the RMA takes to supporting members in collaboration with key partners.

EOEP

EOEP provides education and training to elected officials on topics ranging from municipal finance to land use, and from development approvals to public participation. EOEP is co-owned and operated by the RMA and the Alberta Urban Municipalities Association (AUMA), which ensures that elected officials from all types of municipalities across the province have access to quality professional development.

Originally formed in 2007, EOEP underwent a significant curriculum redevelopment process in 2017 to ensure that courses were up to date and focused on the issues most important to elected officials. While 2017 – 2018 was a year of change for the EOEP, 2019 – 2020 continues the process of refining these new offerings. With new courses being offered for the first time, the EOEP focused on making continual minor improvements to new curriculum based on feedback from instructors and elected officials.

Of course, EOEP has not been immune to the COVID-19 pandemic. For the first time, EOEP courses have been adapted into interactive virtual sessions to allow councillors to engage with one another and develop new skills during this time of physical distancing. This process of continuous improvement will ensure that course content and delivery reflect best practices and the preferences of elected officials.

For more information on the EOEP, visit eoep.ca.

MCCAC

The MCCAC is a partnership between the Government of Alberta, the RMA, and the AUMA. The MCCAC provides funding, technical assistance, and education to support Alberta municipalities in addressing climate change by reducing their greenhouse gas emissions and improving their climate resilience.

2019 – 2020 was an exciting year for the MCCAC as it was recognized by the Alberta Emerald Foundation with an Emerald Award for the Action Centre's decade-long contribution to supporting municipalities in becoming leaders in reducing emissions and addressing climate change. Since launching in 2009, the Action Centre's program impacts include over 550 energy efficiency and renewable energy projects, with participation from 110 Alberta municipalities.

The MCCAC also assumed responsibility for the Clean Energy Improvement Program (CEIP) which provides residential and commercial property owners with access to competitive, long-term financing to cover up to 100% of their project costs with no down payment. The MCCAC will become the centralized, province-wide administrator for the program, giving participants a single point of access from project inception to completion.

For more information on MCCAC, visit mccac.ca.

RMA Conventions

Twice a year, the RMA brings together rural municipal councillors, administrative officials, stakeholder representatives, and government partners to share ideas and build relationships.

The RMA 2019 Fall Convention featured six workshops on good governance, asset management, a legal overview of gravel purchase and municipal regulation, balancing development with conservation, healthcare in Alberta, and getting to know the RMA as an association.

RMA members also endorsed twenty-three resolutions at the convention on a wide variety of issues such as enhancing the western, rural municipal Canadian perspective in FCM representation, rural broadband, municipal tax recovery, rural crime, extended producer responsibility, and more. The convention was highlighted by addresses from the Minister of Municipal Affairs, associate ministers of Red Tape Reduction and Natural Gas and Electricity, and the Premier of Alberta, Jason Kenney.

Due to provincial restrictions on in-person gatherings linked to the COVID-19 pandemic, RMA cancelled the 2020 Spring Convention & Tradeshow. RMA was quick to provide alternative means to ensure that members were able to provide grassroots direction on the association's advocacy efforts through resolutions. In April, RMA held the first ever virtual resolution session that allowed members to introduce and debate resolutions from their computer screens and could view real time vote results. The virtual resolution session was a huge success and showed the resiliency and adaptiveness of the RMA and its members.

RMA conventions are excellent opportunities for members to work with each other, network, and learn about how they can improve their communities. RMA staff and board members always look forward to bringing rural Alberta's leaders together and are looking forward to another great year of conventions, whether virtual or in-person. Hope to see you there!

Message from the Manager of Marketing & Communications



BRANDON LOW

It would be an understatement to say that the last year has been challenging for many. However, while no one enjoys difficulty, challenges can provide opportunities for growth and success. In that spirit, in the RMA Marketing & Communications Department, we choose to focus on solutions.

In the advocacy sphere, we have worked hard to share information with members that is critical to decision-making. COVID-19 policies, changes to convention delivery, and the ongoing assessment model review are just a few examples of the complex issues on the table.

On the business side, we have been involved in enhancing partnerships between member municipalities and private industry, finding insurance solutions for members during difficult market conditions, and working more collaboratively with partner associations across the country.

