

2021–22 Annual Report



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Message from the Chair and the Chief Executive Officer

The Walkerton Clean Water Centre (the Centre), in pursuit of its vision to become an accessible centre of excellence in one water, continued to strengthen its programs to provide education, training, information and advice to drinking water professionals across Ontario over the course of the 2021–22 fiscal year.

During the past year, the Centre continued to provide support to water professionals in First Nations communities. Three sessions of *Entry-Level Course for Drinking Water Operators for First Nations*, three virtual sessions of *Managing Drinking Water Systems in First Nations Communities* and two virtual sessions of specialized courses were delivered to help support the improvement of water in First Nations communities.

The Centre also continued to develop and deliver mandatory training on behalf of the Ministry of the Environment, Conservation and Parks (the Ministry) and specialized training for drinking water professionals across Ontario. Classroom, correspondence and virtual courses were successfully delivered to 6,727 participants in more than 380 course sessions. Almost 70 per cent of these were delivered virtually to safely meet the needs of drinking water professionals. The Centre successfully introduced three new courses: *Distribution Fundamentals: Maintaining Water Stability*; *Working with Pressurized Equipment*; and *Responsibilities Under the Statutory Standard of Care — Safe Drinking Water Act*. The Centre also completed updates to 12 existing courses, optimizing them for virtual delivery.

The Centre's Technology Demonstration Facility served as a platform for pilot testing services. Eight pilot testing projects were completed and seven more were underway at the end of the year to provide site-specific information on source water quality, treatment performance and alternative treatment technologies. Technical tours were provided to 87 individuals to share information about the equipment and operational requirements necessary to ensure that water is safe. The Centre also produced 13 publications during the 2021–22 fiscal year to help enhance knowledge transfer and share information throughout the water industry.

We would like to take this opportunity to acknowledge all of those who contributed to the Centre's continued success: the Ministry who provided assistance and financial support; the Board of Directors who oversaw the Centre's operations; the Centre staff who were dedicated to fulfilling our mission; and the drinking water professionals whose hard work safeguarded Ontario's water resources.



Mike Smith
Chair, Board of Directors



Brian Bates, M.B.A., B.Sc.
Chief Executive Officer

Corporate Profile

The Centre, a board-governed operational service agency of the Government of Ontario, was established in October 2004 in response to Associate Chief Justice Dennis O'Connor's recommendations in the Report of the Walkerton Inquiry. The Centre coordinates and provides education, training and information to drinking water system owners, operators, operating authorities and the public, across Ontario.

The Centre aims to meet the needs of drinking water professionals by delivering a comprehensive range of training across Ontario. This includes specialized courses and the three mandatory courses required for certification in Ontario – *Entry-Level Course for Drinking Water Operators*; *Operation of Small Drinking Water Systems*; and *Mandatory Certificate Renewal Course (2021-2023)* – which are administered and delivered by the Centre on behalf of the Ministry. The Centre also collaborates with the Province on initiatives to improve water in First Nations communities.

The Technology Demonstration Facility, with its laboratory and water treatment and distribution technologies, facilitates hands-on training and pilot testing providing education, information and advice on water treatment and distribution technologies, operational requirements and environmental issues related to water.

A Helpline and Drinking Water Resource Library help improve the understanding of common drinking water issues. The Helpline allows clients and the public to contact the Centre with technical questions related to drinking water treatment, operational requirements or environmental factors. Knowledgeable staff respond to questions free of charge. The Drinking Water Resource Library is an online library containing more than 5,000 Centre-vetted resources on topics of importance to water professionals.

The Centre assesses research gaps and needs and may sponsor research that contributes to its objects.

Mission

To educate and support clients as they manage their water systems to safeguard water resources.

Vision

To become an accessible “Centre of Excellence in One Water”.

Objects

Ontario Regulation 304/04, made under the *Development Corporations Act*, defines the Centre’s objects, which the Centre delivers independently or in conjunction with other organizations:

-  To co-ordinate and deliver education and training for owners, operators and operating authorities of drinking water systems.
-  To provide information, education and advice to owners, operators and operating authorities of drinking water systems and to the public about,
 - i. the treatment of water necessary to ensure that drinking water is safe,
 - ii. the equipment and technology used to ensure that drinking water is safe,
 - iii. the operational requirements necessary to ensure that drinking water is safe, and
 - iv. other environmental issues related to drinking water.
-  To sponsor research into any activities related to its objects.
-  To provide advice to the Minister of the Environment, Conservation and Parks (Minister) on research and development priorities to achieve and maintain safe drinking water.
-  To conduct such further activities, consistent with its objects, as are described in any policy direction issued by the Minister or as set out in any agreement with the Minister.

Accountability and Operations Frameworks

The Centre is governed by Ontario Regulation 304/04, made under the *Development Corporations Act*, the Centre's bylaw, and a Memorandum of Understanding between the Minister and the Centre. The Centre is committed to public transparency and accountability to the people of Ontario, and it achieves its objects from within the bounds of all applicable acts, regulations, policies and directives.

In accordance with Ontario Regulation 304/04, and the Agencies and Appointments Directive, the Centre must submit an annual report, which includes the Centre's audited financial statements and is part of the Centre's accountability structure. The Centre submits the report to the Minister, who tables it in the Ontario legislature. Subsequently, the report is posted in English and French on the Centre's website, wcwc.ca.

The Agencies and Appointments Directive also requires the Centre to prepare an annual business plan. During the 2021–22 fiscal year, the Board of Directors oversaw the development and implementation of a new three-year business plan, which included a review of risks, performance measures and outcomes.

