



**HENDRY
WARREN**^{LLP}
CHARTERED PROFESSIONAL ACCOUNTANTS

200-881 Lady Ellen Place
Ottawa, ON K1Z 5L3
(613) 235-2000
www.hwllp.ca

Financial Statements of

**CANADIAN WATER AND
WASTEWATER ASSOCIATION**

December 31, 2019



**HENDRY
WARREN**^{LLP}
CHARTERED PROFESSIONAL ACCOUNTANTS

200-881 Lady Ellen Place
Ottawa, ON K1Z 5L3
(613) 235-2000
www.hwllp.ca

June 10, 2020

INDEPENDENT AUDITORS' REPORT

To the Members of
Canadian Water and Wastewater Association:

Opinion

We have audited the accompanying financial statements of Canadian Water and Wastewater Association (the "Association"), which comprise the statement of financial position as at December 31, 2019, and the statements of operations and changes in net assets and cash flow for the year then ended, as well as a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Water and Wastewater Association as at December 31, 2019, 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 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the applicable financial reporting framework, 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.



**HENDRY
WARREN**LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

200-881 Lady Ellen Place
Ottawa, ON K1Z 5L3
(613) 235-2000
www.hwllp.ca

In preparing these financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to a 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause 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.



**HENDRY
WARREN**^{LLP}
CHARTERED PROFESSIONAL ACCOUNTANTS

200-881 Lady Ellen Place
Ottawa, ON K1Z 5L3
(613) 235-2000
www.hwllp.ca

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.

Hendry Warren ^{LLP}

HENDRY WARREN ^{LLP}
Chartered Professional Accountants
Licensed Public Accountants
Ottawa, Ontario

CANADIAN WATER AND WASTEWATER ASSOCIATION

Statement of Financial Position

December 31, 2019, with comparative figures for 2018

	2019	2018
Assets		
Current assets		
Cash	\$ 210,844	\$ 167,128
Short-term investments (Note 3)	205,643	180,337
Accounts receivable (Note 4)	18,326	36,277
Prepaid expenses	31,809	19,234
	466,622	402,976
Capital assets (Note 5)	133,857	139,025
	\$ 600,479	\$ 542,001
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 129,474	\$ 47,046
Deferred contributions (Note 6)	63,278	44,516
	192,752	91,562
Commitments (Note 7)		
Net assets		
Unrestricted net assets	207,869	245,414
Internally restricted net assets (Note 8)	66,000	66,000
Invested in capital assets	133,858	139,025
	407,727	450,439
	\$ 600,479	\$ 542,001

Approved on behalf of the Board:

Director

CANADIAN WATER AND WASTEWATER ASSOCIATION

Statement of Changes in Net Assets

Year ended December 31, 2019, with comparative figures for 2018

	2019	2018
Unrestricted net assets		
Balance, beginning of year	\$ 245,414	\$ 310,603
Net deficiency for the year	(42,712)	(6,004)
Transfer from unrestricted net assets to internally restricted net assets	-	(20,634)
Transfer to (from) net assets invested in capital assets	5,167	(38,551)
Total transfers	5,167	(59,185)
Balance, end of year	207,869	245,414
Internally restricted net assets		
Balance, beginning of year	66,000	45,366
Total transfers	-	20,634
Balance, end of year	66,000	66,000
Invested in capital assets		
Balance, beginning of year	139,025	100,474
Amortization	(5,167)	(4,839)
Purchase of capital assets	-	43,390
Total transfers	(5,167)	38,551
Balance, end of year	133,858	139,025
	\$ 407,727	\$ 450,439