Regardless of which facet of the association we work with, we are always conscious of keeping our members' needs at the top of our priorities. We understand that RMA member communities are among the most hard-working and resourceful in Canada, and we take great pride in providing solutions that strengthen rural Alberta.

Regardless of what the next year brings, we look forward to growing together!

A handwritten signature in black ink, appearing to read 'Brandon Low', with a long horizontal line extending to the right.

The background is a deep blue gradient. A light blue, winding path or road curves across the middle of the frame. Two vertical lines of a slightly lighter blue shade extend downwards from the path, suggesting a bridge or a structure. The overall aesthetic is clean and modern.

BUSINESS SERVICES

Message from the Director of Business Services



DUANE GLADDEN

What a year it has been! RMA Business Services was certainly not immune to impacts of the COVID-19 pandemic. Like many of our members, we were forced to find different ways to pay claims, produce invoices, and connect with our stakeholders. We developed Zoom fatigue and likely caused it in some cases, but we not only survived, we thrived. There were certainly some hardships and low points, but the RMA Business Services team grew tighter than ever and the positives well outweighed the negatives.

RMA is blessed with many of the strongest suppliers in the industry and that shone through in this pandemic. Grainger Canada and Staples Canada were quick to the market with allocations of pandemic supplies for municipalities. GroupSource Canada and the RMA Benefits program were ahead of the market in providing not only cost reductions, but also access to mental health programs to assist municipal employees through this new struggle. Imperial Oil, Suncor, and UFA were deemed essential services very early on and did not miss a beat in the delivery of fuel. Kal Tire provided its full range of resources to ensure RMA members could keep grading roads and providing their essential services. These are just a few examples of how our supplier partners have shown up at this important moment.

We in RMA Business Services generally struggle to pat ourselves on the back, but this year will be an exception. I cannot be prouder of our team. RMA Insurance did not hesitate to adjust and pay claims. Member touch points were at an all time high, albeit mostly virtual, and risk management advice was steadily flowing to our membership. RMA Trade and RMA Fuel

coordinated large orders of masks, gloves, and sanitizer on behalf of the membership, working relentlessly to ensure municipalities across Canada had what they needed. The team also had a tremendous member outreach.

On top of the pandemic response, the RMA Business Services group put together a strong fiscal performance. RMA Trade finished the year with its highest ever volume, well outpacing its budgeted goal. A large portion of this came from outside Alberta, allowing RMA to leverage its size to see cost reductions across many programs, directly benefiting Alberta municipalities. RMA Trade's capital program continued its strong growth by increasing 75% in size from the previous year. RMA Fuel faced a difficult situation with most vehicles and transit systems slowed or stopped due to the pandemic. Despite this, the Fuel Program still performed similarly to the previous year – a tremendous achievement given the circumstances. RMA Insurance produced a very strong financial performance based on the strength of its renewal and its overall growth. RMA Insurance now insures nearly \$11 billion in property, nearly 11,000 vehicles, and handled over 9,000 transactions. As a result, RMA Insurance produced a net income nearly double the previous year.

As I noted at the top, what a year! Joshua J. Marine said, "Challenges are what make life interesting and overcoming them is what makes life meaningful." That sums up the 2019 – 2020 year for RMA Business Services and it has certainly been meaningful.

A handwritten signature in black ink, appearing to read "Duane Gladden". The signature is fluid and cursive, written in the bottom right corner of the page.

Genesis Reciprocal Update

Genesis Reciprocal Insurance Exchange, better known as Genesis, completed a 2019 fiscal year in what I can only describe as a calm outcome in a very tumultuous year. The insurance industry as a whole has been hardening at a remarkable pace and this is putting tremendous pressure on both insurance companies and reciprocals alike. This trend has continued through the current year and has forced reciprocals to undertake some dramatic action. We have seen premium in the educational space increase by 250%, we have seen some reciprocals attempt to buy rates down using required capital, and unfortunately, we have seen the impacts of poor capitalization. Fortunately for the members of Genesis, we have worked very diligently for the last decade to prepare our program for events just like this.

Genesis, as always, sits in a very strong capital position which has allowed us to increase the amount of risk the reciprocal can take and, by default, smooth out the market volatility. This can be seen in an increased property aggregate, the inclusion of auto physical damage, and an increased liability aggregate. All of these changes allowed Genesis to shelter members from market impacts. By retaining more of the risk via a higher aggregate, the cost to purchase insurance over those limits is reduced for subscribers, thereby reducing the overall cost.

