

2023–24 Annual Report



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Message from the Chair and the Chief Executive Officer

Over the course of the 2023–24 fiscal year, the Walkerton Clean Water Centre (the Centre) made real progress towards the goals outlined in its business plan.

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), including the new *Mandatory Certificate Renewal Course (2024–2026)*, launched in January 2024. A variety of specialized training was also provided through classroom, correspondence, e-learning and live virtual formats to provide the specific information required to optimize drinking water systems. Seven new live virtual and e-learning courses were introduced in an effort to improve the affordability, flexibility and accessibility of training, and popular events such as *Maintenancefest* and *Drinking Water Quality Management Standard Workshop* were delivered in locations across Ontario. In total, training was provided to nearly 7,500 participants.

Training was also provided by the Centre to support First Nations communities in their efforts to improve drinking water. In collaboration with Keewaytinook Okimakanak, three 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 Chiefs and councils, managers and supervisors responsible for water systems, and 18 sessions of specialized courses to provide detailed information to operators of First Nations water systems.

While continuing to provide the high-quality training that it has come to be known for, the Centre also focussed on client engagement and undertook research to investigate training needs and preferences. The results will be used to ensure that the Centre's programs are tailored to meet clients' needs into the future.

The Centre also provided information and advice to help ensure safe drinking water, using the Technology Demonstration Facility as a platform for pilot testing. Eleven pilot projects were completed and three more were underway at the end of the fiscal year to provide site-specific data on source water quality, treatment performance and alternative treatment technologies. Results of pilot projects were presented at conferences to help share knowledge across Ontario. The Centre also provided technical tours to 355 course participants, postsecondary and high school students to educate about the equipment and operational requirements necessary to ensure that drinking water is safe.

We would like to take this opportunity to acknowledge those who have contributed to the Centre's continued success: the Ministry who provided financial support and assistance; the Board of Directors who oversaw the Centre's operations; and Centre staff who were committed to fulfilling our mission. Most importantly, we thank the drinking water professionals whose hard work and dedication to learning continues to help ensure clean, safe drinking water across Ontario.



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 delivers a comprehensive range of training, including 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 (2024-2026)*. 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.

The Centre focuses on client engagement to effectively meet the needs of drinking water professionals, undertaking research to investigate clients' training needs, preferences and possible gaps in services. Research results help ensure that programs are tailored to meet clients' needs.

Mission

We provide system owners, operators, and operating authorities the education, information, and advice they need to provide clean, safe drinking water.

Vision

Clean, safe water for everyone in Ontario.

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 2023–24 fiscal year. Individuals who served on the Board of Directors during the 2023–24 fiscal year included:

Mike Smith, Chair

Member since: August 29, 2019

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

Total 2023–24 remuneration: \$3,000.00

Scott Carter, CET

Member since: November 28, 2019

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

Total 2023–24 remuneration: \$1,925.00

Noel Kerin

Member since: January 7, 2021

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

Total 2023–24 remuneration: \$1,650.00

Ann Mulvale

Member since: May 13, 2021

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

Total 2023–24 remuneration: \$2,337.50

Alan Boucher

Member since: May 6, 2021

Current term: May 6, 2021–May 5, 2024

Total 2023–24 remuneration: \$1,237.50

Andrew Henry, P.Eng.

Member since: May 6, 2015

Current term: May 6, 2020–May 5, 2023

Total 2023–24 remuneration: \$0.00

Kimberly Mitchell, P.Eng.

