



**HENDRY
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Financial Statements of

**CANADIAN WATER AND
WASTEWATER ASSOCIATION**

December 31, 2020



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June 18, 2021

INDEPENDENT AUDITOR'S 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, 2020, and the statements of changes in net assets and operations 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, 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 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.



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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.



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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
Chartered Professional Accountants
Licensed Public Accountants
Ottawa, Ontario

CANADIAN WATER AND WASTEWATER ASSOCIATION

Statement of Financial Position

December 31, 2020, with comparative figures for 2019

	2020	2019
Assets		
Current assets		
Cash	\$ 221,508	\$ 210,844
Short-term investments (Note 2)	207,923	205,643
Accounts receivable (Note 3)	16,485	18,326
Prepaid expenses	34,160	31,809
	480,076	466,622
Capital assets (Note 4)	128,841	133,857
	\$ 608,917	\$ 600,479
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 56,939	\$ 129,474
Deferred contributions (Note 5)	44,457	63,278
	101,396	192,752
Long-term debt (Note 6)	40,000	-
	141,396	192,752
Commitments (Note 7)		
Net assets		
Unrestricted net assets	272,680	207,869
Internally restricted net assets (Note 8)	66,000	66,000
Invested in capital assets	128,841	133,858
	467,521	407,727
	\$ 608,917	\$ 600,479

Approved on behalf of the Board:

Director

CANADIAN WATER AND WASTEWATER ASSOCIATION

Statement of Changes in Net Assets

Year ended December 31, 2020, with comparative figures for 2019

	2020	2019
Unrestricted net assets		
Balance, beginning of year	\$ 207,869	\$ 245,414
Net revenue (deficiency) for the year	59,794	(42,712)
Transfer to net assets invested in capital assets	5,017	5,167
Total transfers	5,017	5,167
Balance, end of year	272,680	207,869
Internally restricted net assets		
Balance, beginning of year	66,000	66,000
Balance, end of year	66,000	66,000
Invested in capital assets		
Balance, beginning of year	133,858	139,025
Amortization	(5,017)	(5,167)
Total transfers	(5,017)	(5,167)
Balance, end of year	128,841	133,858
	\$ 467,521	\$ 407,727

CANADIAN WATER AND WASTEWATER ASSOCIATION

Statement of Operations

Year ended December 31, 2020, with comparative figures for 2019

	2020	2019
Revenue		
Membership fees	\$ 439,117	\$ 434,074
Government assistance (Note 9)	114,358	-
Other income	40,221	40,421
Corporate sponsorship	19,884	19,515
Conferences	5,958	446,674
SCC and ISO project grants	-	41,800
Interest	2,902	10,070
	622,440	992,554
Expenses		
Amortization	5,015	5,167
Conferences	1,710	364,049
Contract and professional services	81,644	127,130
Insurance	3,951	3,754
Meetings	543	15,626
Memberships	6,563	6,202
Miscellaneous	3,745	5,498
Office	5,951	5,141
Office occupancy	12,521	12,023
Personnel	403,736	388,136
Printing, duplicating and translation	5,492	6,138
Project expenses	13,916	15,000
Publicity and promotion	7,007	3,625
SCC and ISO project	-	41,800
Supplies	-	4,913
Telephone and fax	8,093	5,280
Training	-	870
Travel	2,759	24,914
	562,646	1,035,266
Net revenue (deficiency)	\$ 59,794	\$ (42,712)

CANADIAN WATER AND WASTEWATER ASSOCIATION

Cash Flow Statement

Year ended December 31, 2020, with comparative figures for 2019

	2020	2019
Operating activities		
Net revenue (deficiency)	\$ 59,794	\$ (42,712)
Non-cash item:		
Amortization expense	5,015	5,167
Changes in non-cash working capital balances (Note 10)	(91,865)	106,566
Cash (used in) provided by operating activities	(27,056)	69,021
Investing activities		
Proceeds from disposal of short-term investments	205,643	176,802
Acquisition of short-term investments	(207,923)	(202,107)
Cash used in investing activities	(2,280)	(25,305)
Financing activities		
Long-term borrowings	40,000	-
Cash provided by financing activities	40,000	-
Increase in cash	10,664	43,716
Cash, beginning of year	210,844	167,128
Cash, end of year	\$ 221,508	\$ 210,844

CANADIAN WATER AND WASTEWATER ASSOCIATION

Notes to the Financial Statements

December 31, 2020, with comparative figures for 2019

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 and when collection is reasonably assured.