Unfortunately, Genesis is experiencing higher than traditional claims frequency and severity, even on new lines of coverage such as cyber. This has pushed close to, or above aggregate limits on a far more regular basis in recent years. This situation is putting some pressure on the program, but it is a situation that can be mitigated through active risk management programs. To that effect, Genesis has increased investment in inspections and staffing capacity in an attempt to stem this trend and provide access to a risk management program to all subscribers.

Genesis and RMA Insurance continue to look to the education of members as a key point in the development the reciprocal. RiskPro offerings, individual member visits, best practice white papers based on member audits, and a scholarship program are all parts of this overall process.

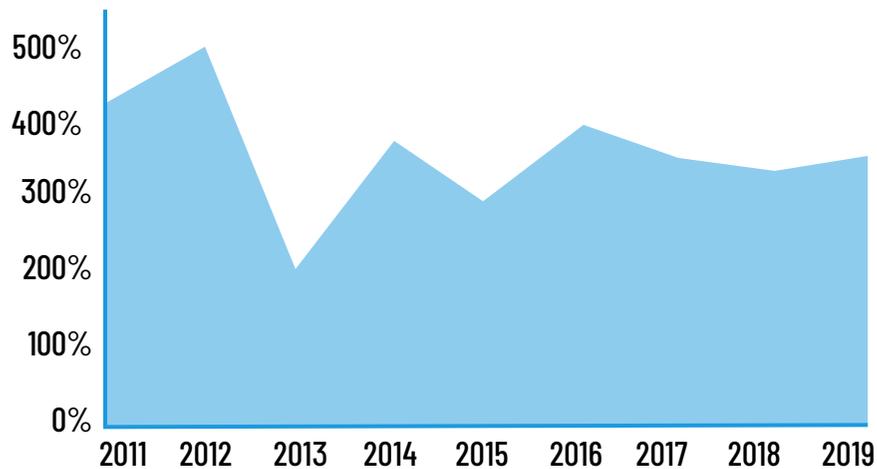
The financial stability of Genesis coupled with active risk management partnerships will see us all through these tough times. This is, after all, the very definition of a reciprocal group that agrees to share collective risks with one another.



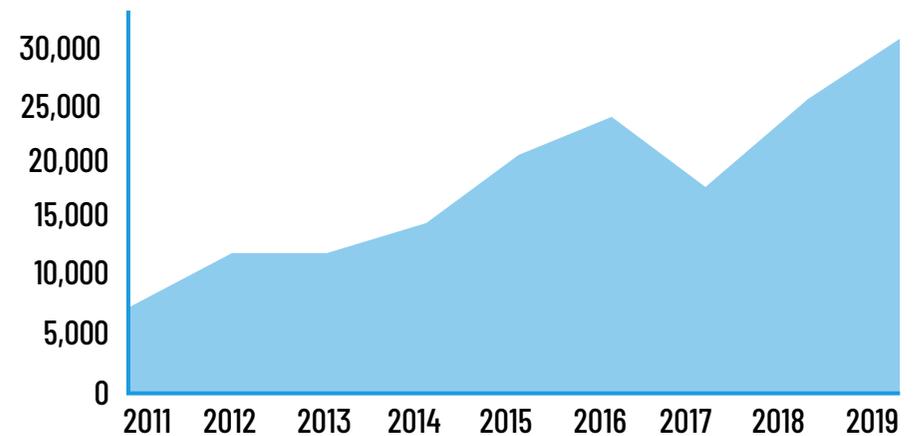
Genesis Reciprocal Update (cont'd)

- ◆ MCT 355%
- ◆ Nearly \$32M in capital excess of reserve and guarantee fund
- ◆ Inclusion of Cyber Liability and Auto Physical Damage programs to increase protections and reduce costs to subscribers
- ◆ Ultimate Loss Ratio 89%
- ◆ Solidifying relationships, protecting our subscribers, being recognized as leaders in the reciprocal world

MCT TRENDING



EXCESS OF CASH OVER RESERVE & GUARANTEE FUND



The image features a stylized landscape with a path leading to a horizon under a dark blue sky. The path is a light blue, trapezoidal shape that narrows as it recedes into the distance. The landscape is composed of several layers of blue, with the foreground being the lightest and the background being the darkest. The sky is a solid, dark blue. The overall composition is simple and modern.