The Board of Directors is responsible for ensuring that there is an annual external audit of the Centre's operations and financial transactions as required by both Ontario Regulation 304/04 and the Memorandum of Understanding. The annual audit was completed by BDO Canada LLP and is subject to review by the Office of the Auditor General of Ontario. In addition, the Ministry reviews the Centre's operations at least once every three years and the Minister may request an additional audit at any time.

In addition to this accountability framework, the Centre is responsible for developing and implementing policies and procedures to ensure the transparency and accountability of its operations.

Corporate Governance

The Lieutenant Governor in Council, on the advice of the Minister, appoints the Centre's Board of Directors, comprised of up to 12 members. Members hold office for terms of up to three years and are eligible for reappointment for successive terms. The Board of Directors is accountable to the Ontario legislature through the Minister and, under the leadership of the Chair, is responsible for overseeing the management of the Centre's operations. The Board of Directors met regularly during the 2021–22 fiscal year and attended two three-hour virtual training sessions, *Indigenous Awareness* and *Indigenous Relations*, delivered by Indigenous Corporate Training Inc. Individuals who served on the Board of Directors during the 2021–22 fiscal year included:

Mike Smith, Chair

Member since: August 29, 2019

Current term: August 29, 2019–August 28, 2022

Total 2021–22 remuneration: \$4,800.00

Lorri Bova, M.Eng., P.Eng.

Member since: February 8, 2018

Current term: May 20, 2021–May 19, 2022

Total 2021–22 remuneration: \$1,650.00

Kari-Anne Cornwall

Member since: March 21, 2018

Current term: April 1, 2021–February 9, 2022

Total 2021–22 remuneration: \$1,512.50

Noel Kerin

Member since: January 7, 2021

Current term: January 7, 2021–January 6, 2024

Total 2021–22 remuneration: \$1,512.50

Alan Boucher

Member since: May 6, 2021

Current term: May 6, 2021–May 5, 2024

Total 2021–22 remuneration: \$3,300.00

Scott Carter

Member since: November 28, 2019

Current term: November 28, 2019–November 27, 2022

Total 2021–22 remuneration: \$2,475.00

Andrew Henry, P.Eng.

Member since: May 6, 2015

Current term: May 6, 2020–May 5, 2023

Total 2021–22 remuneration: \$3,437.50

Kimberly Mitchell, P.Eng.

