

2022–23 Annual Report



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Message from the Chair and the Chief Executive Officer

The 2022–23 fiscal year was another successful year for the Walkerton Clean Water Centre (the Centre) as it continued to strengthen its programs to coordinate and provide education, training, information and advice to drinking water system owners, operators, operating authorities, and the public, across Ontario.

During the past year, the Centre developed, coordinated and delivered mandatory training on behalf of the Ministry of the Environment, Conservation and Parks (the Ministry) and specialized training for drinking water professionals. In-person, correspondence, virtual and e-learning courses were provided to 7,916 participants. Self-directed e-learning was introduced to allow participants to study at their own pace, including *Introduction to Wells and Responsibilities Under the Statutory Standard of Care — Safe Drinking Water Act*. The Centre also introduced the new courses: *Case Studies in Chemical Contamination*; *Conversion Math*; and *Disinfection: Sodium Hypochlorite*. A number of courses were also refreshed to ensure that curricula were current and met clients' needs. The Centre's quality assurance program ensured that standards were upheld for all training initiatives and the quality assurance index indicated that 95.1 per cent of survey respondents provided overall course ratings of good or excellent.

The Centre also continued to support First Nations communities in their efforts to improve drinking water. In collaboration with Keewaytinook Okimakanak, four sessions of *Entry-Level Course for Drinking Water Operators for First Nations* were delivered. The Centre also delivered seven sessions of *Managing Drinking Water Systems in First Nations Communities* to provide information related to effective water system management to Chiefs and councils, managers and supervisors responsible for water systems. Twenty specialized course sessions were also delivered to operators of First Nations water systems to provide the specific information they needed to optimize their drinking water systems.

The Centre's Technology Demonstration Facility served as a platform for pilot testing services. Nine pilot projects were completed and 10 more were underway at the end of the fiscal year to provide site-specific information on source water quality, treatment performance and alternative treatment technologies. Technical tours were provided to 363 course participants, postsecondary and high school students to share information about the equipment and operational requirements necessary to ensure that drinking water is safe. The Centre also produced 12 publications and 13 videos during the 2022–23 fiscal year to help enhance knowledge transfer.

We would like to acknowledge all those who have made this year's accomplishments possible. We thank the Ministry for providing assistance and financial support, the Board of Directors for overseeing the Centre's operations, Centre staff for their dedication to our mission, and the drinking water professionals whose hard work helps to safeguard Ontario's drinking water.



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 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. 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 on initiatives to improve drinking 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. The Centre also assesses research gaps and may sponsor research projects that contribute to its objects.

The Helpline and the Drinking Water Resource Library, maintained by the Centre, help to improve the understanding of common drinking water issues. The Helpline allows clients and the public to contact knowledgeable Centre staff with technical questions related to drinking water treatment, operational requirements or environmental factors. The Drinking Water Resource Library is an online library containing a variety of resources for water professionals, all vetted by Centre staff. These resources are available at no charge to increase information sharing and knowledge transfer.

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 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 may review 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 develops and implements 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 2022–23 fiscal year. Individuals who served on the Board of Directors during the 2022–23 fiscal year included:

Mike Smith, Chair

Member since: August 29, 2019

Current term: September 15, 2022–September 14, 2025

Total 2022–23 remuneration: \$2,100.00

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

Member since: February 8, 2018

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

Total 2022–23 remuneration: \$0.00

Andrew Henry, P.Eng.

Member since: May 6, 2015

Current term: May 6, 2020–May 5, 2023

Total 2022–23 remuneration: \$1,962.50

Kimberly Mitchell, P.Eng.