CORPORATE SERVICES

Message from the Director of Corporate Services



OLLY MORRISON

This year has been very eventful for the RMA Corporate Services team – full of challenges and successes. The pandemic pressured both External Relations & Advocacy and Business Services differently, and Corporate Services adjusted quickly to meet the changing needs.

RMA's services are considered essential, meaning we had to ensure seamless operations during the pandemic. Our IT infrastructure had been established previously to enable everyone to work remotely at any time, so we easily transitioned when the lockdown began in March. Our office layout is also very conducive to maintaining social distance, enabling roughly a quarter of the organization to continue to work from the office. Over the last few months, the entire staff has been able to return to the office.

We immediately faced a key challenge: with Spring Convention cancelled, how would we complete the annual general meeting for the Genesis Reciprocal Insurance Exchange? We quickly investigated the technology tools to conduct the meeting and provide a secure voting platform. We received several compliments about how smooth the meeting went.

That technology theme has continued to dominate this year. On top of the challenges of the pandemic, we were in the middle of implementing our Enterprise Resource Planning (ERP) platform. I cannot say enough about the determination and dedication of the Corporate Services team who worked extensive hours to successfully bring this platform online on June 1.

Our human resources area was very busy addressing some new and different needs. No one in the office has ever gone through such dramatic change in how we do our work. There was a lot of communication to make sure everyone felt supported in a very new working environment.

Our office welcomed a new addition this year: a highly visible sign facing the QEII highway. The office was built in 2003 and many people thought the building was somehow related to the railway, but it has always been our association. Now everyone knows where RMA resides!

From a financial standpoint, it was a good year for the RMA especially given the challenges of the pandemic. The overall financial position remains strong and we were able to declare a \$250,000 patronage rebate. A huge thanks to our members who continue to support our programs. Please contact us if you would like a copy of the detailed financial statements and notes.

It has been the most unusual and incredible year. I am proud to work for an organization that strives to meet the needs of our membership through advocacy and business offerings that provide exceptional value to municipalities. The fantastic Corporate Services team has not only survived but has thrived during one of the most challenging years in recent memory. Thank you for persevering to support the ever-changing requirements of each of the departments. I look forward to another exciting and productive year!

A handwritten signature in black ink, appearing to read 'Olly Morrison'.

Financial Overview

RURAL MUNICIPALITIES OF ALBERTA

FISCAL YEAR ENDING JULY 31, 2020

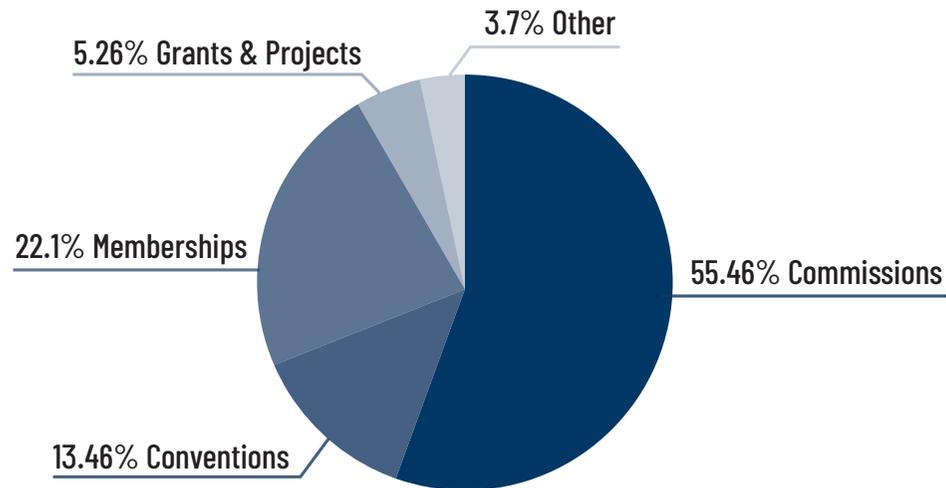
The Rural Municipalities of Alberta generates income from RMA Trade programs, fall and spring conventions, and membership fees paid by our members. RMA also receives funding from Alberta Municipal Affairs to assist municipalities in different projects throughout the year. As always, RMA is member-driven and focused on improving services to its members.