Member since: May 6, 2021

Current term: May 6, 2021–May 5, 2024

Total 2021–22 remuneration: \$2,200.00

Ann Mulvale

Member since: May 13, 2021

Current term: May 13, 2021–May 12, 2024

Total 2021–22 remuneration: \$2,200.00

Stephen Spitzig, CPA, CMA

Member since: October 12, 2004

Current term: November 5, 2019–November 4, 2022

Total 2021–2022 remuneration: \$2,475.00

Delbert (Deb) Shewfelt

Member since: April 10, 2013

Current term: April 10, 2020–April 9, 2023

Total 2021–22 remuneration: \$3,437.50

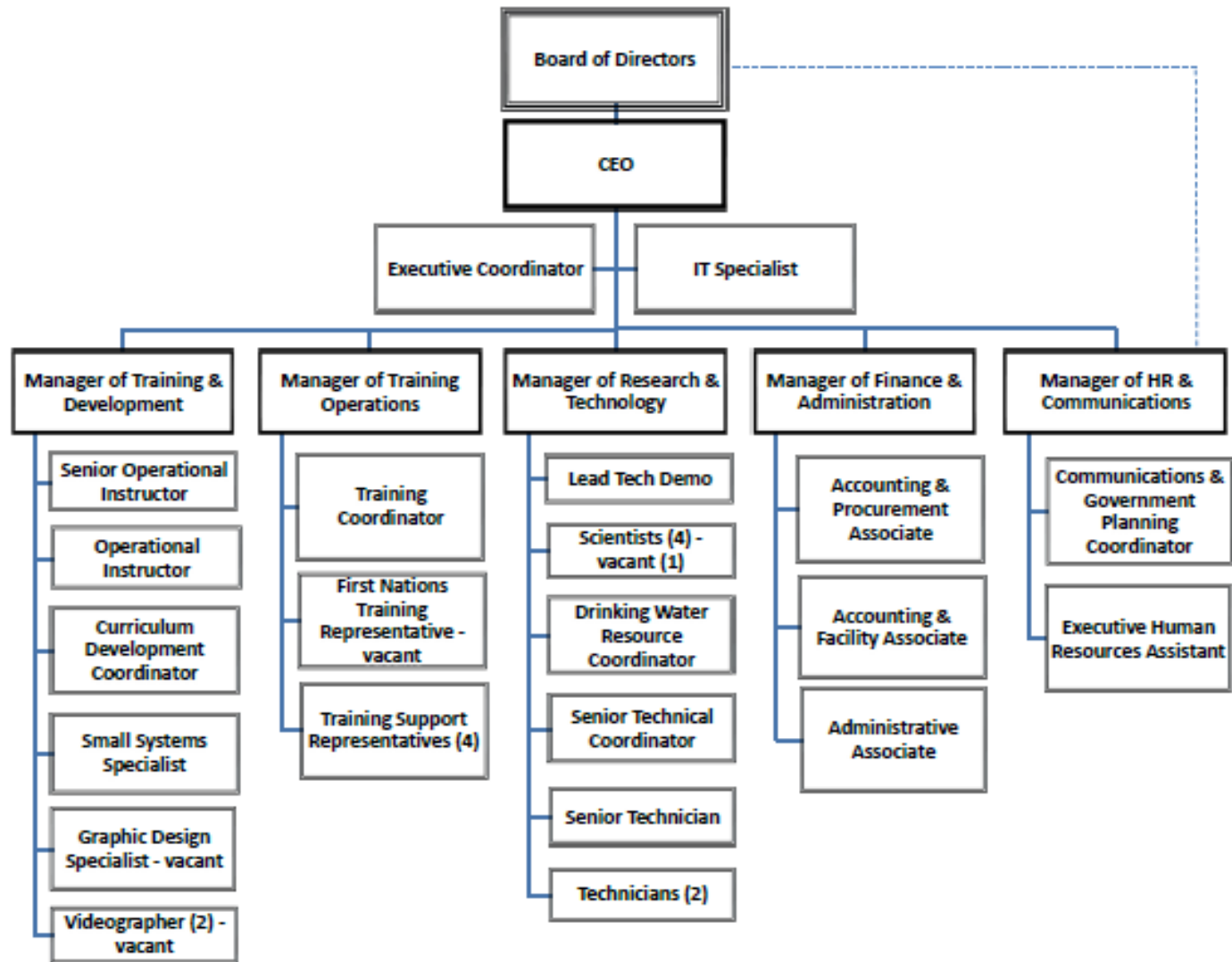
Mitch Twolan

Member since: May 27, 2021

Current term: May 27, 2021–May 26, 2024

Total 2021–22 remuneration: \$1,375.00

Organization Chart



As of March 31, 2022

Goals and Strategic Directions

The Centre's three-year business plan outlines its direction for the future, while making the best use of available resources to deliver on its goals. During the 2021–22 fiscal year, the Centre strengthened existing programs and developed new initiatives to help ensure safe drinking water across Ontario. This annual report describes the Centre's progress towards reaching these goals:

1. Improving client access and engagement
2. Assessing and proactively pursuing new opportunities
3. State-of-the-art curriculum and delivery
4. Enhanced organizational effectiveness

Impact of the COVID-19 Pandemic on Operations and Performance

The COVID-19 pandemic continued to impact the world over the course of the 2021–22 fiscal year, and the Centre was not immune. Although the Centre continued to modify some of its services in response to the pandemic, it was able to serve its clients through virtual and in-person training, pilot testing services, the Drinking Water Resource Library and the Helpline.

Where possible, training for operators of First Nations water systems was delivered virtually. Three sessions of *Managing Drinking Water Systems in First Nations Communities* were delivered virtually, meeting the target set for the year; however, the Centre had also set a target to deliver four specialized course sessions. Due to restricted access to First Nations communities, the Centre was only able to deliver two sessions. Both were well-received by participants.

Restrictions associated with the COVID-19 pandemic led to fewer training participants than expected during the 2021–22 fiscal year. Although virtual training sessions, introduced in May 2020, continued to be very popular, classroom sessions did not return to pre-pandemic levels. Through dedicated efforts, and following stringent safety protocols, the Centre successfully provided training to 6,727 participants through both classroom and virtual training options, 13 per cent less than its target. It is expected that the number of training participants will return to pre-pandemic levels during the 2022–23 fiscal year as the demand for in-person training options increases.

The temporary closure of the Technology Demonstration Facility to the public impacted the number of technical tours provided during the 2021–22 fiscal year. The shift toward virtual training led to fewer visitors to the Technology Demonstration Facility. The Centre was also unable to host its annual celebration of World Water Day for local school children, which usually attracts approximately 500 guests. The program offering three days of hands-on training to postsecondary students enrolled in Ontario colleges that offer *Entry-Level Course for Drinking Water Operators* was also adversely impacted. Five planned sessions were cancelled due to the ongoing COVID-19 pandemic.

Although many Centre initiatives were modified due to the ongoing pandemic, the Centre continued to provide valuable services in a safe and accessible manner.

Summary of Performance

The 2021–22 mandate letter from the Minister to the board Chair set out expectations for the Centre to focus on:

-  Coordinating and delivering a comprehensive range of high-quality education and training across Ontario, with a focus on addressing drinking water system vulnerabilities.
-  Delivering relevant training to operators of First Nations drinking water systems throughout the province and supporting initiatives that contribute to the improvement of drinking water for First Nations communities.
-  Making programs available to First Nations managers and community leadership.
-  Providing the information and advice to clients provincewide that is necessary to help ensure that drinking water is safe.
-  Assessing research gaps and needs and, when required, collaborating on high-priority research into activities related to the mandate.

In response to the mandate letter, the Centre provided education and training to drinking water systems owners, operators, operating authorities and the public. A range of high-quality mandatory and specialized training was delivered to 6,727 participants across Ontario. This includes the three mandatory courses required for certification in Ontario – *Entry-Level Course for Drinking Water Operators*; *Operation of Small Drinking Water Systems*; and *Mandatory Certificate Renewal Course (2021-2023)* – which are administered and delivered by the Centre on behalf of the Ministry. Since its inception, the Centre has provided training to more than 101,000 participants.

The Centre supported operators and managers of First Nations drinking water systems and elected political leaders through the delivery of three sessions of both *Entry-Level Course for Drinking Water Operators for First Nations* and *Managing Drinking Water Systems in First Nations Communities*, as well as two specialized course sessions.