Member since: May 6, 2021

Current term: May 6, 2021–May 5, 2024

Total 2022–23 remuneration: \$1,787.50

Alan Boucher

Member since: May 6, 2021

Current term: May 6, 2021–May 5, 2024

Total 2022–23 remuneration: \$1,787.50

Scott Carter, CET

Member since: November 28, 2019

Current term: February 16, 2023–February 15, 2026

Total 2022–23 remuneration: \$1,650.00

Noel Kerin

Member since: January 7, 2021

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

Total 2022–23 remuneration: \$1,375.00

Ann Mulvale

Member since: May 13, 2021

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

Total 2022–23 remuneration: \$1,787.50

Delbert (Deb) Shewfelt

Member since: April 10, 2013

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

Total 2022–23 remuneration: \$1,375.00

Mitch Twolan

Member since: May 27, 2021

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

Total 2022–23 remuneration: \$962.50

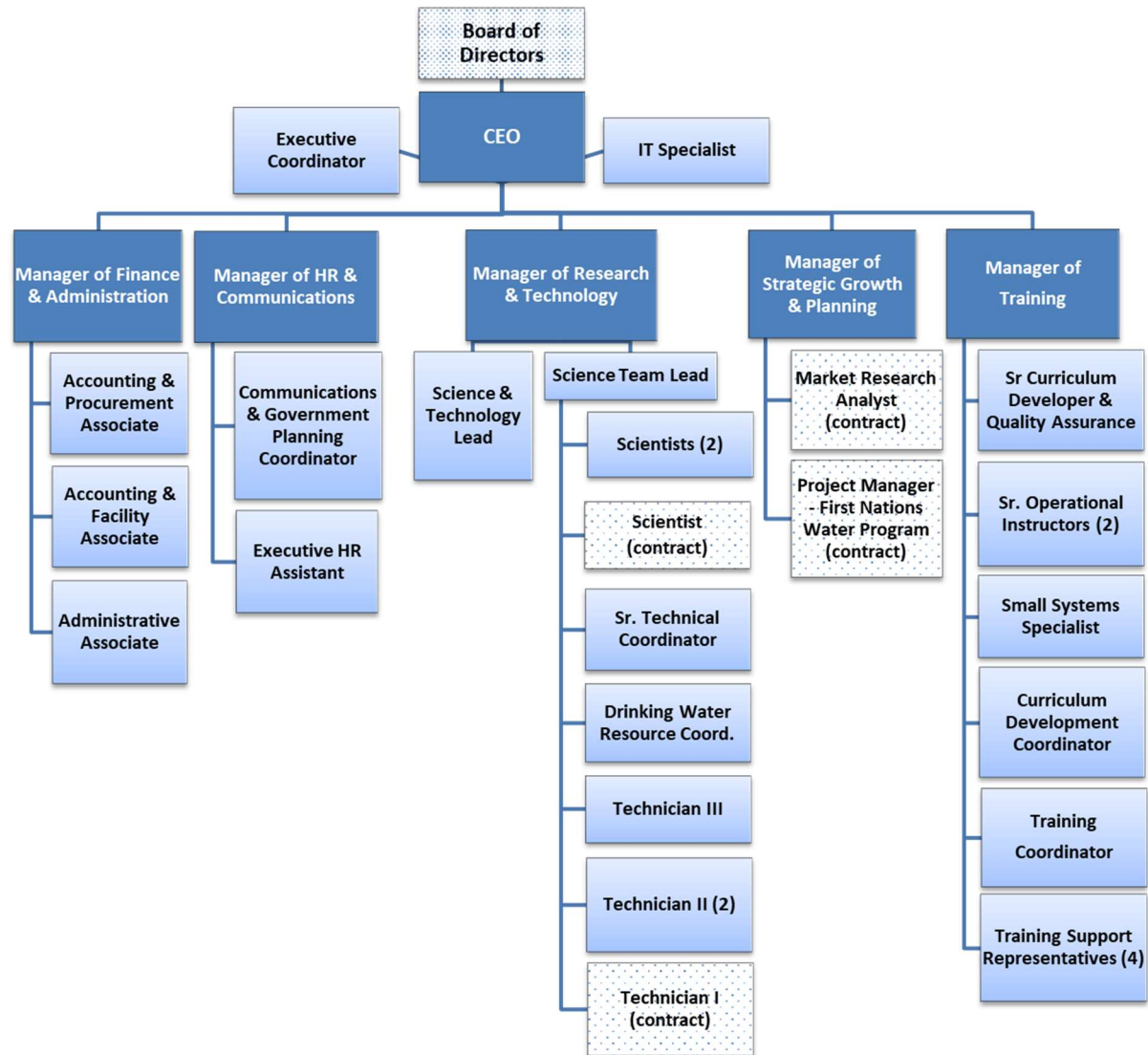
Stephen Spitzig, CPA, CMA

Member since: October 12, 2004

Current term: January 17, 2020–January 16, 2023

Total 2022–2023 remuneration: \$1,100.00

Organization Chart



As of March 31, 2023

Goals and Strategic Directions

The Centre's three-year business plan, which is completed on an annual basis, outlines its direction for the future, while making the best use of available resources to deliver on its goals. During the 2022–23 fiscal year, the Centre continued to strengthen its programs 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

Summary of Performance

The mandate letter from the Minister to the board Chair for the 2022–23 fiscal year 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.
-  Using the Centre’s existing funds to expand relevant training and services 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. The Centre is to make programs available for First Nations managers and community leadership as well.
-  Providing necessary information and advice to clients provincewide to help ensure that drinking water is safe.
-  Assessing vulnerable water systems and, when required, collaborating with system owners and operators to resolve operational challenges, through applied research and piloting solutions.

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 7,916 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 nearly 110,000 participants.

The Centre supported operators and managers of First Nations drinking water systems and political leaders through the delivery of four sessions of *Entry-Level Course for Drinking Water Operators for First Nations*, seven sessions of *Managing Drinking Water Systems in First Nations Communities* and 20 specialized course sessions.

Information and advice were provided to clients through the Helpline, the Drinking Water Resource Library and pilot testing services. The Helpline allowed clients and the public to contact knowledgeable Centre staff with technical questions related to drinking water treatment, operational requirements and/or environmental factors. The Drinking Water Resource Library is an online library containing a variety of resources for water professionals, all vetted by Centre staff. These resources are available at no charge to help improve clients’ understanding of common water issues.

