

The background of the entire page is a photograph of ocean waves. The top portion shows a blue sky and the surface of the water. A large, solid blue rectangular block is positioned in the upper left, containing the title. Below this block, the image shows a large, curling wave with white foam, moving towards the right. The bottom of the page is a solid blue bar containing the logo and name of the Canadian Water Network.

2022-2023 Financial Statements

**Canadian Water Network Inc. /
Réseau canadien de l'eau Inc.**
Financial Statements
March 31, 2023

To the Board of Directors of Canadian Water Network Inc. / Réseau canadien de l'eau Inc.:

Opinion

We have audited the financial statements of Canadian Water Network Inc. / Réseau canadien de l'eau Inc. (the "Organization"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations and net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2023, 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 Organization 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 opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

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.

Waterloo, Ontario

June 20, 2023

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Canadian Water Network Inc./Réseau canadien de l'eau Inc.


Statement of financial position

As at March 31

	2023	2022
	\$	\$
Assets		
Current assets		
Cash	1,392,521	1,099,784
Accounts receivable	57,555	62,908
Prepaid expenses	48,900	46,032
Total assets	1,498,976	1,208,724
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	229,960	137,236
Unearned revenue (note 3)	880,051	701,250
Total current liabilities	1,110,011	838,486
Net assets		
Unrestricted	388,965	370,238
Total liabilities and net assets	1,498,976	1,208,724

See accompanying notes

On behalf of the Board:



Director



Director

Canadian Water Network Inc./Réseau canadien de l'eau Inc.

Statement of operations and net assets

For the year ended March 31

	2023	2022
	\$	\$
Revenue		
Contracts	133,446	81,118
Government grants (note 7)	87,739	59,310
Amortization of Municipal Water Consortium Membership fees (note 3)	1,153,750	1,167,250
Other	10,029	2,098
	1,384,964	1,309,776
Expenses		
Personnel	1,145,926	1,176,561
Operating	154,941	180,528
National conference	-	200
Project and reports	24,422	2,133
Contracts	40,948	-
	1,366,237	1,359,422
Excess (deficiency) of revenue over expenses	18,727	(49,646)
Net assets, beginning of year	370,238	419,884
Net assets, end of year	388,965	370,238

See accompanying notes

Canadian Water Network Inc./Réseau canadien de l'eau Inc.

Statement of cash flows

For the year ended March 31

	2023	2022
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses	18,727	(49,646)
Deduct non-cash items		
Amortization of Municipal Water Consortium Membership fees (note 3)	(1,182,451)	(1,119,750)
	(1,163,724)	(1,169,396)
Changes in non-cash working capital		
Decrease in accounts receivable	5,353	23,308
(Increase) decrease in prepaid expenses	(2,868)	38,229
Increase in accounts payable and accrued liabilities	92,724	27,425
Unearned revenue received in the year (note 3)	1,361,252	1,052,250
Cash provided by operating activities	292,737	(28,184)
Increase (decrease) in cash during the year	292,737	(28,184)
Cash, beginning of year	1,099,784	1,127,968
Cash, end of year	1,392,521	1,099,784

See accompanying notes

Canadian Water Network Inc./Réseau canadien de l'eau Inc.

NOTES TO FINANCIAL STATEMENTS

1. Description

Canadian Water Network Inc./Réseau canadien de l'eau Inc. ("CWN") commenced operations on March 1, 2001, was incorporated under the Canada Corporations Act on August 7, 2003, and was issued a Certificate of Continuance under the Canada Not-for-Profit Corporations Act on October 10, 2014. CWN and its operations are an independent not-for-profit organization, funded through various sources, focused on development and mobilization of strategic water research and decision-making information.

CWN's mission is to nurture national partnerships that mobilize multidisciplinary research and water management practices, catalyzing innovation that provides practical, implementable solutions to complex water resource management issues. CWN fulfils its mission by establishing multi-sector partnerships of water users and managers, and developing and mobilizing initiatives on water-related issues of priority to these partners. CWN relies on the expertise of leading Canadian researchers and practitioners to support its programs, and works closely with governments and industry to determine priorities through various mechanisms including multi-sectoral consortia, focused regional or national initiatives, and targeted projects with single end users.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, which constitutes generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized below.

Revenue recognition

CWN follows the deferral method of accounting to recognize revenue for contributions.

"Contracts" are recognized as revenue in the year when received or receivable, if the amount to be received has been committed in the year, can be reasonably estimated, and collection is reasonably assured. Advance payments received for contracts are recorded as "unearned revenue" in the statement of financial position when all or a portion of the related work has not yet been completed. Unearned revenue related to contracts is recognized as revenue in the statement of operations and net assets in the year in which expenses related to these contracts are incurred.

Revenue from registration and sponsorship fees received for the National Blue Cities conference is recorded as "unearned revenue" in the statement of financial position when received prior to the fiscal year in which it is held. Revenues are recognized in the statement of operations and net assets through "conference" in the year in which the related conference is held. During the year ended March 31, 2023 and 2022, the Organization did not recognize any revenue from conferences.