Information and advice were provided to clients through pilot testing services, the Helpline and the Drinking Water Resource Library. Eight pilot projects were completed for clients across Ontario, which provided information on source water quality, treatment performance and alternative treatment technologies. The Helpline and the Drinking Water Resource Library helped to improve clients' understanding of common water issues.

Goal: Improving Client Access and Engagement

Performance Indicator: Support for Operators of First Nations Water Systems

Performance Targets

-  Deliver three sessions of *Entry-Level Course for Drinking Water Operators for First Nations*
-  Deliver three sessions of *Managing Drinking Water Systems in First Nations Communities*
-  Deliver four specialized course sessions

Results

-  Three sessions of *Entry-Level Course for Drinking Water Operators for First Nations* were delivered
-  Three sessions of *Managing Drinking Water Systems in First Nations Communities* were delivered
-  Two specialized course sessions were delivered

Funded by the Ministry, the Centre and its collaborator, Keewaytinook Okimakanak, delivered three sessions of *Entry-Level Course for Drinking Water Operators for First Nations*. Each session was a two-week initiative with one week of supervised self-study and one week of hands-on training. The curriculum was tailored specifically to the experience of operators in First Nations communities and training was provided at no cost to participants.

The Centre also delivered three virtual sessions of *Managing Drinking Water Systems in First Nations Communities*. These sessions provided information related to the components of effective water system management, resources and practical tools for Chiefs and councils, managers and supervisors responsible for water systems.

Two virtual specialized course sessions were also coordinated and delivered to operators of First Nations water systems. Going forward, the Centre will continue to provide training to contribute to the improvement of drinking water in First Nations communities.

Performance Indicator: Publications

Performance Targets

-  Produce 13 publications including refereed publications, external presentations and pilot project reports

Results

-  Thirteen publications were produced, including technical presentations at Ontario's Water Conference & Trade Show and pilot project reports posted on the Drinking Water Resource Library

Following is a summary of the publications released during the fiscal year:

Technical presentations at Ontario's Water Conference & Trade Show, April 2021

-  Practical Reduction of Arsenic from Groundwater – Two Towns with Two Different Solutions.
-  Reducing Chlorinated Disinfection By-Products in Drinking Water: Pilot Testing Experiences in Ontario First Nation Communities.
-  The Reduction of Organics and Disinfection By-Products in Red Rock Indian Band's Drinking Water Supply.

Pilot project reports posted on the Drinking Water Resource Library

-  A Study to Investigate Alternative Secondary Disinfection Methods and Disinfection By-Product Formation in the Community's Drinking Water Supply.
-  A Study to Monitor and Reduce Disinfection By-Products in a First Nation's Drinking Water Supply.
-  A Study to Reduce Disinfection By-Products in a First Nation Community's Drinking Water Supply.
-  Chloride Sulfate Mass Ratio Bench-Scale Testing.
-  Chlorine Demand and Decay and Simulated Distribution System Disinfection By-Product Testing for a Large Municipal Residential System in Ontario.
-  Coagulant Review Bench-Scale Testing.
-  Effect of Chlorine Detention Times on Disinfection By-Products.

-  Optimizing Regeneration Process of Greensand Filtration to Reduce Disinfection By-Products.
-  Reducing Disinfection By-Product Precursors to Control Trihalomethanes in a Large Municipal Residential Drinking Water System.
-  Reduction of Iron and Hydrogen Sulfide from a Well System Using Oxidation and Filtration.

Going forward, the Centre will continue to make information available through various channels, including publications, fact sheets, technical presentations and the Drinking Water Resource Library, to improve knowledge transfer and support the individuals who help keep Ontario's drinking water safe.

Goal: Assessing and Proactively Pursuing New Opportunities

Performance Indicator: Pilot Testing Services

Performance Targets

-  Complete seven pilot projects

Results

-  Eight pilot projects were completed and seven more were underway as of March 31, 2021

Through pilot projects, the Centre provides information on source water quality, treatment performance and alternative treatment technologies for clients across Ontario as they address site-specific challenges. The following pilot projects were completed during the fiscal year:

-  A water distribution system with a long detention time experienced occurrences of N-nitrosodimethylamine, a disinfection by-product. The Centre conducted bench-scale experiments and on-site sampling to assess N-nitrosodimethylamine formation potential and control strategies for the client.
-  Bench-scale testing to assess disinfection by-product formation at increasing detention times and pilot testing of different treatment strategies to remove disinfection by-product precursors, with a focus on bromide, were conducted for a client experiencing increased levels of disinfection by-products in treated water.
-  Chlorine decay and simulated distribution system disinfection by-product bench-scale testing was completed for a client.
-  Chlorine decay bench-scale testing was conducted at the request of a client who was considering increased reservoir storage volume, which may increase water age. Experiments were completed on-site.
-  Coagulant review bench-scale testing was completed as an extension to a previous pilot project completed by the Centre.
-  High levels of arsenic requiring treatment were present in a client's water system. Bench-scale and on-site pilot experiments to address arsenic reduction were completed for the client.
-  Increased levels of disinfection by-products were present in a water treatment system. The Centre completed bench- and pilot-scale testing to investigate the effect of chlorine and potassium permanganate on greensand regeneration and disinfection by-product formation.

-  Source water high in dissolved organics was leading to high levels of disinfection by-products in a client's treated water. The Centre completed bench-scale testing of two types of granular activated carbon so the client could address the elevated levels of disinfection by-products.