Member since: May 6, 2021

Current term: May 6, 2021–May 5, 2024

Total 2023–24 remuneration: \$1,650.00

Delbert (Deb) Shewfelt

Member since: April 10, 2013

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

Total 2023–24 remuneration: \$0.00

Stephen Spitzig, CPA, CMA

Member since: October 12, 2004

Current term: May 18, 2023–May 17, 2024

Total 2023–2024 remuneration: \$2,200.00

Mitch Twolan

Member since: May 27, 2021

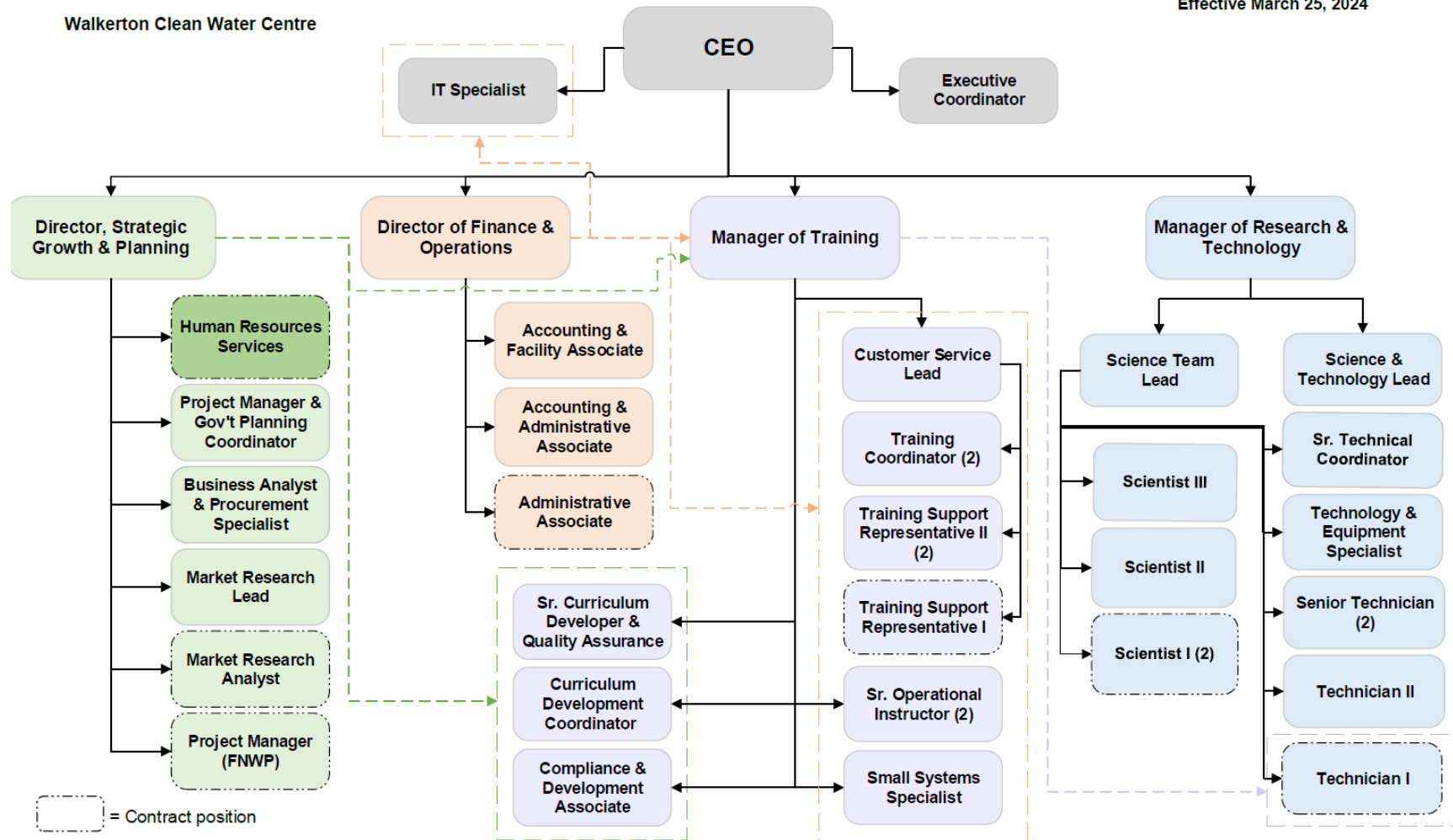
Current term: May 27, 2021–May 26, 2024

Total 2023–24 remuneration: \$1,237.50

Organization Chart

Walkerton Clean Water Centre

Effective March 25, 2024



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 2023–24 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 2023–24 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.
-  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 as well.
-  Providing necessary information and advice to clients provincewide to help ensure that drinking water is safe.
-  Supporting owners and operators of vulnerable drinking water systems to resolve operating challenges through applied research and delivery of pilot testing services.

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 more than 7,500 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 (2024-2026)* — which are administered and delivered by the Centre on behalf of the Ministry. Since its inception, the Centre has provided training to more than 117,000 participants.