CANADIAN WATER AND WASTEWATER ASSOCIATION

Statement of Operations

Year ended December 31, 2019, with comparative figures for 2018

	2019	2018
Revenue		
Membership fees	\$ 434,074	\$ 438,320
Conferences	446,674	411,119
Project grants	-	25,004
SCC and ISO project grants	41,800	41,950
Other income	40,421	25,854
Corporate sponsorship	19,515	18,917
Interest	10,070	5,394
	992,554	966,558
Expenses		
Amortization	5,167	4,839
Conferences	364,049	244,072
Contract and professional services	127,130	149,541
Insurance	3,754	3,656
IWA event expenses	-	19,568
Meetings	15,626	10,285
Memberships	6,202	5,117
Miscellaneous	5,498	5,949
Office occupancy	12,023	11,646
Office	5,141	13,399
Personnel	388,136	387,500
Printing, duplicating and translation	6,138	6,522
Project expenses	15,000	-
Project grants	-	25,004
Publicity and promotion	3,625	3,298
SCC and ISO project	41,800	41,950
Supplies	4,913	6,675
Telephone and fax	5,280	5,449
Training	870	256
Travel	24,914	27,836
	1,035,266	972,562
Net loss	\$ (42,712)	\$ (6,004)

See accompanying notes to the financial statements.

CANADIAN WATER AND WASTEWATER ASSOCIATION

Cash Flow Statement

Year ended December 31, 2019, with comparative figures for 2018

	2019	2018
Operating activities		
Net loss	\$ (42,712)	\$ (6,004)
Non cash item:		
Amortization expense	5,167	4,839
Changes in working capital balances (Note 9)	106,566	(48,781)
Cash provided by (used in) operating activities	69,021	(49,946)
Investing activities		
Proceeds from disposal of short-term investments	176,802	180,036
Acquisition of short-term investments	(202,107)	-
Acquisition of capital assets	-	(43,390)
Cash (used in) provided by investing activities	(25,305)	136,646
Increase in cash	43,716	86,700
Cash, beginning of year	167,128	80,428
Cash, end of year	\$ 210,844	\$ 167,128

CANADIAN WATER AND WASTEWATER ASSOCIATION

Notes to the Financial Statements

December 31, 2019, with comparative figures for 2018

Statutes of incorporation and nature of activities

Canadian Water and Wastewater Association (the "Association") was incorporated without share capital by letters patent on March 17, 1988 under the Canada Corporations Act and was approved for continuance by letters patent under the Canada Not-for-Profit Corporations Act on September 29, 2014. The Association is a not-for-profit organization and is exempt from income taxes under Section 149(1)(f) of the Income Tax Act.

The mission of the Association is to be the national voice on water and wastewater issues, keep its members informed on national activities and to represent members' interests to the Government of Canada and to interprovincial and international bodies.

1. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Cash

The Association's policy is to present bank balances net of outstanding items under cash.

Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related restrictions are met.

Revenue from membership fees is recognized proportionately over the membership period.

Revenue from conferences is recognized in the period during which the events are held.

Revenue from contract projects is recognized in the period the work is completed.

Revenue from project grants, and SCC and ISO project grants are recognized in the period in which the expenses are incurred.

Revenue from other income is recognized upon delivery of publications to the customer.

Corporate sponsorship and interest revenue is recognized in the period in which it is received.

Short-term investments

Investments in Guaranteed Investment Certificates are measured at cost plus accrued interest, which approximates their fair market value.

CANADIAN WATER AND WASTEWATER ASSOCIATION

Notes to the Financial Statements

December 31, 2019, with comparative figures for 2018

Capital assets

Capital assets are accounted for at cost. Amortization is based on the assets' respective useful lives using the following methods and rate and duration:

Asset	Method	Rate and duration
Building	Straight line	40 years
Office furniture	Declining balance	20%

One-half of the annual amount is claimed in the year of acquisition.

Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to net loss as appropriate in the year they become known.

Significant management estimates include the useful lives of capital assets, and the completeness of accounts receivable, and accounts payable and accrued liabilities.

Financial instruments

Measurement of financial instruments

The Association initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments, which are measured at fair value. Changes in fair value are recognized in net loss.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net revenue. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net loss.

CANADIAN WATER AND WASTEWATER ASSOCIATION

Notes to the Financial Statements

December 31, 2019, with comparative figures for 2018

Transaction costs

The Association recognizes its transaction costs in net loss in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

2. Subsequent event

The recent outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Association's business activities. The extent to which the coronavirus may impact the Association's business activities will depend on future developments, such as the ultimate geographical spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contact and treat the disease. The events are highly uncertain and as such, the Association cannot determine their total financial impact at this time. However, it is known that there will be no revenue generated or expenses incurred related to conferences for the 2020 fiscal year.