Through pilot projects, the Centre provided information on source water quality, treatment performance and alternative treatment technologies for vulnerable water systems. Nine pilot projects were completed to help clients address their site-specific challenges and 10 more were underway at the end of the 2022–23 fiscal year.

The Centre recognized a need to get closer to customers and hear what they need, how they like to learn, whether gaps in services exist and if there are any barriers to accessing services. As a result, the Centre designed a lean department that has primarily focused on customer engagement and the Centre’s strategy. During the 2022–23 fiscal year, the Centre undertook its first voice of customer research project to investigate course length and delivery mode preferences. During these semi-structured interviews, customers were also asked about any unaddressed training needs and informed about the Drinking Water Resource Library. The resultant data will help the Centre ensure that programs truly reflect client requirements. This work will be ongoing as the Centre grows and new training topics and delivery methods are developed and extended to all the Centre’s client groups, including e-learning clients outside of Ontario.

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 10 specialized course sessions

Results

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

The Centre and its collaborator, Keewaytinook Okimakanak, delivered four sessions of *Entry-Level Course for Drinking Water Operators for First Nations* to a total of 44 participants. 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. As of March 31, 2023, this course had been provided to 211 operators of First Nations water systems.

The Centre also delivered seven sessions of *Managing Drinking Water Systems in First Nations Communities* to a total of 52 participants. 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. The Centre has delivered this training to 164 participants since this course was launched in 2019.

Twenty 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: Virtual Training Delivery and E-Learning

Performance Targets

 Produce two new virtual and e-learning courses

Results

 Four new virtual and e-learning courses were introduced

The Centre introduced two new courses available through virtual delivery (*Conversion Math* and *Case Studies in Chemical Contamination*) and two e-learning courses (*Responsibilities Under the Statutory Standard of Care — Safe Drinking Water Act* and *Introduction to Wells*) to improve the accessibility of training. The Centre delivered a total of eight sessions of the new virtual courses. The e-learning courses are self-directed and available to participants on-demand. During the 2022–23 fiscal year, 112 participants registered for these courses.