Membership fees are recorded as "unearned revenue" in the statement of financial position and recognized as "amortization of Municipal Water Consortium Membership fees" in the statement of operations and net assets on a straight-line basis over the membership period when the fees have been committed and can be reasonably estimated, and collection is reasonably assured.

Government grants are recognized when the eligibility criteria for the subsidies is met.

NOTES TO FINANCIAL STATEMENTS

2. Summary of significant accounting policies (*continued*)

Contributed services

The University of Waterloo provides office space to the Organization at no cost. Contributions of materials and services are not recorded in the financial statements due to the difficulty in determining their fair value.

Expenses

“Personnel” expenses represent costs related to salaries and benefits of all permanent and fixed-term contract staff.

“Operating” expenses represent the cost of operations including administrative, travel, meetings, communications, marketing, audit, legal, and staff training and development costs other than those directly related to the Blue Cities National Conference or the delivery and operations of projects, reports, or externally funded grants and contracts.

“National Conference” expenses represent the costs, other than salary and benefits of permanent and short-term contract staff, of developing and delivering CWN’s annual national conference.

“Projects and reports” expenses represent the non-salary or benefits costs of researching, developing, or producing outputs related to topic areas of interest.

“Contracts” expenses represent the non-salary or benefits costs of fulfilling the requirements of externally funded grants and contracts.

All expenses are recorded on an accrual basis of accounting.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the organization becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost. When there is evidence of impairment, the value of these financial instruments is written down to the estimated net realizable value through the statement of financial position.

NOTES TO FINANCIAL STATEMENTS

2. Summary of significant accounting policies (*continued*)

Financial instruments (*continued*)

CWN recognizes any impairment losses through the statement of financial position when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of financial position in the period in which the reversal occurs.

Government grants

Government grants are recognized in the statement of operations and net assets on a systematic basis over the periods in which the Organization recognizes expenses as related costs for which funded expenditures are incurred. Government grants are recognized when there is reasonable assurance that the Organization will comply with the terms and conditions associated with the grants and the grants will be received. Government grants are recognized in government grants on the statement of operations and net assets.

Use of estimates

The preparation of 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Accounts payable and accrued liabilities are based on management's expectation of amounts payable for goods and services for which invoices were not received prior to the year end.

NOTES TO FINANCIAL STATEMENTS

3. Unearned revenue

During the year ended March 31, 2023, CWN received \$1,361,252 (2022 - \$1,052,250) in fees related to joining the Municipal Water Consortium Membership program, for registration or sponsorship of the National Blue Cities conference occurring in the following fiscal year or as advances for contribution agreements. Most memberships run on a calendar year basis. Included in fees recognized during the year is \$1,182,451 (2022 - \$1,119,750) of Municipal Water Consortium Membership fees recognized in the statement of operations and net assets.

	2023 \$	2022 \$
Balance, beginning of year	701,250	768,750
Add		
Fees received during the year	1,361,252	1,052,250
Less		
Fees recognized during the year	1,182,451	1,119,750
Balance, end of year	880,051	701,250

4. Income taxes

CWN is a not-for-profit organization under Section 149 of the *Income Tax Act* (Canada) and is therefore exempt from income taxes.

5. Nature and extent of financial risks

It is management's opinion that CWN is not exposed to significant interest rate risk, credit risk, currency risk, liquidity risk or other price risks arising from its financial instruments.

CWN does not have a significant exposure to any individual customer or counterparty.

6. Capital management

In managing capital and operating needs, CWN focuses on liquid resources available for operations. CWN's objective is to have sufficient liquid resources on hand to continue operating and to provide it with the flexibility to capitalize on opportunities to further support the community. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at March 31, 2023, CWN has met its objective of having sufficient liquid resources to meet its current obligations.

NOTES TO FINANCIAL STATEMENTS

7. Government grants

In response to the negative economic impact of the novel coronavirus, and associated respiratory disease ("COVID-19"), the Government of Canada announced the Canada Emergency Wage Subsidy ("CEWS") and Temporary Wage Subsidy ("TWS"). The CEWS and TWS programs provide a wage subsidy on eligible remuneration, subject to limits per employee, to eligible employers. CEWS is based on certain criteria, including demonstration of certain revenue declines as a result of COVID-19. CWN has recognized a total of \$nil (2022 - \$46,103) of CEWS in government grants on the statement of operations and net assets. TWS is based on certain criteria, including payment of eligible remuneration to an eligible employee from the period of March 18 to June 19, 2020. CWN has recognized a total of \$nil (2022 - \$13,207) of TWS in government grants on the statement of operations and net assets.

During the year ended March 31, 2023 CWN received grants from certain government agencies including Indigenous Services Canada ("ISC"), National Collaborating Centre for Infectious Diseases ("NCCID"), and Public Health Agency of Canada ("PHAC").

A breakdown of the revenue generated with respect to the government grants by funder or program is as follows:

	March 31, 2023					
	ISC	NCCID	PHAC	CEWS	TWS	Total
Government grants	13,700	25,000	49,039	-	-	87,739

	March 31, 2022					
	ISC	NCCID	PHAC	CEWS	TWS	Total
Government grants	-	-	-	46,103	13,207	59,310

Meet our Board of Directors 2022-2023



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Management Inc.



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