The Centre supported operators and managers of First Nations drinking water systems and community leaders through the delivery of three sessions of *Entry-Level Course for Drinking Water Operators for First Nations*, seven sessions of *Managing Drinking Water Systems in First Nations Communities* and 18 specialized course sessions.

Information and advice were provided to clients through the Helpline and the Drinking Water Resource Library. 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. Eleven pilot projects were completed to help clients address their site-specific challenges and three more were underway at the end of the 2023–24 fiscal year.

As part of the Centre's enhanced focus on client engagement, research was undertaken to examine needs and gaps in provincial services to support drinking water operations in First Nations communities. The Centre also began investigating wastewater training needs, gaps and preferences for operators and managers in Ontario. This work will help ensure that programs effectively meet clients' needs.

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 four sessions of *Managing Drinking Water Systems in First Nations Communities*
-  Deliver 15 specialized course sessions

Results

-  Three 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
-  Eighteen specialized course sessions were delivered

The Centre and its collaborator, Keewaytinook Okimakanak, delivered three sessions of *Entry-Level Course for Drinking Water Operators for First Nations* to a total of 42 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 water system operators in First Nations communities and training was provided at no cost to participants. As of March 31, 2024, this course had been provided to 253 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 57 participants. These sessions provided information related to 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 221 participants since this course was launched in 2019.

Eighteen 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 and E-Learning

Performance Targets

 Produce five new live virtual and e-learning courses

Results

 Seven new live virtual and e-learning courses were introduced

The Centre introduced three new courses available through live virtual delivery (*Efficiency in Drinking Water Operations*, *Introduction to Audits for Leadership Roles*, and *Introduction to Audits for Operators*) and four e-learning courses (*Introduction to Chemistry Principles*, *Introduction to Cisterns*, *Introduction to Pressure: Hazards and Best Practices*, and *Recordkeeping Requirements*). These online courses, which are available at scheduled times with a live instructor or in a self-directed format, help improve the affordability, flexibility and accessibility of training across Ontario.

In addition to these new specialized training opportunities, the Centre introduced *Mandatory Certificate Renewal Course (2024–2026)*, the current version of the course that must be completed every three years by drinking water system operators holding Class I through IV, Water Quality Analyst or Limited System licences. This course was administered by the Centre on behalf of the Ministry and delivered through classroom, correspondence and live virtual sessions.

Performance Indicator: Publications

Performance Targets

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

Results

-  The results of pilot testing projects were shared through four conference presentations

The results of pilot testing projects were shared through four conference presentations to enhance knowledge transfer:

-  A Study to Reduce Disinfection By-Products and Their Precursors in Poplar Hill First Nation's Drinking Water System. Presented at the American Water Works Association Annual Conference and Expo in June 2023.
-  Bench-Scale Testing of Nano-Filtration to Reduce Hardness and Total Dissolved Solids. Presented at the American Water Works Association Annual Conference and Expo in June 2023.
-  Controlling Brominated Trihalomethanes with Bench-Scale and Pilot-Scale Granular Activated Carbon and Ion Exchange Processes. Presented at the American Water Works Association Annual Conference and Expo in June 2023.
-  Removing Chlorination Disinfection By-Products in Drinking Water: A Pilot Testing Case Study in Ontario. Presented at the American Water Works Association Annual Conference and Expo in June 2023.

Although the Centre had set an ambitious target to produce 15 publications, focus was shifted to complete additional pilot testing to support water system operators and address potential system vulnerabilities. Going forward, the Centre will continue to make information available through a variety of channels, including publications and the Helpline, 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

Performance Targets

-  Complete nine pilot projects

Results

-  Eleven pilot projects were completed during the 2023–24 fiscal year and three more were underway as of March 31, 2024