The Rural Municipalities of Alberta, RMA Insurance Ltd., RMA Fuel Ltd., and Genesis Reciprocal Insurance Exchange are continuously increasing capabilities and prospering under the solid leadership of the Board of Directors as well as the

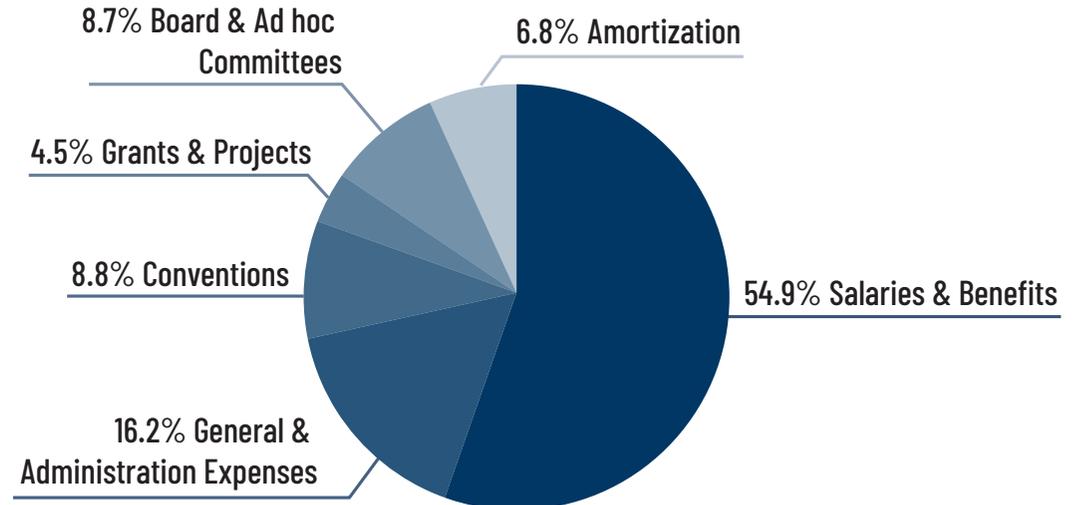
Executive Director, Director of External Relations & Advocacy, Director of Business Services, and Director of Corporate Services.

RMA is committed to improving both the quantity and quality of financial information available to our members. This annual report has been presented in a concise manner. For further detailed information or to share your thoughts on the information provided, please contact Olly Morrison, Director of Corporate Services.

REVENUE



EXPENSES



Financial Overview (cont'd)

