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Financial Statements of

**CANADIAN WATER AND
WASTEWATER ASSOCIATION**

December 31, 2021

June 23, 2022

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, 2021, and the statements of changes in net assets, 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, 2021, 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 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.

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 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 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.

A handwritten signature in black ink that reads 'Henry Warren LLP'. The signature is written in a cursive style with a large initial 'H' and 'W'.

HENDRY WARREN LLP
Chartered Professional Accountants
Licensed Public Accountants
Ottawa, Ontario

CANADIAN WATER AND WASTEWATER ASSOCIATION

Statement of Financial Position

December 31, 2021, with comparative figures for 2020

	2021	2020
Assets		
Current assets		
Cash	\$ 471,326	\$ 221,508
Short-term investments (Note 2)	-	207,923
Accounts receivable (Note 3)	6,731	16,485
Prepaid expenses	32,852	34,160
	510,909	480,076
Capital assets (Note 4)	123,825	128,841
	\$ 634,734	\$ 608,917
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 79,120	\$ 56,939
Deferred contributions (Note 5)	40,209	44,457
	119,329	101,396
Long-term debt (Note 6)	60,000	40,000
	179,329	141,396
Commitments (Note 7)		
Net assets		
Unrestricted net assets	265,580	272,680
Internally restricted net assets (Note 8)	66,000	66,000
Invested in capital assets	123,825	128,841
	455,405	467,521
	\$ 634,734	\$ 608,917

Approved on behalf of the Board:

Director

CANADIAN WATER AND WASTEWATER ASSOCIATION

Statement of Changes in Net Assets

Year ended December 31, 2021, with comparative figures for 2020

	2021	2020
Unrestricted net assets		
Balance, beginning of year	\$ 272,680	\$ 207,869
Net (deficiency) revenue for the year	(12,116)	59,794
Transfer to net assets invested in capital assets	5,016	5,017
Balance, end of year	265,580	272,680
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	128,841	133,858
Amortization	(5,016)	(5,017)
Balance, end of year	123,825	128,841
	\$ 455,405	\$ 467,521

CANADIAN WATER AND WASTEWATER ASSOCIATION

Statement of Operations

Year ended December 31, 2021, with comparative figures for 2020

	2021	2020
Revenue		
Membership fees	\$ 446,936	\$ 439,117
Other income	42,070	40,221
Conferences	28,323	5,958
Government assistance (Note 9)	25,776	114,358
Corporate sponsorship	18,644	19,884
Interest	939	2,902
	562,688	622,440
Expenses		
Amortization	5,016	5,015
Conferences	5,820	1,710
Contract and professional services	81,000	81,644
Insurance	4,125	3,951
Meetings	129	543
Memberships	6,732	6,563
Miscellaneous	5,115	3,745
Office	4,240	5,951
Office occupancy	12,354	12,521
Personnel	420,488	403,736
Printing, duplicating and translation	4,570	5,492
Project expenses	5,282	13,916
Publicity and promotion	6,682	7,007
Telephone and fax	8,995	8,093
Training	1,290	-
Travel	2,966	2,759
	574,804	562,646
Net (deficiency) revenue	\$ (12,116)	\$ 59,794

CANADIAN WATER AND WASTEWATER ASSOCIATION

Cash Flow Statement

Year ended December 31, 2021, with comparative figures for 2020

	2021	2020
Operating activities		
Net (deficiency) revenue	\$ (12,116)	\$ 59,794
Non-cash item:		
Amortization expense	5,016	5,015
Changes in non-cash working capital balances (Note 10)	28,995	(91,865)
Cash provided by (used in) operating activities	21,895	(27,056)
Investing activities		
Proceeds from disposal of short-term investments	207,923	205,643
Acquisition of short-term investments	-	(207,923)
Cash provided by (used in) investing activities	207,923	(2,280)
Financing activities		
Long-term borrowings	20,000	40,000
Cash provided by financing activities	20,000	40,000
Increase in cash	249,818	10,664
Cash, beginning of year	221,508	210,844
Cash, end of year	\$ 471,326	\$ 221,508

CANADIAN WATER AND WASTEWATER ASSOCIATION

Notes to the Financial Statements

December 31, 2021, with comparative figures for 2020

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 and corporate sponsorships are 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.
- 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, 2021, with comparative figures for 2020

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 amount of certain accounts payable and accrued liabilities.

