

2023-2024 Financial Statements



**Canadian Water Network Inc. /
Réseau canadien de l'eau Inc.**
Financial Statements
March 31, 2024

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, 2024, 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, 2024, 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

July 9, 2024

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

MNP

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

Statement of financial position

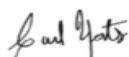
As at March 31

	2024	2023
	\$	\$
Assets		
Current assets		
Cash	1,254,474	1,392,521
Accounts receivable	212,940	57,555
Prepaid expenses	27,593	48,900
Total assets	1,495,007	1,498,976
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	232,830	229,960
Unearned revenue (note 3)	832,670	880,051
Total current liabilities	1,065,500	1,110,011
Net assets		
Unrestricted	429,507	388,965
Total liabilities and net assets	1,495,007	1,498,976

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

	2024	2023
	\$	\$
Revenue		
Contracts	95,953	133,446
Government grants and other contributions (note 7)	374,024	87,739
Amortization of Municipal Water Consortium Membership fees (note 3)	1,170,000	1,153,750
Conference fees	185,842	-
Other	53,725	10,029
	1,879,544	1,384,964
Expenses		
Personnel	1,338,796	1,145,926
Operating	130,602	154,941
National conference	209,831	-
Project and reports	4,735	24,422
Contracts	155,038	40,948
	1,839,002	1,366,237
Excess of revenue over expenses	40,542	18,727
Net assets, beginning of year	388,965	370,238
Net assets, end of year	429,507	388,965

See accompanying notes

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

Statement of cash flows

For the year ended March 31

	2024	2023
	\$	\$
Operating activities		
Excess of revenue over expenses	40,542	18,727
Deduct non-cash items		
Amortization of Municipal Water Consortium Membership fees (note 3)	(1,162,551)	(1,182,451)
	(1,122,009)	(1,163,724)
Changes in non-cash working capital		
(Increase) decrease in accounts receivable	(155,385)	5,353
Decrease (increase) in prepaid expenses	21,307	(2,868)
Increase in accounts payable and accrued liabilities	2,870	92,724
Unearned revenue received in the year (note 3)	1,115,170	1,361,252
Cash (used in) provided by operating activities	(138,047)	292,737
(Decrease) increase in cash during the year	(138,047)	292,737
Cash, beginning of year	1,392,521	1,099,784
Cash, end of year	1,254,474	1,392,521

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.

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 and other grants are recognized when the eligibility criteria for the subsidies are met.

Other revenue is recognized when reasonable assurance with regards to measurement and collectability have been obtained.

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 and other 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, 2024, CWN received \$1,115,170 (2023 - \$1,361,252) 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 \$1,162,551 (2023 - \$1,182,451) of Municipal Water Consortium Membership fees recognized in the statement of operations and net assets.

	2024 \$	2023 \$
Balance, beginning of year	880,051	701,250
Add		
Fees received during the year	1,115,170	1,361,252
Less		
Fees recognized during the year	1,162,551	1,182,451
Balance, end of year	832,670	880,051

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, 2024, CWN has met its objective of having sufficient liquid resources to meet its current obligations.

NOTES TO FINANCIAL STATEMENTS

7. Government grants

During the years ended March 31, 2024 and March 31, 2023, CWN received grants and subsidies from certain government agencies including Indigenous Services Canada (“ISC”), the Department of Canadian Heritage (“DCH”), 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:

					<i>March 31, 2024</i>
	ISC	DCH	NCCID	PHAC	Total
Government grants	36,301	4,750	-	262,973	304,024
					<i>March 31, 2023</i>
	ISC	DCH	NCCID	PHAC	Total
Government grants	13,700	-	25,000	49,039	87,739

Meet our Board of Directors 2023-2024



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Carl Yates
Yates Water
Management Inc.



Susan Ancel
EPCOR Water
Services Inc.



Albert Cho
Xylem Inc.



Andrew Farr
Halton Region



**Theresa
McClenaghan**
Canadian
Environmental Law
Association



Cheryl Nelms
Metro Vancouver



Ricky Soni
KPMG





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