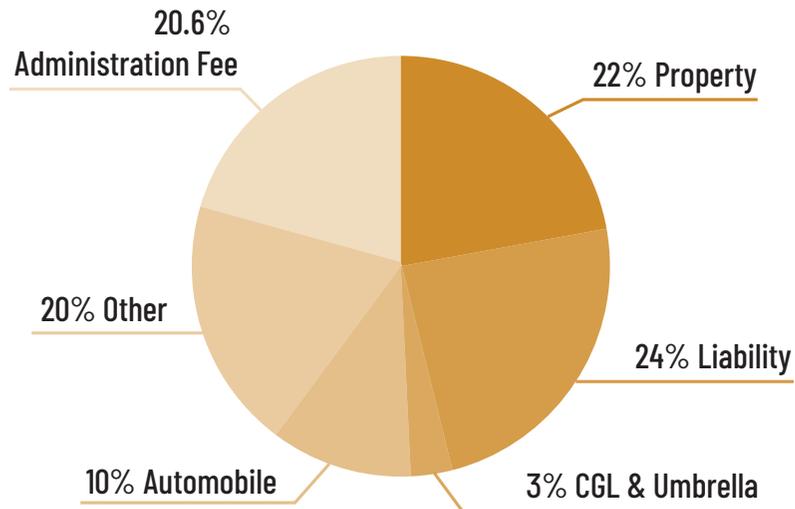
RMA INSURANCE

FISCAL YEAR ENDING JULY 31, 2020

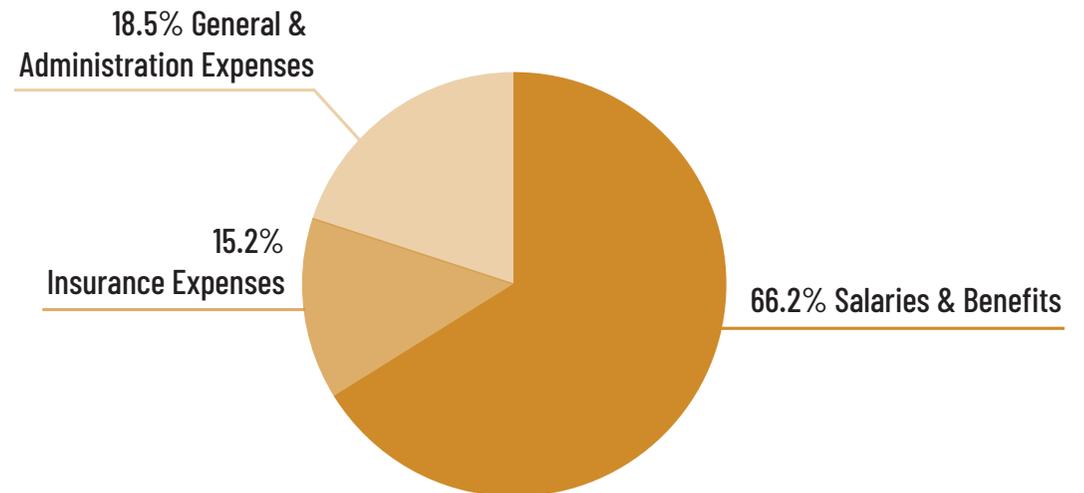
RMA Insurance Ltd. generates income from commissions and administration fees on all programs. RMA staff continually strive to find efficiencies and ensure solid business practices are in place to safeguard the value of RMA Insurance Ltd. to the members, especially through this hard insurance market.

From a finance and accounting perspective, RMA Insurance Ltd. is meeting or exceeding all goals under the solid leadership of the Board of Directors and the RMA management team.

REVENUE



EXPENSES



Management's Responsibility

To the Members of the Rural Municipalities of Alberta:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not for profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed entirely of directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.



Olly Morrison, CPA, CMA
Director of Corporate Services



Gerald Rhodes, CLGM, MBA, CAE
Executive Director

Report of the Independent Auditor on the Summary Financial Statements

To the Members of the Rural Municipalities of Alberta:

Opinion

The summary financial statements are comprised of the following:

- ♦ The summary statement of financial position as at July 31, 2020 and the summary statement of operations for the year then ended for Rural Municipalities of Alberta (“RMA”).
- ♦ The summary balance sheet as at July 31, 2020 and the summary statement of earnings for the year then ended for RMA Insurance Ltd. (“RMA Insurance”) and RMA Fuel Ltd. (“RMA Fuel”).

The summary financial statements are derived from the audited financial statements of the respective entities for the year ended July 31, 2020.

In our opinion, the accompanying summary financial statements are a fair summary of the audited financial statements, in accordance with the disclosed criteria in Note 1.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by Canadian accounting standards for not for profit organizations for RMA and Canadian accounting standards for private enterprises for RMA Insurance and RMA Fuel. Reading the summary financial statements and the auditor’s report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor’s report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated October 29, 2020.

Management’s Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements in accordance with the disclosed criteria in Note 1.

Auditor’s Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are a fair summary of the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standards (CAS) 810, Engagements to Report on Summary Financial Statements.

Edmonton, Alberta

October 29, 2020

The logo for MNP LLP, featuring the letters 'MNP' in a large, stylized font with 'LLP' in a smaller font to the right.

Chartered Professional Accountants

Summary Financial Statements: Rural Municipalities of Alberta

Audited Statement of Financial Position As at July 31, 2020

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 214,345	\$ 1,251,089
Cash - restricted	28,899	28,470
Accounts Receivable	7,222,718	6,323,130
Prepaid Expenses	190,452	146,422
	<u>7,656,414</u>	<u>7,749,111</u>
Property and Equipment	2,947,400	2,192,405
Investment in RMA Fuel Ltd.	267,880	404,290
Investment in RMA Insurance Ltd.	5,242,120	4,052,381
Investment in Alberta Elected Officials Education Program Corp.	6,755	8,880
	<u>\$ 16,120,569</u>	<u>\$ 14,407,067</u>
LIABILITIES		
CURRENT LIABILITIES		
Operating Loan	\$ 889,719	\$ -
Accounts Payable and Accrued Liabilities	5,117,992	4,875,494
Deferred Revenue	211,713	311,087
Current Portion of Capital Lease Obligations	19,559	8,342
	<u>6,238,983</u>	<u>5,194,923</u>
Capital Lease Obligations	71,535	36,473
	<u>6,310,518</u>	<u>5,231,396</u>