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 study to reduce disinfection by-products in an ultrafiltration membrane drinking water system: Treatment options to reduce natural organic matter and the formation of disinfection by-products were tested for a First Nation community. The approach included offsite testing of a fixed bed ion exchange system and bench-scale testing of granular activated carbon filtration.
-  Bench-scale optimization of jar test: The objectives of this bench-scale study were to optimize the coagulation-flocculation process using jar testing for three ground water wells in a First Nation community. The tests were conducted using individual well water samples and blended samples from different wells. The tests included examining the impact of polymer on the settling process. Mixing intensities measured as G values were also determined using the optimized jar tests.
-  Bench-scale optimization of jar test with and without chlorination: This bench-scale project was undertaken for an Ontario township to determine the potential of water to form disinfection by-products upon pre- or post-chlorination with an optimized jar test for organics removal. The formation of disinfection by-products, estimated by simulated distribution system disinfection by-products formation tests, was determined for three temperatures.
-  Bench-scale study for sodium reduction: A First Nation community requested pilot testing support to lower the sodium content in treated water by blending it with reverse osmosis treated water of the same effluent at three varying ratios. Treated water was sampled and shipped to the Centre where the experiments were conducted.
-  Bench-scale test study: This pilot project determined the efficacy of several coagulants to remove natural organic matter and lower disinfection by-products (trihalomethanes and halo acetic acids) for a First Nation community. Jar tests were followed by simulated distribution system disinfection by-products formation tests at different temperatures.

-  Bench-scale treatability tests: Optimal treatment processes to reduce turbidity, organics, trihalomethanes and halo acetic acids were investigated for a First Nation community. The treatment technologies tested included coagulation-flocculation using aluminum chlorohydrate, magnetic ion exchange (MIEX®) resin and granular activated carbon filtration.
-  Effect of increasing water reservoir size on chlorine dosage, residuals and disinfection by-product formation: The impact of increased detention times of the distributed water on the level of disinfection by-products was determined for a First Nation community. Seasonal treated water samples were shipped to the Centre where simulated distribution system disinfection by-products formation tests were conducted.
-  Investigating aeration and ion exchange for the removal and reduction of the formation of trihalomethanes in water: A town in Ontario requested pilot testing support to determine the performance of aeration to remove formed disinfection by-products and the removal of ammonia in the raw water using an ion exchange process. Large water samples were brought to the Centre where the tests were conducted.
-  Iron reduction pilot testing: The objective of this pilot project, conducted for an Ontario township, was to reduce iron concentrations to less than 0.30 mg/L using chlorination followed by cartridge filtration. Seasonal pilot test runs were conducted offsite.
-  Reducing arsenic: This pilot project was undertaken for an Ontario municipality and investigated the reduction of arsenic in treated water to below the maximum acceptable concentration. Tests were conducted offsite using a three-stream pilot plant consisting of chlorination - cartridge filtration, chlorination - adsorption using Omni-SORB™ and SORB 33® filtration media filtration and chlorination - addition of ferric chloride - sand filtration.
-  Reducing natural organic matter and disinfection by-products in drinking water: Treatment conditions required to produce water with disinfection by-products (trihalomethanes and halo acetic acids) less than the maximum acceptable concentration were tested for a municipality in Ontario. Several months of offsite pilot testing were conducted using a fixed bed ion exchange and a granular activated carbon pressure filter. Bench-scale tests were also conducted at the Centre.

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 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 7,330 participants

Results

 Training was provided to 7,549 participants

Course	Participants 2021–22 Fiscal Year	Participants 2022–23 Fiscal Year	Participants 2023–24 Fiscal Year	Three-year Cumulative Total
<i>Entry-Level Course for Drinking Water Operators</i> (classroom)	288	375	389	1,052
<i>Mandatory Certificate Renewal Course (2021-2023)</i> (classroom, correspondence and live virtual)	2,086	1,139	598	3,823
<i>Mandatory Certificate Renewal Course (2024-2026)</i> (classroom, correspondence and live virtual)	-- *	-- *	1,095	1,095
<i>Operation of Small Drinking Water Systems</i> (classroom, correspondence and e-learning)	1,436	1,604	1,522	4,562
SUBTOTAL: MANDATORY COURSES	3,810	3,118	3,604	10,532
Specialized courses **	2,506 **	3,208 **	2,935 **	8,649 **
<i>Entry-Level Course for Drinking Water Operators for First Nations</i>	45	44	41	130
<i>Managing Drinking Water Systems in First Nations Communities</i>	15	52	57	124
<i>Municipal Drinking Water Licensing Program</i>	266	249	361	876
<i>Responsibilities Under the Statutory Standard of Care — Safe Drinking Water Act</i>	85	1,245	551	1,881
SUBTOTAL: NON-MANDATORY COURSES	2,917	4,798	3,945	11,660
TOTAL	6,727	7,916	7,549	22,192