Clients who participate in pilot projects can use the results to engage further with professional engineering firms and consultants to address site-specific vulnerabilities. Results may also contribute to the Centre's development of new courses or be used to improve existing training. Results are also shared through conference presentations, articles in industry publications, technical fact sheets and pilot project reports, which are posted on the Drinking Water Resource Library.

During the 2021–22 fiscal year, several upgrades were completed at the Technology Demonstration Facility and laboratory to allow the Centre to expand its pilot testing services. These additions helped the Centre better serve the needs of Ontario's communities as they looked to optimize and improve their drinking water systems:

-  A rapid small-scale column test was purchased to allow staff to quantify contaminant treatment and estimate the adsorption capacity of media in less time while using much less water. Using a scaled filter bed with ground down media, the long-term treatment effectiveness and lifespan of filter media can be estimated.
-  An investment in a new incubator and refrigerator have made it possible to store more water samples at precise temperatures, accurately mimicking real-world conditions for simulated distribution system testing.
-  An ion chromatography machine, capable of testing 15 water quality parameters, was installed to provide significant time and cost savings while yielding more precise results. Previously, the Centre had performed traditional wet chemistry tests for some of these parameters and outsourced others.
-  Stirred cell test units to enable proof-of-concept testing on ultrafiltration, nanofiltration, and reverse osmosis membranes were purchased. Stirred cells are scaled membrane filtration systems used for bench-scale testing. These units use pressurized nitrogen gas to move sample water through the membrane.

Goal: State-of-the-Art Curriculum and Delivery

Performance Indicator: Training Participants

Performance Targets

 Train 7,700 participants

Results

 Training was provided to 6,727 participants

Course	Participants 2019–20 Fiscal Year	Participants 2020–21 Fiscal Year	Participants 2021–22 Fiscal Year	Three-year Cumulative Total
<i>Entry-Level Course for Drinking Water Operators</i>	341 *	223 *	333 *	897 *
<i>Safe Drinking Water Operator Essentials</i> (classroom)	792	-- **	-- **	792
<i>Safe Drinking Water Operator Essentials</i> (correspondence)	259	358	-- **	617
<i>Mandatory Certificate Renewal Course (2021-2023)</i> (classroom)	-- **	914	1,560	2,474
<i>Mandatory Certificate Renewal Course (2021-2023)</i> (correspondence)	-- **	-- **	526	526
<i>Operation of Small Drinking Water Systems</i> (correspondence)	667	653	629	1,949
<i>Operation of Small Drinking Water Systems</i> (online)	807	966	807	2,580
<i>Operation of Small Drinking Water Systems</i> (classroom)	34	0	0	34
SUBTOTAL: MANDATORY COURSES	2,900	3,114	3,855	9,869
Specialized courses	2,846	1,648	2,521	7,015
<i>Responsibilities Under the Statutory Standard of Care — Safe Drinking Water Act</i>	641	18	85	744
<i>Municipal Drinking Water Licensing Program</i> (classroom)	208	76	266	550
SUBTOTAL: NON-MANDATORY COURSES	3,695	1,742	2,872	8,309
TOTAL	6,595	4,856	6,727	18,178

* Includes participants in *Entry-Level Course for Drinking Water Operators for First Nations*.

** This summary illustrates the transition from the mandatory certificate renewal course, *Safe Drinking Water Operator Essentials*, to *Mandatory Certificate Renewal Course (2021-2023)*, which was launched January 1, 2021. Operators require this mandatory course to renew their certification every three years.

Performance Indicator: Hands-on Courses

Performance Targets

-  Offer three new or refreshed hands-on courses, with two sessions delivered within 12 months of launch

Results

-  Three new courses were introduced: *Distribution Fundamentals: Maintaining Water Stability*; *Working with Pressurized Equipment*; and *Responsibilities Under the Statutory Standard of Care — Safe Drinking Water Act*. There were eight, 10 and four sessions delivered within 12 months of launch, respectively

During the 2021–22 fiscal year, the Centre continued to offer a variety of specialized training. Due to restrictions associated with the COVID-19 pandemic, the Centre temporarily shifted its focus from hands-on training and instead introduced three new courses that could be offered through virtual delivery. In addition to the new courses, the Centre made significant updates to 12 existing courses, optimizing them for virtual delivery. Sixty-two virtual sessions and 15 classroom sessions of these courses were delivered.

The Centre also continued to offer a variety of courses designed specifically for the owners and operators of small drinking water systems, such as *Advanced for Small Drinking Water Systems*, *Basics for Small Drinking Water Systems*, *Best Practices for Small Systems* and *Small System Fundamentals*.

Support for 36 students from four Ontario colleges was also provided through hands-on training in the Technology Demonstration Facility. These students were each enrolled in one of the Ontario colleges that deliver the Ministry’s mandatory *Entry-Level Course for Drinking Water Operators* as part of their curriculum. Five more sessions were planned but cancelled due to the COVID-19 pandemic.

Performance Indicator: Technical Tours of the Technology Demonstration Facility

Performance Targets

 Provide technical tours to 300 individuals

Results

 The Centre provided technical tours to 87 individuals

The Centre's Technology Demonstration Facility reflects the variety of water treatment and distribution technologies used in Ontario. The temporary closure of the facility to the public due to the COVID-19 pandemic impacted the Centre's activities, and during the 2021–22 fiscal year, 87 individuals received technical tours focussing on the equipment and operational requirements necessary to ensure that drinking water is safe. It is expected that the number of technical tours will return to pre-pandemic levels during the 2022–23 year due to increased in-person training and events.