	2020	2019
NET ASSETS		
Net assets invested in property and equipment	2,856,306	2,147,590
Net assets internally restricted	1,500,000	1,000,000
Unrestricted net assets	5,453,745	6,028,081
	<u>9,810,051</u>	<u>9,175,671</u>

Summary Financial Statements: Rural Municipalities of Alberta

Audited Statement of Operations For the year ended July 31, 2020

	2020	2019	2020	2019	
REVENUE			OTHER INCOME (EXPENSE)		
Commissions	\$ 2,651,322	\$ 2,923,900	Increase in equity in RMA Insurance Ltd.	952,313	426,462
Memberships	1,056,479	1,049,674	Dividends	125,000	125,000
Convention registration and tickets	643,755	1,134,065	Increase in equity in RMA Fuel Ltd.	84,118	73,829
Grants and projects	251,653	128,458	Other Income	7,216	13,564
Service fee and other revenue	110,958	29,453	Increase in equity in Alberta Elected Officials Education Program Corporation	(2,125)	4,079
Rental income	66,000	66,000	Loss on disposal of software	-	(131,912)
	4,780,167	5,331,550		1,166,522	511,022
EXPENSES			Excess of Revenue over Expenses		
Salaries and Benefits	2,787,222	2,306,672		\$ 877,818	\$ 641,592
Convention	448,247	847,385			
Board and Ad hoc Committees	441,347	623,577			
Amortization	342,379	285,226			
Grant and project expenses	229,952	280,108			
Advertising and promotion	194,899	226,629			
Professional fees	144,623	240,449			
Building operations	128,494	157,598			
Automotive	81,732	71,466			
Computer	73,617	39,202			
Interest	43,936	13,803			
Office Supplies	43,296	32,535			
Insurance	37,668	30,540			
Telephone	34,391	20,515			
Memberships & subscriptions	24,610	18,442			
Postage	6,454	4,971			
Interest on capital lease obligations	6,004	1,862			
	5,068,871	5,200,980			
Deficiency of revenue over expenses before other items	(288,704)	130,570			

Summary Financial Statements: RMA Insurance Ltd.

Audited Statement of Earnings For the year ended July 31, 2020

	2020	2019
REVENUE		
Commissions	\$ 3,507,609	\$ 3,228,746
Administration Fee	911,530	792,136
Risk Module	-	18,100
	<u>4,419,139</u>	<u>4,038,982</u>
EXPENSES		
Salaries & Benefits	2,234,590	2,052,848
Service Fees	360,000	360,000
Executive (RMA Board allocation)	145,000	85,000
Computer & Equipment	126,113	244,923
Communication	96,300	-
RiskPro Premium Credit	79,851	336,527
Insurance	74,203	68,341
Rent	54,600	54,600
Travel - Automobile & Meals/Entertainment	20,599	38,963
Professional Fees (legal, audit, dues, and banking)	36,812	22,136
Staff Education & Training	34,632	101,745
Office Supplies	30,216	27,122
Advertising & Promotion	45,493	40,903
RiskPro Program & Seminars	18,686	81,653
Telephone	8,807	18,946
Courier & Postage	8,281	6,838
Bad Debts	-	501
	<u>3,374,183</u>	<u>3,541,046</u>
Other Income (Expense)	32,357	53,526
NET EARNINGS	<u>1,077,313</u>	<u>551,462</u>

Audited Balance Sheet As at July 31, 2020

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	3,002,554	1,438,964
Marketable Securities	1,934,204	1,531,152
Prepaid Expenses	41,771	1,580
Due from RMA	-	44,634
Accounts Receivable	128,511	260,232
	<u>5,107,040</u>	<u>3,276,562</u>
Marketable Securities	615,405	1,177,151
	<u>5,722,445</u>	<u>4,453,713</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	360,525	266,213
Due to RMA	192,791	-
Deferred Revenue	119,800	90,484
	<u>673,116</u>	<u>356,697</u>
SHAREHOLDER'S EQUITY		
Common Shares	600	600
Retained Earnings	5,048,729	4,096,416
	<u>5,049,329</u>	<u>4,097,016</u>
	<u>5,722,445</u>	<u>4,453,713</u>