3. Short-term investments

	2019	2018
GIC held by Scotiabank, interest rate at 1.35% per year, maturing March 18, 2020	\$ 2,130	\$ -
GIC held by Scotiabank, interest rate at 2.08% per year, maturing May 25, 2020	75,684	-
GIC held by Scotiabank, interest rate at 2.70% per year, maturing June 1, 2020	127,829	-
GIC held by Scotiabank, interest rate at 1.85% per year, matured March 6, 2019	-	1,091
GIC held by Scotiabank, interest rate at 1.85% per year, matured March 9, 2019	-	50,843
GIC held by Scotiabank, interest rate at 1.70% per year, matured March 23, 2019	-	51,523
Cash held in portfolio	-	76,880
	<hr/>	<hr/>
	\$ 205,643	\$ 180,337

CANADIAN WATER AND WASTEWATER ASSOCIATION

Notes to the Financial Statements

December 31, 2019, with comparative figures for 2018

4. Accounts receivable

Included in accounts receivable balance is \$13,231 (2018: \$11,277) related to government remittances receivable.

5. Capital assets

			2019	2018
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Building	\$ 186,847	\$ 54,148	\$ 132,699	\$ 137,371
Office furniture	2,780	1,622	1,158	1,654
	\$ 189,627	\$ 55,770	\$ 133,857	\$ 139,025

CANADIAN WATER AND WASTEWATER ASSOCIATION

Notes to the Financial Statements

December 31, 2019, with comparative figures for 2018

6. Deferred contributions

Deferred contributions consists of the following:

Deferred contributions - project

Projects derived from Committee Research Funds provided by members for use in undertaking specific research projects as agreed to between the member and the Association.

Sponsorship fees

Sponsorship fees that are paid in advance for a subsequent period conference or event.

Membership fees

Membership fees that are paid in advance for a subsequent membership period.

IWSFG funds held

Contributions received to fund the establishment of standards for flushable products.

Deferred revenue activity for the year consists of the following:

	2019			
	Balance, Beginning of Year	Received During the Year	Recognized as Revenue in the Year	Balance, End of Year
Projects				
Standards Council of Canada				
ISO TC 224	\$ 3,765	\$ 10,000	\$ (10,000)	\$ 3,765
ISO TC 251	1,000	5,004	(5,000)	1,004
ISO TC 275	769	4,231	(5,000)	-
ISO TC 282	466	23,671	(21,800)	2,337
Sponsorship fees	10,500	76,400	(86,900)	-
Membership fees	-	455,908	(434,074)	21,834
IWSFG funds held	28,016	6,322	-	34,338
	\$ 44,516	\$ 581,536	\$ (562,774)	\$ 63,278

CANADIAN WATER AND WASTEWATER ASSOCIATION

Notes to the Financial Statements

December 31, 2019, with comparative figures for 2018

7. Commitments

The Association has commitments relating to expenses for the 2021 Canadian Water and Wastewater Association National Conference. At a minimum, this commitment totals \$336,033 for the fiscal year ending December 31, 2021. All amounts include applicable taxes.

Future minimum rental payments required under operating leases for equipment that have initial lease terms in excess of one year at December 31, 2019 are as follows:

	Equipment
2020	\$ 462
2021	231
	\$ 693

8. Internally restricted net assets

The internally restricted general reserve had been previously set up as a safety reserve for protection against unusual expenses relating to the Association's staffing needs.

9. Changes in working capital balances

Changes in working capital balances have provided (used) cash as follows:

	2019	2018
Accounts receivable	\$ 17,951	\$ 1,055
Prepaid expenses	(12,575)	9,224
Accounts payable and accrued liabilities	82,428	(66,932)
Deferred contributions	18,762	7,872
	\$ 106,566	\$ (48,781)

CANADIAN WATER AND WASTEWATER ASSOCIATION

Notes to the Financial Statements

December 31, 2019, with comparative figures for 2018

10. Financial instruments

Risk and concentrations

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the risk exposures and concentrations at the statement of financial position date, December 31, 2019.

It is management's opinion that the Association is not exposed to significant interest rate, liquidity, market, currency or credit risks arising from its financial instruments. There has been no change to the risk exposure from 2018.