Goal: Enhanced Organizational Effectiveness

Performance Indicator: Training Quality – Quality Assurance Index

Performance Targets

-  Maintain a quality assurance index of >0.850

Results

-  The quality assurance index was 0.946 of a maximum score of 1.000

The Centre — committed to training excellence and continuous improvement — maintains a quality assurance index to monitor the satisfaction of training participants. The score is calculated from participants' course evaluations that rate instructors, course content and overall course satisfaction.

The quality assurance index for the 2021–22 fiscal year was 0.946 out of a possible 1.000. The quality assurance index indicates that, for all courses combined, 94.6 per cent of survey respondents provided an overall course rating of good or excellent from the options: very poor; poor; fair; good; and excellent.

A number of other factors also contribute to the Centre's high-quality training:

-  Instructors are required to pass a two-day train-the-trainer workshop that includes a practical evaluation of their ability to deliver training.
-  Participant feedback forms are collected after every training session and compiled to provide a rating for each session.
-  New curricula are developed based on input from a range of sources, including training participants and industry standards.

The Centre will continue to uphold training quality standards and measure its performance through the quality assurance index.

Analysis of Financial Performance

Responsibility for Financial Information

The Board of Directors and Centre management are responsible for the financial performance of the Centre. The Board of Directors reviewed and approved the financial statements and all information presented in this annual report.

External Audit

BDO Canada LLP audited the Centre's financial statements for the 2021–22 fiscal year. The chartered accountant's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with public sector accounting standards. The auditor's report outlined the scope of the firm's examination and opinion.

The Board of Directors' Finance and Audit Committee met with the external auditor to review any issues that needed to be identified in the audit and reviewed the audited financial statements and the external auditor's report.

Revenue

During the 2021–22 fiscal year, the Centre generated revenues of \$2,298,919, an increase of approximately 56 per cent from the previous fiscal year. This increase resulted from a return to a more typical number of training participants and associated training registration fees once a wide variety of virtual courses were available and restrictions associated with the COVID-19 pandemic had been lifted. This increase in training participants applied to both mandatory and specialized courses.

The Centre also received a transfer payment from the Government of Ontario of \$3,000,000 during the 2021–22 fiscal year.

Expenses

Total expenditures for the 2021–22 fiscal year were \$5,629,496, an increase of approximately nine per cent from the 2020–21 fiscal year. This increase can be attributed to two major contributors. The first is the increase in training expenses by 33 percent, which was expected due to increased training volume. The second contributor was a one-time payment of \$191,999 to Ontario Infrastructure and Lands Corporation for the purchase of an adjacent property that will allow the Centre room to expand in the future.

The Centre continues to use internal financial management controls to regulate overall expenditures.

Balance Sheet

The Centre continues to be in a strong financial position. The March 31, 2022 net asset balance of \$7,636,799 will enable the Centre to continue to contribute to water education, training and pilot testing across Ontario, and plan effectively for future initiatives.

Appendix A: Independent Auditor's Report

Walkerton Clean Water Centre
Financial Statements
For the year ended March 31, 2022

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Independent Auditor's Report

To the Directors of Walkerton Clean Water Centre

Opinion

We have audited the financial statements of the Walkerton Clean Water Centre (the Entity), which comprise the statement of financial position as at March 31, 2022 and the statements of changes in net assets, operations 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 Entity as at March 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 Entity 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 these financial statements in accordance with Canadian public sector accounting standards, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Walkerton, Ontario
June 7, 2022

Walkerton Clean Water Centre Statement of Financial Position

March 31	2022	2021
Assets		
Current		
Cash	\$ 5,066,009	\$ 5,650,599
Accounts receivable	260,841	228,247
Prepaid expenses	79,243	99,550
	<u>5,406,093</u>	<u>5,978,396</u>
Investments (Note 2)	2,027,590	2,027,615
Capital assets (Note 3)	1,227,849	1,087,333
	<u>\$ 8,661,532</u>	<u>\$ 9,093,344</u>
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 393,992	\$ 337,951
Deferred revenue (Note 4)	606,732	836,890
	<u>1,000,724</u>	<u>1,174,841</u>
Deferred capital contributions (Note 5)	24,009	29,523
	<u>1,024,733</u>	<u>1,204,364</u>
Commitments (Note 6)		
Net Assets	<u>7,636,799</u>	<u>7,888,980</u>
	<u>\$ 8,661,532</u>	<u>\$ 9,093,344</u>

On behalf of the Board:



Director



Director

Walkerton Clean Water Centre Statement of Changes in Net Assets

<u>For the year ended March 31</u>	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 7,888,980	\$ 8,504,306
Excess of expenses over revenue for the year	<u>(252,181)</u>	<u>(615,326)</u>
Balance, end of year	<u>\$ 7,636,799</u>	<u>\$ 7,888,980</u>

Walkerton Clean Water Centre Statement of Operations

For the year ended March 31	2022	2021
Revenue (Page 7)	\$ 5,298,919	\$ 4,472,473
Expenses (Page 7)	<u>5,629,496</u>	<u>5,186,120</u>
Excess of expenses over revenue before interest and other income	(330,577)	(713,647)
Interest and other income	78,396	99,177
Gain (loss) on disposal of capital assets	<u>-</u>	<u>(856)</u>
Excess of expenses over revenue for the year	<u>\$ (252,181)</u>	<u>\$ (615,326)</u>