* This summary illustrates the transition from *Mandatory Certificate Renewal Course (2021–2023)* to *Mandatory Certificate Renewal Course (2024–2026)*, which was launched January 2, 2024. Drinking water system 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

-  Two refreshed courses were launched, and a total of eight sessions were delivered by March 31, 2024

During the 2023–24 fiscal year, the Centre refreshed two hands-on courses: *Advanced for Small Drinking Water Systems (O. Reg. 319/08)*; and *Basics for Small Drinking Water Systems (O. Reg. 319/08)*. A total of eight sessions of these refreshed courses were delivered across Ontario to provide practical experience for operators of small drinking water systems.

The Centre also continued to deliver existing hands-on courses and training events. One popular hands-on training initiative is Maintenancefest, which includes a variety of two-hour training modules led by water professionals. The annual event in Walkerton, Ontario was attended by more than 80 participants. A regional event was also delivered in Kingston, Ontario and provided training to 77 participants.

Another successful specialized training initiative is the two-day Drinking Water Quality Management Standard Workshop, which was delivered in Barrie, Kingston, London and Thunder Bay, Ontario to a total of 162 participants. The Centre hosted this workshop as a follow-up to the course, *Drinking Water Quality Management Standard*, allowing quality management standard representatives, utility management and staff, regulators and municipal decision-makers to rotate through interactive breakout sessions facilitated by industry experts.

Support for 96 postsecondary students was also provided through hands-on training in the Technology Demonstration Facility. Of these students, 89 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 330 individuals

Results

 The Centre provided technical tours to 355 individuals

The Centre's Technology Demonstration Facility reflects the variety of water treatment and distribution technologies used in Ontario. During the 2023–24 fiscal year, 355 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. The Centre also provided non-technical tours to 233 individuals to share general information about drinking water.

During the fiscal year, the Centre added new and updated equipment to the Technology Demonstration Facility. Two ultrafiltration membrane pilot units, generously donated by Veolia Water Technologies & Solutions, were installed. The treatment technology upgrade was a continued collaboration between the Centre and Veolia, which has supported the Technology Demonstration Facility since its inception. This addition increased the Centre's pilot testing capabilities as the newer units are smaller, facilitating deployment to more remote communities. The smaller sizes also require less floor space and water to operate.

The Centre also began a pilot project to investigate the performance of biological filtration through a partnership with the United States Environmental Protection Agency Center for Environmental Solutions and Emergency Response, which provided its patented pilot system for the Centre's use. The pilot project is investigating the efficacy of the innovative and cost-effective technology in the removal of naturally occurring ammonia from an Ontario water system. Project results will be shared by both parties to strengthen the mutual understanding of biological filtration and increase public knowledge of best practices.

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 0.959 of a maximum score of 1.000

The Centre is committed to training excellence and continuous improvement and 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 2023–24 fiscal year was 0.959 out of a possible 1.000. The quality assurance index indicates that, for all courses combined, 95.9 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 2023–24 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 2023–24 fiscal year, the Centre generated revenues of \$3,040,076, an increase of approximately 22 per cent from the previous fiscal year, which is the result of increased training revenues. The Centre also received an annual transfer payment from the Government of Ontario of \$3,000,000 during the 2023–24 fiscal year to support its operations, and an additional one-time payment (deferred revenue) of \$2,600,000, which will be used to research, develop and implement enhanced services.

Expenses

The Centre's internal financial management controls effectively regulated overall expenditures during the 2023–24 fiscal year. Total expenditures for the 2023–24 fiscal year were \$6,389,072, an increase of approximately 10 per cent from the previous fiscal year. This increase can be attributed to general inflation and increased training and travel expenses associated with delivering in-person training. To ensure competitiveness and fiscal accountability in training delivery, the Centre uses Vendor of Record agreements with contract instructors and curriculum developers. These vendors provide services related to the development, review and delivery of training materials and ensure flexibility in the delivery of a wide range of subject matter over a large geographical area.