Revenue is recognized using the following criteria and when collection is reasonably assured:

- 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 in which 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.
- Revenue from government assistance is recognized when reasonable assurance exists that the Association has met all of the conditions required for such assistance.
- 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, 2020, with comparative figures for 2019

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 revenue 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 revenue.

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

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

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 revenue.

CANADIAN WATER AND WASTEWATER ASSOCIATION

Notes to the Financial Statements

December 31, 2020, with comparative figures for 2019

Transaction costs

The Association recognizes its transaction costs in net revenue 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. Short-term investments

	2020	2019
GIC held by Scotiabank, interest rate at 1.35% per year, matured March 18, 2020	\$ -	\$ 2,130
GIC held by Scotiabank, interest rate at 2.08% per year, matured May 25, 2020	-	75,684
GIC held by Scotiabank, interest rate at 2.70% per year, matured June 1, 2020	-	127,829
GIC held by Scotiabank, interest rate at 0.35% per year, maturing October 22, 2021	207,923	-
	<u>\$ 207,923</u>	<u>\$ 205,643</u>

3. Accounts receivable

At December 31, 2020, accounts receivable includes \$Nil (2019: \$13,231) of government remittances receivable and \$11,170 (2019: \$Nil) of government assistance receivable.

4. Capital assets

	2020		2019	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Building	\$ 186,847	\$ 58,816	\$ 128,031	\$ 132,699
Office furniture	2,780	1,970	810	1,158
	<u>\$ 189,627</u>	<u>\$ 60,786</u>	<u>\$ 128,841</u>	<u>\$ 133,857</u>

CANADIAN WATER AND WASTEWATER ASSOCIATION

Notes to the Financial Statements

December 31, 2020, with comparative figures for 2019

5. 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.

Registration fees

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

Deferred revenue activity for the year consists of the following:

	2020			
	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	\$ -	\$ -	\$ 3,765
ISO TC 251	1,004	-	-	1,004
ISO TC 282	2,337	-	-	2,337
Sponsorship fees	-	16,000	(2,000)	14,000
Membership fees	21,834	417,283	(439,117)	-
IWSFG funds held	34,338	-	(16,110)	18,228
Registration fees	-	7,290	(2,167)	5,123
	\$ 63,278	\$ 440,573	\$ (459,394)	\$ 44,457

CANADIAN WATER AND WASTEWATER ASSOCIATION

Notes to the Financial Statements

December 31, 2020, with comparative figures for 2019

6. Long-term debt

	2020	2019
Canada Emergency Business Account loan, non-interest bearing, due December 31, 2022 with 25% loan forgiveness if repaid in full by the maturity date, after which point the loan is extended an additional 3-year term, bearing interest at a rate of 5%, repayable at any time without penalty	\$ 40,000	\$ -

7. Commitments

The Association has commitments relating to expenses for the 2021 and 2022 Canadian Water and Wastewater Association National Conferences. At a minimum, this commitment totals \$286,903 for the fiscal years ending December 31, 2021 and December 31, 2022. 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, 2020 are as follows:

	Equipment
2021	\$ 462
2022	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. Government assistance

During the year, the Association received government assistance from the Government of Canada related to the COVID-19 pandemic in the form of wage and rent subsidies. The Association received \$113,594 under the Canada Emergency Wage Subsidy and \$764 under the Canada Emergency Rent Subsidy. Amounts are not repayable.

CANADIAN WATER AND WASTEWATER ASSOCIATION

Notes to the Financial Statements

December 31, 2020, with comparative figures for 2019

10. Changes in non-cash working capital balances

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

	2020	2019
Accounts receivable	\$ 1,841	\$ 17,951
Prepaid expenses	(2,351)	(12,575)
Accounts payable and accrued liabilities	(72,534)	82,428
Deferred contributions	(18,821)	18,762
	<u>\$ (91,865)</u>	<u>\$ 106,566</u>

11. 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, 2020.

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 2019.

12. COVID-19

During the year, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. The outbreak resulted in a reduction of event initiatives which negatively impacted the revenues in the year ended December 31, 2020. Since the duration and impact of the COVID-19 outbreak is unknown at this time, it is not possible to predict the future financial impact on the Association.