Walkerton Clean Water Centre Schedule of Revenue and Expenses

For the year ended March 31	2022	2021
Revenue		
Province of Ontario transfer payment (Note 7)	\$ 3,000,000	\$ 3,000,000
Province of Ontario transfer payment - First Nations	226,431	180,671
Training registrations	2,072,488	1,291,802
	<u>\$ 5,298,919</u>	<u>\$ 4,472,473</u>
Expenses		
Advertising and promotion	\$ 22,992	\$ 26,733
Amortization of capital assets, net	224,115	243,032
Audit and legal	15,450	19,000
Bad debts	340	1,590
Bank and payroll charges	12,607	11,806
Conferences	11,543	594
Consulting services	28,851	44,935
Director fees	30,375	15,913
Employee benefits (Note 9)	766,775	679,909
Insurance	33,105	29,058
Office	115,956	118,437
Ontario Infrastructure and Lands Corporation transfer payment	191,999	-
Professional development	21,813	22,589
Recruitment	8,543	2,164
Rent	604,778	615,415
Repairs and maintenance	64,398	81,852
Research projects	4,878	25,475
Salaries	2,615,551	2,600,456
Sponsorships	20,500	11,450
Subscriptions and memberships	19,057	16,323
Telephone	10,701	8,954
Training	769,180	579,769
Travel	7,331	222
Vehicle	3,510	2,091
Website and communications	25,148	28,353
	<u>\$ 5,629,496</u>	<u>\$ 5,186,120</u>

Walkerton Clean Water Centre Statement of Cash Flows

For the year ended March 31	2022	2021
Net inflow (outflow) of cash related to the following activities:		
Operating		
Excess of expenses over revenue	\$ (252,181)	\$ (615,326)
Items not involving cash:		
Amortization of capital assets, net	224,115	243,032
Loss on disposal of capital assets	-	856
	<u>(28,066)</u>	<u>(371,438)</u>
Changes in non-cash working capital balances (Note 8)	<u>(186,404)</u>	<u>(149,050)</u>
	<u>(214,470)</u>	<u>(520,488)</u>
Investing		
Purchase of investments and interest reinvested	-	(2,035,022)
Redemption of investments	25	2,087,417
	<u>25</u>	<u>52,395</u>
Capital		
Acquisition of capital assets	<u>(370,145)</u>	<u>(234,263)</u>
Net decrease in cash during the year	(584,590)	(702,356)
Cash, beginning of year	<u>5,650,599</u>	<u>6,352,955</u>
Cash, end of year	<u>\$ 5,066,009</u>	<u>\$ 5,650,599</u>

Walkerton Clean Water Centre

Notes to Financial Statements

March 31, 2022

1. Summary of Significant Accounting Policies

Nature and Purpose of Organization

The Walkerton Clean Water Centre is an operational service agency of the Province of Ontario and was established on October 1, 2004 under the authority of The Development Corporation Act.

In accordance with the act, the Centre's objects are to:

- a) Coordinate and deliver training for drinking water system owners, operators and operating authorities.
- b) Provide advice to the Minister of the Environment, Conservation and Parks on high-priority research to achieve safe drinking water.
- c) Sponsor drinking water research within the Centre's mandate.
- d) Make technical, scientific and regulatory information related to making safe drinking water more readily available including information about the statutory standard of care.

The Centre is exempt from Federal and Provincial income taxes.

Basis of Presentation

The financial statements of the Centre have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board (PSAB for Government NPOs).

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances and guaranteed investment certificates with a duration of less than 90 days from the date of acquisition.

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at the estimated fair market value upon donation.

Labour and benefit expenses directly attributable to internally developed course curriculums are capitalized accordingly.

Amortization is based on the estimated useful life of the asset and is calculated with a half year provision as follows:

Computer equipment	- 33% declining balance
Computer software	- 50% declining balance
Course curriculums	- 15% declining balance
Leasehold improvements	- 20% declining balance
Office furniture and equipment	- 20% declining balance
Signs	- 20% declining balance
Technical equipment	- 20% declining balance
Vehicles	- 20% declining balance

Walkerton Clean Water Centre Notes to Financial Statements

March 31, 2022

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition Transfer payments are recognized when the amount is known, collectability is reasonably assured and stipulations have been met. Revenue from training registrations is recognized when payment is receivable and the course has been completed. Interest revenue is recognized as it is earned over the period of investment. Donation revenue is recognized once the Centre has possession of the goods donated.

Restricted transfer payments for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Financial Instruments The Centre classifies its financial instruments as either fair value or amortized cost. The Centre's accounting policy for each category is as follows:

Fair Value

The category includes cash and investments that are quoted in an active market. They are initially recognized at cost and subsequently carried at fair value. Changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs related to financial instruments in the fair value category are expensed as incurred.

When a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the statement of operations.

Amortized Cost

This category includes accounts receivable, and accounts payable and accrued liabilities. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Writedowns on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the writedown being recognized in the statement of operations.

Walkerton Clean Water Centre

Notes to Financial Statements

March 31, 2022

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with PSAB for Government NPOs 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 revenues and expenses during the reporting period. Actual results could differ from these estimates. Areas of key estimation include determination of the allowance for doubtful accounts, estimated useful life of capital assets, and impairment of curriculum rights.