Balance Sheet

The Centre continues to be in a strong financial position. The March 31, 2024 net asset balance of \$7,475,979 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, 2024

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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, 2024 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, 2024, 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.

Chartered Professional Accountants, Licensed Public Accountants

Walkerton, Ontario

June 19, 2024

Walkerton Clean Water Centre Statement of Financial Position

March 31	2024	2023
Assets		
Current		
Cash	\$ 7,805,215	\$ 4,701,244
Accounts receivable	1,374,258	2,290,827
Prepaid expenses	77,962	70,462
Current portion of investments (Note 2)	2,045,058	2,027,590
	<u>11,302,493</u>	<u>9,090,123</u>
Capital assets (Note 3)	1,201,542	1,232,528
	<u>\$ 12,504,035</u>	<u>\$ 10,322,651</u>
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 343,641	\$ 389,773
Deferred revenue (Note 4)	4,668,500	2,428,753
	<u>5,012,141</u>	<u>2,818,526</u>
Deferred capital contributions (Note 5)	15,915	19,540
	<u>5,028,056</u>	<u>2,838,066</u>
Commitments (Note 7)		
Net Assets	<u>7,475,979</u>	<u>7,484,585</u>
	<u>\$ 12,504,035</u>	<u>\$ 10,322,651</u>

On behalf of the Board:



Director



Director

Walkerton Clean Water Centre Statement of Changes in Net Assets

For the year ended March 31	2024	2023
Balance, beginning of year	\$ 7,484,585	\$ 7,636,799
Shortfall of revenue over expenses for the year	(8,606)	(152,214)
Balance, end of year	\$ 7,475,979	\$ 7,484,585

Walkerton Clean Water Centre Statement of Operations

For the year ended March 31	2024	2023
Revenue (Page 7)	\$ 6,040,076	\$ 5,481,942
Expenses (Page 7)	<u>6,389,072</u>	<u>5,794,202</u>
Shortfall of revenue over expenses before interest and other income	(348,996)	(312,260)
Interest and other income	345,307	165,579
Loss on disposal of capital assets, net	<u>(4,917)</u>	<u>(5,533)</u>
Shortfall of revenue over expenses for the year	<u>\$ (8,606)</u>	<u>\$ (152,214)</u>

Walkerton Clean Water Centre Schedule of Revenue and Expenses

For the year ended March 31	2024	2023
Revenue		
Province of Ontario transfer payment (Note 6)	\$ 3,000,000	\$ 3,000,000
Province of Ontario transfer payment First Nations Water Program	433,500	183,658
Training registrations	2,606,576	2,298,284
	\$ 6,040,076	\$ 5,481,942
Expenses		
Advertising and promotion	\$ 31,198	\$ 32,886
Amortization of capital assets, net	250,381	243,434
Audit and legal	16,895	15,915
Bank and payroll charges	18,038	13,802
Conferences	14,604	14,291
Consulting services	108,987	15,400
Director fees	15,225	15,888
Employee benefits (Note 9)	800,339	784,547
Insurance	42,384	36,906
Office	118,893	128,814
Ontario Infrastructure and Lands Corporation transfer payment	-	40,028
Professional development	34,810	26,010
Property maintenance (recovery)	(591)	3,480
Recruitment	5,660	3,936
Rent	726,399	656,065
Repairs and maintenance	82,084	64,950
Research projects	21,407	1,157
Salaries	2,885,026	2,694,891
Sponsorships	18,305	8,185
Subscriptions and memberships	21,249	18,489
Telephone	13,338	12,868
Training	1,045,153	901,658
Travel	72,213	27,537
Vehicle	6,634	3,752
Website and communications	40,441	29,313
	\$ 6,389,072	\$ 5,794,202

Walkerton Clean Water Centre Statement of Cash Flows

For the year ended March 31	2024	2023
Net inflow (outflow) of cash related to the following activities:		
Operating		
Shortfall of revenue over expenses	\$ (8,606)	\$ (152,214)
Items not involving cash:		
Amortization of capital assets, net	250,381	243,434
Loss on disposal of capital assets	4,917	5,533
	<u>246,692</u>	<u>96,753</u>
Changes in non-cash working capital balances (Note 8)	<u>3,102,684</u>	<u>(203,403)</u>
	<u>3,349,376</u>	<u>(106,650)</u>
Investing		
Purchase of investments and interest reinvested	(2,045,058)	-
Redemption of investments	2,027,590	-
	<u>(17,468)</u>	<u>-</u>
Capital		
Acquisition of capital assets	<u>(227,937)</u>	<u>(258,115)</u>
Net increase (decrease) in cash during the year	3,103,971	(364,765)
Cash, beginning of year	<u>4,701,244</u>	<u>5,066,009</u>
Cash, end of year	<u>\$ 7,805,215</u>	<u>\$ 4,701,244</u>