Performance Indicator: Publications

Performance Targets

-  Produce 15 publications including refereed publications, external presentations and pilot project reports

Results

-  Twelve publications were produced, including presentations at conferences and pilot project reports posted on the Drinking Water Resource Library

Following is a summary of the publications released during the 2022–23 fiscal year:

Presentations at conferences

-  A Study to Reduce Disinfection By-Products in Poplar Hill First Nation's Drinking Water System. Presented at the Ontario Water Works Association Annual Conference and Tradeshow in May 2022.
-  Finding the Source of NDMA Precursors in a Chloraminated System. Presented at the Ontario Water Works Association Annual Conference and Tradeshow in May 2022.
-  The Importance of Continuing Education for Operators. Presented at the Eastern Ontario Water Works Association 65th Annual Conference in September 2022.

Pilot project reports posted on the Drinking Water Resource Library

-  Reducing Arsenic in the Shakespeare Drinking Water System.
-  Colgan Drinking Water System Bench-Scale Study.
-  Sampling and Analysis of Potential Surface Water Sources Using Conventional Jar Testing Methods for Wahta Mohawk First Nation.
-  Chlorine Demand Testing for the Palgrave-Caledon East Drinking Water System.
-  Options for the Removal of Arsenic from the Island Lake Drinking Water System.
-  The Effects of Increasing the Water Reservoir Size on Disinfection By-Product Formation in a Lake Superior, Slow Sand Water Treatment System.

-  Reducing Natural Organic Matter and Disinfection By-Products in Drinking Water.
-  A Large Municipal Residential Drinking Water System Hybrid Coagulation/Flocculation Followed by Direct Filtration Jar Test Study.
-  Bench-Scale Testing to Assess the Efficacy of Adding Granular Activated Carbon for the Reduction of Disinfection By-Products.

Although the Centre had set a target to produce 15 publications, focus was shifted to online videos over the course of the year. In addition to conference presentations and pilot testing reports, the Centre produced 13 videos that were posted on the Drinking Water Resource Library to share information in a widely accessible and engaging format. Going forward, the Centre will continue to make information available through presentations, reports and the Drinking Water Resource Library to improve knowledge transfer and support the individuals who help keep drinking water safe.

Goal: Assessing and Proactively Pursuing New Opportunities

Performance Indicator: Pilot Testing Services

Performance Targets

-  Complete eight pilot projects

Results

-  Nine pilot projects were completed during the 2022–23 fiscal year and 10 more were underway as of March 31, 2023

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:

-  Aluminum: Bench-scale studies of residual aluminum in treated water in two phases were completed for a municipal client.
-  Arsenic: Bench-scale and pilot-scale experiments for arsenic removal were conducted for a municipal client.
-  Chlorine Demand: Bench-scale testing of chlorine demand tests was conducted as part of a municipal client's project to increase the capacity of their drinking water system.
-  Disinfection By-Product Formation: A bench-scale study measured multiple chlorinated water detention times for a First Nation community that was studying the effects of increased water reservoir size on disinfection by-product formation.
-  Greensand and Nanofiltration: A First Nation community requested bench-scale and pilot-scale testing of greensand and nanofiltration.
-  Organics Reduction: Bench-scale testing to evaluate organics reduction using granular activated carbon was conducted for a First Nation community.
-  Organics Reduction and Disinfection By-Product Formation: Bench-scale testing was used to estimate the reduction of organics and disinfection by-product formation, and the associated granular activated carbon lifespan, for a First Nation community.
-  Taste and Odour Reduction: A municipal client requested pilot testing of granular activated carbon to reduce taste and odour compounds.
-  Water Quality and Chlorine Demand: Water quality parameters were measured and chlorine demand tests for three groundwater sources were completed for a First Nation community.

Clients who participated 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. Pilot project reports are posted on the Drinking Water Resource Library and results may also be shared through conference presentations, articles in industry publications and fact sheets.