Summary Financial Statements: RMA Fuel

Audited Statement of Earnings For the year ended July 31, 2020

	2020	2019
REVENUE		
Commissions	565,850	625,255
EXPENSES		
Salaries and Benefits	359,146	444,438
Computer	34,013	24,775
Advertising & Promotion	31,180	26,719
Rent	14,000	14,000
Travel	12,618	8,018
Professional Fees	11,550	11,550
Office	11,072	15,345
Insurance	5,795	6,000
Interest & Bank Charges	2,361	581
	481,735	551,426
NET EARNINGS	84,115	73,829

Audited Balance Sheet As at July 31, 2020

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	317,141	619,396
Accounts Receivable	2,712,938	3,354,114
Prepaid Expenses	1,785	1,759
	3,031,864	3,975,269
Marketable Securities	53,545	48,399
Due from the Rural Municipalities of Alberta	838,988	618,460
Goodwill	732,688	732,688
	4,657,085	5,374,816
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable and Accruals	3,550,220	4,352,066
SHAREHOLDER'S EQUITY		
Common Shares	100	100
Retained Earnings	1,106,765	1,022,650
	1,106,865	1,022,750
	4,657,085	5,374,816

NOTE FOR RMA: CRITERIA FOR SUMMARY FINANCIAL STATEMENTS

These summary financial statements reflect, with certain lines and numbers aggregated, the main classifications of assets, liabilities, operating results, and cash flows presented in the audited financial statements, but exclude all note disclosure required under Canadian accounting standards for not-for-profit organizations (for Rural Municipalities of Alberta), or Canadian accounting standards for private enterprises (for RMA Insurance and RMA Fuel).

Summary Financial Statements: Genesis Reciprocal Insurance Exchange

Statement of Financial Position As at December 31, 2019

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 13,420,385	\$ 9,598,958
Marketable securities	50,511,282	45,066,985
Insurance balances receivable	4,328,365	3,745,789
Deferred acquisition costs	682,865	914,793
Reinsurers' share of unpaid claims	466,588	138,300
Ceded unearned premiums	393,921	154,167
Prepaid expenses	739,010	
	<u>\$ 70,542,416</u>	<u>\$ 59,618,992</u>
LIABILITIES		
Insurance balances payable	\$ 981,094	\$ 28,825
Claims payable reserve	22,053,536	21,952,300
Premium taxes payable	732,143	511,621
Unearned premium liability	15,384,694	10,560,399
	<u>39,151,467</u>	<u>33,053,145</u>
SUBSCRIBERS' SURPLUS		
Retained earnings	31,390,949	26,565,847
	<u>\$ 70,542,416</u>	<u>\$ 59,618,992</u>

Statement of Comprehensive Income Year ended December 31, 2019

	2019	2018
INCOME		
Gross premiums written	\$ 18,461,093	\$ 12,790,528
Ceded written premiums	(472,705)	(188,572)
Increase in unearned premiums	(4,584,542)	(109,401)
Premiums earned	13,403,846	12,492,555
Net investment income (loss)	4,678,412	(900,266)
	<u>\$ 18,082,258</u>	<u>\$ 11,592,289</u>
EXPENSES		
Losses incurred	\$ 10,287,829	\$ 9,749,973
Premium tax	732,143	511,621
General and administrative	2,005,256	1,298,846
Change in deferred acquisition costs	231,928	(380,587)
	<u>13,257,156</u>	<u>11,179,853</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 4,825,102</u>	<u>\$ 412,436</u>

NOTE FOR GENESIS: BASIS OF PRESENTATION

These summarized financial statements are derived from the complete annual audited financial statements of Genesis Reciprocal Insurance Exchange for the year ended December 31, 2019. The complete annual financial statements are prepared in conformity with International Financial Reporting Standards and are accompanied by an unmodified audit opinion prepared by KBH Chartered Professional Accountants on February 24, 2020. The criteria applied by management in preparing these financial statements is outlined in the paragraph below.

The figures presented in these summarized financial statements agree with or can be recalculated from the figures presented in the complete audited financial statements. Management believes that the summarized financial statements contain the necessary information and are at an appropriate level of aggregation so as to not be misleading to the users.