Walkerton Clean Water Centre

Notes to Financial Statements

March 31, 2024

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, 2024

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, 2024

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

	2024	2023
Royal Bank of Canada GIC, 4.88%, due June 2024	\$ 1,040,511	-
Royal Bank of Canada GIC, 5.39%, due August 2024	1,004,547	-
Royal Bank of Canada GIC	- \$	2,027,590
	<u>2,045,058</u>	2,027,590
Less amounts due within one year included in current assets	<u>2,045,058</u>	2,027,590
	<u>\$ -</u>	<u>\$ -</u>

3. Capital Assets

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 341,284	\$ 288,285	\$ 322,132	\$ 266,898
Computer software	159,082	152,599	159,082	146,116
Course curriculums	1,306,444	840,503	1,185,578	768,943
Leasehold improvements	201,273	114,559	187,123	94,649
Office furniture and equipment	389,897	359,007	389,897	351,285
Signs	51,041	49,243	51,041	48,793
Technical equipment	3,382,997	2,872,408	3,525,604	2,968,905
Vehicles	135,782	89,654	135,782	78,122
	<u>\$ 5,967,800</u>	<u>\$ 4,766,258</u>	<u>\$ 5,956,239</u>	<u>\$ 4,723,711</u>
Net book value		<u>\$ 1,201,542</u>		<u>\$ 1,232,528</u>

During the year capital assets amounting to \$227,937 (2023 - \$258,115) 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, 2024

4. Deferred Revenue

	First Nations Water Program	First Nations Training	Training Registrations	2024	2023
Balance, beginning of year	\$ 1,880,000	\$ -	\$ 548,753	\$ 2,428,753	\$ 606,732
Contributions received	-	2,600,000	622,000	3,222,000	548,753
Grant receivable	-	-	-	-	1,880,000
Recognized in year	(433,500)	-	(548,753)	(982,253)	(606,732)
Balance, end of year	\$ 1,446,500	\$ 2,600,000	\$ 622,000	\$ 4,668,500	\$ 2,428,753

The Ministry of the Environment, Conservation and Parks have provided funds for a First Nations Water Program. These funds are 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 new or expanded services to First Nations communities.

Additional funding has been received from the Ministry of the Environment, Conservation and Parks for the purpose of 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:

	2024	2023
Balance, beginning of year	\$ 19,540	\$ 24,009
Amortization of contributions	(3,625)	(4,469)
Balance, end of year	\$ 15,915	\$ 19,540

6. Transfer Payments

During the year, the Centre was granted \$3,000,000 (2023 - \$3,000,000) in transfer payments from the Province of Ontario.

Walkerton Clean Water Centre Notes to Financial Statements

March 31, 2024

7. Commitments

Walkerton Clean Water 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 \$63,477, increasing to \$70,719 over the term.

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

2025	\$	785,324
2026	\$	771,428
2027	\$	829,328
2028	\$	848,628
2029	\$	848,628
Thereafter	\$	1,909,412

8. Statement of Cash Flows

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

	2024	2023
Accounts receivable	\$ 916,569	\$ (2,029,986)
Prepaid expenses	(7,500)	8,781
Accounts payable and accrued liabilities	(46,132)	(4,219)
Deferred revenue	2,239,747	1,822,021
	<u>\$ 3,102,684</u>	<u>\$ (203,403)</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 \$229,031 (2023 - \$249,051) 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, 2023 information was not available, but as of December 31, 2022, the Ontario Pension Board had a year end deficit of \$3.96 billion per their audited financial statements.

Walkerton Clean Water Centre Notes to Financial Statements

March 31, 2024

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, 2024.

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 (2023 - \$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, 2024, 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 (2023 - \$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.