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

Performance Indicator: Training Participants

Performance Targets

 Train 7,875 participants

Results

 Training was provided to 7,916 participants

Course	Participants 2020–21 Fiscal Year	Participants 2021–22 Fiscal Year	Participants 2022–23 Fiscal Year	Three-year Cumulative Total
<i>Entry-Level Course for Drinking Water Operators</i>	186	288	375	849
<i>Safe Drinking Water Operator Essentials</i> (correspondence)	358	-- *	-- *	358
<i>Mandatory Certificate Renewal Course (2021-2023)</i> (classroom)	914	1,560	906	3,380
<i>Mandatory Certificate Renewal Course (2021-2023)</i> (correspondence)	-- *	526	233	759
<i>Operation of Small Drinking Water Systems</i> (correspondence)	653	629	666	1,948
<i>Operation of Small Drinking Water Systems</i> (online)	966	807	938	2,711
<i>Operation of Small Drinking Water Systems</i> (classroom)	0	0	0	0
SUBTOTAL: MANDATORY COURSES	3,077	3,810	3,118	10,005
Specialized courses **	1,623 **	2,506 **	3,208 **	7,337 **
<i>Entry-Level Course for Drinking Water Operators for First Nations</i>	37	45	44	126
<i>Managing Drinking Water Systems in First Nations Communities</i>	25	15	52	92
<i>Responsibilities Under the Statutory Standard of Care — Safe Drinking Water Act</i>	18	85	1,245	1,348
<i>Municipal Drinking Water Licensing Program</i> (classroom)	76	266	249	591
SUBTOTAL: NON-MANDATORY COURSES	1,779	2,917	4,798	9,494
TOTAL	4,856	6,727	7,916	19,499

* 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.

** Includes participants from First Nations communities.

Performance Indicator: Hands-on Courses

Performance Targets

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

Results

-  Four new and refreshed courses were launched, with a minimum of three sessions of each delivered within 12 months

During the 2022–23 fiscal year, the Centre launched one new hands-on course, *Disinfection: Sodium Hypochlorite*, and delivered three sessions. The Centre also made significant revisions to the hands-on course, *Operation of Conventional Treatment Processes*, and delivered three sessions. The hands-on courses *Advanced for Small Drinking Water Systems (O. Reg. 319/08)* and *Water Valve Operation & Maintenance* were also refreshed and a total of 32 sessions were delivered across Ontario. These refreshed courses contribute to the variety of specialized training options available.

Support for 143 postsecondary students was also provided through hands-on training in the Technology Demonstration Facility. Of these students, 98 were 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.

Performance Indicator: Technical Tours of the Technology Demonstration Facility

Performance Targets

 Provide technical tours to 180 individuals

Results

 The Centre provided technical tours to 363 individuals

The Centre's Technology Demonstration Facility reflects the variety of water treatment and distribution technologies used in Ontario. During the 2022–23 fiscal year, 363 individuals — including course participants, postsecondary and high school students — received technical tours focussing on the equipment and operational requirements necessary to ensure that drinking water is safe.

Goal: Enhanced Organizational Effectiveness

Performance Indicator: Training Quality – Quality Assurance Index

Performance Targets

-  Maintain a quality assurance index of >0.950

Results

-  The quality assurance index was 0.951 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 2022–23 fiscal year was 0.951 out of a possible 1.000. The quality assurance index indicates that, for all courses combined, 95.1 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 2022–23 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 2022–23 fiscal year, the Centre generated revenues of \$2,481,942, an increase of approximately eight per cent from the previous fiscal year. This increase was the result of higher numbers of training registrants in specialized courses.

The Centre also received a transfer payment from the Government of Ontario of \$3,000,000 during the 2022–23 fiscal year.

Expenses

The Centre's internal financial management controls continue to effectively regulate overall expenditures. Total expenditures for the 2022–23 fiscal year were \$5,794,202, an increase of approximately three per cent from the 2021–22 fiscal year. Training expenses increased from the previous fiscal year, which was expected due to the increased training volume. Training expenses have now returned to levels similar to those prior to the COVID-19 pandemic; however, travel expenses are still reduced due to the continued focus on virtual training.

Balance Sheet

The Centre continues to be in a strong financial position. The March 31, 2023 net asset balance of \$7,484,585 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, 2023

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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, 2023 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, 2023, 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.



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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.