2. Investments

	2022	2021
Royal Bank of Canada GIC, 1.67%, due June 2023	<u>\$ 2,027,590</u>	<u>\$ 2,027,615</u>

3. Capital Assets

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 303,690	\$ 244,474	\$ 296,394	\$ 217,345
Computer software	149,427	137,996	140,636	130,979
Course curriculums	1,069,777	716,633	1,005,341	660,986
Leasehold improvements	176,535	73,005	108,000	55,840
Office furniture and equipment	376,344	343,645	376,344	335,789
Signs	51,041	48,232	51,041	47,529
Technical equipment	3,484,803	2,886,000	3,263,715	2,782,584
Vehicles	135,782	69,565	135,782	58,868
	<u>\$ 5,747,399</u>	<u>\$ 4,519,550</u>	<u>\$ 5,377,253</u>	<u>\$ 4,289,920</u>
Net book value		<u>\$ 1,227,849</u>		<u>\$ 1,087,333</u>

During the year capital assets amounting to \$370,145 (2021 - \$234,263) were acquired by the centre. All of this amount was acquired by the means of cash.

Walkerton Clean Water Centre Notes to Financial Statements

March 31, 2022

4. Deferred Revenue

	First Nations Grant	Training Registrations	2022	2021
Balance, beginning of year	\$ 410,088	\$ 426,802	\$ 836,890	\$ 916,282
Contributions received	-	423,075	423,075	412,081
Recognized in year	(226,431)	(426,802)	(653,233)	(491,473)
	<u>\$ 183,657</u>	<u>\$ 423,075</u>	<u>\$ 606,732</u>	<u>\$ 836,890</u>

The First Nations Grant is from the Ministry of the Environment, Conservation and Parks. This payment is to be tracked separately and used for the training of First Nation operators.

The deferred training registrations are money that has been received for courses that will take place in a later fiscal year.

5. Deferred Capital Contributions

Deferred capital contributions represent restricted contributions received for the purchase of depreciable capital assets. These contributions are recognized as a reduction of amortization expense on the statement of operations calculated on a diminishing balance basis consistent with the amortization rate of the related class of assets.

Changes in the deferred capital contributions balance during the year are as follows:

	2022	2021
Balance, beginning of year	\$ 29,523	\$ 36,328
Amortization of contributions	(5,514)	(6,805)
Balance, end of year	<u>\$ 24,009</u>	<u>\$ 29,523</u>

Walkerton Clean Water Centre Notes to Financial Statements

March 31, 2022

6. Commitments

Walkerton Clean Water Centre has entered into two operating leases for equipment. The first lease will end in October of 2023 and has monthly payments of \$96. The second lease will end November 2023 and has monthly payments of \$31. Further, the Centre has entered into a lease agreement with Ontario Infrastructure and Lands Corporation. This lease will end March 2023 and has monthly lease payments of \$56,908 until June 30, 2022, and then payments of \$56,688 until March 31, 2023.

The minimum annual lease payments on the building and equipment for the next two fiscal years are as follows:

2023	\$	682,439
2024	\$	920

7. Transfer Payments

During the year, the Centre was granted \$3,000,000 (2021 - \$3,000,000) in transfer payments from the Province of Ontario.

8. Statement of Cash Flows

The change in non-cash working capital balances is made up as follows:

	2022	2021
Accounts receivable	\$ (32,594)	\$ (82,358)
Prepaid expenses	20,307	(12,024)
Accounts payable and accrued liabilities	56,041	24,724
Deferred revenue	(230,158)	(79,392)
	<u>\$ (186,404)</u>	<u>\$ (149,050)</u>

9. Pension Plan

The Centre provides pension benefits for all its full-time employees through participation in the Public Service Pension Plan which is a multi-employer defined benefit pension plan administered by the Ontario Pension Board. This plan is accounted for as defined contribution plan, as the Centre has insufficient information to apply defined benefit accounting to the plan. The Centre's contribution related to the pension plan for the period was \$261,834 (2021 - \$215,518) and is included in employee benefits in the statement of revenue and expenditures. As this is a multi-employer pension plan, these contributions are the Centre's pension benefit expenses. No pension liability for this type of plan is included in the Centre's financial statements. As of December 31, 2021, the Public Service Pension Plan had a year end deficit of \$852 million (2020 - \$3.46 billion) per their audited financial statements.

Walkerton Clean Water Centre Notes to Financial Statements

March 31, 2022

10. Financial Instrument Risk Management

The Centre is exposed to various risks through its financial instruments. The following analysis provides a measure of the Centre's risk exposure and concentrations as at March 31, 2022.

Credit Risk

Credit risk is the risk of financial loss to the Centre if a debtor fails to make payments of interest and principal when due. The Centre is exposed to this risk relating to its cash and accounts receivable. The Centre holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the Walkerton Clean Water Centre cash accounts are insured up to \$100,000 (2021 - \$100,000).

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: interest rate risk, currency risk, and equity risk. The Centre is not exposed to significant currency risk or equity risk as it does not transact materially in foreign currency or hold significant equity financial instruments.

Interest Rate Risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

The Centre is exposed to this risk through its interest bearing investments.

At March 31, 2022, a 1% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the fair value of the guaranteed investment certificates of \$20,000 (2021 - \$20,000).

Liquidity Risk

Liquidity risk is the risk that the Centre will not be able to meet all cash outflow obligations as they come due. The Centre mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Walkerton Clean Water Centre Notes to Financial Statements

March 31, 2022

11. COVID-19

COVID-19 had a devastating effect on the global economy in fiscal year 2020-2021 and this continued into 2021-2022 and the Centre was not completely immune. The Centre's mandate primarily requires hands-on training throughout the province. Not only were hands-on sessions extremely limited by provincial and local health orders, but travel to the many training locations within the province was also curtailed. The restrictions resulted in some revenue losses which flowed to the bottom line. Restrictions were eased throughout the current fiscal year and have since been completely lifted.