Financial instruments

Measurement of financial instruments

The Association initially measures its financial assets and liabilities at fair value.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for short-term 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 any 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 any reversal is recognized in net revenue.

CANADIAN WATER AND WASTEWATER ASSOCIATION

Notes to the Financial Statements

December 31, 2021, with comparative figures for 2020

Financial instruments (continued)

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

	2021	2020
GIC held by Scotiabank, interest rate at 0.35% per year, matured October 22, 2021	\$ -	\$ 207,923

3. Accounts receivable

At December 31, 2021, accounts receivable includes \$1,555 (2020: \$Nil) of government remittances receivable and \$Nil (2020: \$11,170) of government assistance receivable.

4. Capital assets

	2021		2020	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Building	\$ 186,847	\$ 63,484	\$ 123,363	\$ 128,031
Office furniture	2,780	2,318	462	810
	\$ 189,627	\$ 65,802	\$ 123,825	\$ 128,841

CANADIAN WATER AND WASTEWATER ASSOCIATION

Notes to the Financial Statements

December 31, 2021, with comparative figures for 2020

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 members 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 contributions for the year consists of the following:

	2021			
	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	14,000	11,400	(14,000)	11,400
IWSFG funds held	18,228	2,197	(5,282)	15,143
Registration fees	5,123	6,560	(5,123)	6,560
	\$ 44,457	\$ 20,157	\$ (24,405)	\$ 40,209

CANADIAN WATER AND WASTEWATER ASSOCIATION

Notes to the Financial Statements

December 31, 2021, with comparative figures for 2020

6. Long-term debt

	2021	2020
Canada Emergency Business Account loan, non-interest bearing, due December 31, 2023 with 33% loan forgiveness if repaid in full by the maturity date, after which point the loan is extended an additional 2-year term, bearing interest at a rate of 5%, repayable at any time without penalty	\$ 60,000	\$ 40,000

7. Commitments

The Association has commitments relating to expenses for the 2022 and 2023 Canadian Water and Wastewater Association National Conferences. At a minimum, this commitment totals \$404,242 for the fiscal years ending December 31, 2022 and December 31, 2023. 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, 2021 are as follows:

	Equipment
2022	\$ 116

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 \$25,776 (2020: \$113,594) under the Canada Emergency Wage Subsidy, and \$Nil (2020: \$764) under the Canada Emergency Rent Subsidy. Amounts are not repayable.

CANADIAN WATER AND WASTEWATER ASSOCIATION

Notes to the Financial Statements

December 31, 2021, with comparative figures for 2020

10. Changes in non-cash working capital balances

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

	2021	2020
Accounts receivable	\$ 9,754	\$ 1,841
Prepaid expenses	1,308	(2,351)
Accounts payable and accrued liabilities	22,181	(72,534)
Deferred contributions	(4,248)	(18,821)
	\$ 28,995	\$ (91,865)

11. Related party transactions

Young Water Professionals Canada (YWP) is the Canadian chapter of an international organization that supports the careers of young individuals entering the water sector. The Canadian Water and Wastewater Association holds all of the funds of YWP on their behalf. Accordingly, all of YWP's revenues are collected by the Association, and all of YWP's expenses are paid for by the Association. The total amount of funds held by the Association on YWP's behalf at year-end is \$21,774 (2020: \$15,910). This amount has been included in accounts payable and accrued liabilities.

12. 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, 2021.

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 2020.

13. COVID-19

The COVID-19 pandemic continued to have an effect on how the Association operated in 2021. The Association was yet again unable to host an in-person annual conference as was the case in 2020. These conferences have traditionally been a significant source of revenue for the Association. The Association has still been able to hold virtual webinar events during the year to help offset the negative impact of not being able to hold an in-person annual conference. In addition, the Association expects to hold an in-person conference during the 2022 fiscal year in anticipation of reduced gathering restrictions which were put in place as a result of the pandemic. An estimate of the potential impact of the pandemic on future periods was not practicable to compute at the time of reporting.