Chartered Professional Accountants, Licensed Public Accountants

Walkerton, Ontario
June 20, 2023

Walkerton Clean Water Centre Statement of Financial Position

March 31	2023	2022
Assets		
Current		
Cash	\$ 4,701,244	\$ 5,066,009
Accounts receivable	2,290,827	260,841
Prepaid expenses	70,462	79,243
Current portion of investments (Note 2)	<u>2,027,590</u>	<u>-</u>
	9,090,123	5,406,093
Investments (Note 2)	-	2,027,590
Capital assets (Note 3)	<u>1,232,528</u>	<u>1,227,849</u>
	<u>\$ 10,322,651</u>	<u>\$ 8,661,532</u>
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 389,773	\$ 393,992
Deferred revenue (Note 4)	<u>2,428,753</u>	<u>606,732</u>
	2,818,526	1,000,724
Deferred capital contributions (Note 5)	<u>19,540</u>	<u>24,009</u>
	<u>2,838,066</u>	<u>1,024,733</u>
Commitments (Note 7)		
Net Assets	<u>7,484,585</u>	<u>7,636,799</u>
	<u>\$ 10,322,651</u>	<u>\$ 8,661,532</u>

On behalf of the Board:



Director



Director

Walkerton Clean Water Centre Statement of Changes in Net Assets

For the year ended March 31	2023	2022
Balance, beginning of year	\$ 7,636,799	\$ 7,888,980
Shortfall of revenue over expenses for the year	<u>(152,214)</u>	<u>(252,181)</u>
Balance, end of year	<u>\$ 7,484,585</u>	<u>\$ 7,636,799</u>

Walkerton Clean Water Centre Statement of Operations

For the year ended March 31	2023	2022
Revenue (Page 7)	\$ 5,481,942	\$ 5,298,919
Expenses (Page 7)	<u>5,794,202</u>	<u>5,629,496</u>
Shortfall of revenue over expenses before interest and other income	(312,260)	(330,577)
Interest and other income	165,579	78,396
Gain (loss) on disposal of capital assets, net	<u>(5,533)</u>	-
Shortfall of revenue over expenses for the year	<u>\$ (152,214)</u>	<u>\$ (252,181)</u>

Walkerton Clean Water Centre Schedule of Revenue and Expenses

For the year ended March 31	2023	2022
Revenue		
Province of Ontario transfer payment (Note 6)	\$ 3,000,000	\$ 3,000,000
Province of Ontario transfer payment - First Nations	183,658	226,431
Training registrations	2,298,284	2,072,488
	\$ 5,481,942	\$ 5,298,919
Expenses		
Advertising and promotion	\$ 32,886	\$ 22,992
Amortization of capital assets, net	243,434	224,115
Audit and legal	15,915	15,450
Bad debts	-	340
Bank and payroll charges	13,802	12,607
Conferences	14,291	11,543
Consulting services	15,400	28,851
Director fees	15,888	30,375
Employee benefits (Note 9)	784,547	766,775
Insurance	36,906	33,105
Office	128,814	115,956
Ontario Infrastructure and Lands Corporation transfer payment	40,028	191,999
Professional development	26,010	21,813
Property maintenance	3,480	-
Recruitment	3,936	8,543
Rent	656,065	604,778
Repairs and maintenance	64,950	64,398
Research projects	1,157	4,878
Salaries	2,694,891	2,615,551
Sponsorships	8,185	20,500
Subscriptions and memberships	18,489	19,057
Telephone	12,868	10,701
Training	901,658	769,180
Travel	27,537	7,331
Vehicle	3,752	3,510
Website and communications	29,313	25,148
	\$ 5,794,202	\$ 5,629,496

Walkerton Clean Water Centre Statement of Cash Flows

For the year ended March 31	2023	2022
Net inflow (outflow) of cash related to the following activities:		
Operating		
Shortfall of revenue over expenses	\$ (152,214)	\$ (252,181)
Items not involving cash:		
Amortization of capital assets, net	243,434	224,115
Loss on disposal of capital assets	5,533	-
	<u>96,753</u>	<u>(28,066)</u>
Changes in non-cash working capital balances (Note 8)	<u>(203,403)</u>	<u>(186,404)</u>
	<u>(106,650)</u>	<u>(214,470)</u>
Investing		
Redemption of investments	<u>-</u>	<u>25</u>
Capital		
Acquisition of capital assets	<u>(258,115)</u>	<u>(370,145)</u>
Net decrease in cash during the year	(364,765)	(584,590)
Cash, beginning of year	<u>5,066,009</u>	<u>5,650,599</u>
Cash, end of year	<u>\$ 4,701,244</u>	<u>\$ 5,066,009</u>

Walkerton Clean Water Centre

Notes to Financial Statements

March 31, 2023

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, 2023

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, 2023

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

	2023	2022
Royal Bank of Canada GIC, 1.67%, due June 2023	\$ 2,027,590	\$ 2,027,590
Less amounts due within one year included in current assets	<u>2,027,590</u>	<u>-</u>
	\$ -	\$ 2,027,590

3. Capital Assets

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 322,132	\$ 266,898	\$ 303,690	\$ 244,474
Computer software	159,082	146,116	149,427	137,996
Course curriculums	1,185,578	768,943	1,069,777	716,633
Leasehold improvements	187,123	94,649	176,535	73,005
Office furniture and equipment	389,897	351,285	376,344	343,645
Signs	51,041	48,793	51,041	48,232
Technical equipment	3,525,604	2,968,905	3,484,803	2,886,000
Vehicles	135,782	78,122	135,782	69,565
	<u>\$ 5,956,239</u>	<u>\$ 4,723,711</u>	<u>\$ 5,747,399</u>	<u>\$ 4,519,550</u>
Net book value		<u>\$ 1,232,528</u>		<u>\$ 1,227,849</u>

During the year capital assets amounting to \$258,115 (2022 - \$370,145) 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, 2023

4. Deferred Revenue

	First Nations Grant	Training Registrations	2023	2022
Balance, beginning of year	\$ 183,657	\$ 423,075	\$ 606,732	\$ 836,890
Contributions received	-	548,753	548,753	423,075
Grant receivable	1,880,000	-	1,880,000	-
Recognized in year	(183,657)	(423,075)	(606,732)	(653,233)
	<u>\$ 1,880,000</u>	<u>\$ 548,753</u>	<u>\$ 2,428,753</u>	<u>\$ 606,732</u>

The initial First Nations Grant was received from the Ministry of the Environment, Conservation and Parks for the purpose of training of First Nation operators. The Ministry of the Environment, Conservation and Parks have provided additional funds during the current year to be used in the research, development and implementation of an approach to facilitate the enhanced provision of available services to First Nations drinking water systems and their operators. This is to include the establishment of call centre to provide support specifically to First Nations communities.

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:

	2023	2022
Balance, beginning of year	\$ 24,009	\$ 29,523
Amortization of contributions	(4,469)	(5,514)
Balance, end of year	<u>\$ 19,540</u>	<u>\$ 24,009</u>

6. Transfer Payments

During the year, the Centre was granted \$3,000,000 (2022 - \$3,000,000) in transfer payments from the Province of Ontario.

Walkerton Clean Water Centre Notes to Financial Statements

March 31, 2023

7. 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 June 2031 and has monthly lease payments of \$63,254, increasing to \$71,719 over the term.

The minimum annual lease payments on the building and equipment for the next 5 fiscal years and thereafter are as follows:

2024	\$	761,050
2025	\$	769,000
2026	\$	771,428
2027	\$	829,328
2028	\$	848,628
Thereafter	\$	2,758,039

8. Statement of Cash Flows

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

	2023	2022
Accounts receivable	\$ (2,029,986)	\$ (32,594)
Prepaid expenses	8,781	20,307
Accounts payable and accrued liabilities	(4,219)	56,041
Deferred revenue	1,822,021	(230,158)
	<u>\$ (203,403)</u>	<u>\$ (186,404)</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 \$249,051 (2022 - \$261,834) 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. The December 31, 2022 information was not available, but as of December 31, 2021, the Ontario Pension Board had a year end deficit of \$852 million per their audited financial statements.

Walkerton Clean Water Centre Notes to Financial Statements

March 31, 2023

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, 2023.

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 (2022 - \$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, 2023, 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 (2022 - \$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.
