



2019–20 Annual Report

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©2020 Queen’s Printer for Ontario ISBN 978-1-4868-4470-8 2019–20 Annual Report, Walkerton Clean Water Centre: ISSN 1920-4906 (PDF)

Message from the Chair and the Chief Executive Officer

The Walkerton Clean Water Centre (the Centre), as part of its vision to become an accessible Centre of Excellence in One Water, continued to strengthen its programs to provide education, training and information to drinking water system owners, operators and operating authorities, and the public, across Ontario throughout the 2019–20 fiscal year.

During the past year, the Centre continued to manage and deliver mandatory training on behalf of the Ministry of the Environment, Conservation and Parks (the Ministry). It also developed and offered a range of specialized training options to meet clients' needs, including 53 hands-on courses, the ninth annual Maintenancefest, a regional Maintenancefest event and a Drinking Water Quality Management Standard Workshop delivered in three locations. The Centre's quality assurance program ensured that standards were upheld for all training initiatives. To date, the Centre has provided training to more than 90,000 participants.

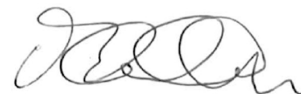
The Centre continues to work towards improving drinking water in First Nations communities through the provision of training to operators of First Nations drinking water systems. With the Centre's two collaborators, Keewaytinook Okimakanak of the Northern Chiefs Council, and the Ontario First Nations Technical Services Corporation, and support from the Ministry, the Centre delivered three sessions of the Entry-Level Course for Drinking Water Operators for First Nations and five sessions of the Managing Drinking Water Systems in First Nations Communities course for managers and elected leaders.

The Centre's Technology Demonstration Facility served as a platform for hands-on training and pilot testing services. Technical tours of the Technology Demonstration Facility were provided to 311 individuals. The Centre completed seven pilot testing projects, five with First Nations communities, to provide information on source water quality, treatment performance and alternative treatment technologies. As of March 31, 2020, there were four additional pilot testing projects underway. The Centre also produced 14 publications during the 2019–20 fiscal year to help enhance knowledge transfer.

We would like to take this opportunity to acknowledge the Ministry for providing assistance and financial support, the Board of Directors for overseeing the Centre's operations, and Centre staff for their commitment to supporting our clients as they safeguard water resources.



Mike Smith,
Chair, Board of Directors



Carl Kuhnke,
Chief Executive Officer

Mission, Vision and Objects

Mission and Vision

During the 2019–20 fiscal year the Centre undertook an initiative to strengthen programs and develop a new strategic plan. The following mission and vision evolved as part of the strategic planning project:

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.

Corporate Profile

The Centre, an 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 and operating authorities, and the public, provincewide.

The Centre aims to meet the needs of water professionals by delivering a comprehensive range of training across Ontario. It also collaborates with the province on initiatives to improve drinking water in First Nations communities.

The Technology Demonstration Facility, with its water treatment and distribution technologies, facilitates hands-on training and the provision of education, information and advice on water treatment and distribution equipment, technologies, operational requirements and environmental issues related to drinking water. The Centre also assesses research gaps and needs and may sponsor research that contributes to its objects.

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 and regulations, Management Board of Cabinet directives and Government of Ontario policies and guidelines.

In accordance with Ontario Regulation 304/04, 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, www.wcwc.ca.

The Agencies & Appointments Directive requires the Centre to prepare an annual business plan. During the 2019–20 fiscal year, the Board of Directors oversaw the development and implementation of a new three-year business plan, which included a review of risks, performance measures and outcomes.

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

In addition to this accountability framework, the Centre is responsible for developing and implementing policies and procedures to ensure 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 meets regularly. Individuals who served on the Board of Directors during the 2019–20 fiscal year included:

Mike Smith, Chair

Member since: August 29, 2019
Current term: August 29, 2019–August 28, 2022
Total 2019–20 remuneration: \$1,650.00

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

Member since: February 8, 2018
Current term: February 8, 2018–February 7, 2021
Total 2019–20 remuneration: \$1,375.00

Scott Carter

Member since: November 28, 2019
Current term: November 28, 2019–November 27, 2022
Total 2019–20 remuneration: \$687.50

Lou Anthony D'Alessandro

Member since: October 12, 2004
Current term: August 20, 2017–August 19, 2020
Total 2019–20 remuneration: \$1,650.00

Rui De Carvalho, M.Eng., P.Eng.

Member since: October 12, 2004
Current term: October 22, 2016–October 21, 2019
Total 2019–20 remuneration: \$412.50

Andrew Henry, P.Eng.

Member since: May 6, 2015
Current term: May 6, 2017–May 5, 2020
Total 2019–20 remuneration: \$1,687.50

Kari-Anne Cornwall

Member since: March 21, 2018
Current term: March 21, 2018–March 20, 2021
Total 2019–20 remuneration: \$1,375.00

Keith Maracle, M. Eng., P.Eng., PMP

Member since: September 28, 2016
Current term: September 28, 2016–September 27, 2019
Total 2019–20 remuneration: \$412.50

Deborah Martin-Downs, B.E.S., M.Sc.

Member since: January 8, 2018
Current term: January 8, 2018–January 7, 2021
Total 2019–20 remuneration: \$1,375.00

Delbert (Deb) Shewfelt

Member since: April 10, 2013
Current term: April 10, 2017–April 9, 2020
Total 2019–20 remuneration: \$962.50

Laura Smit

Member since: February 18, 2015

Current term: February 18, 2017–February 17, 2020

Total 2019–20 remuneration: \$1,375.00

Stephen Spitzig, CPA, CMA

Member since: October 12, 2004

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

Total 2019–20 remuneration: \$1,512.50

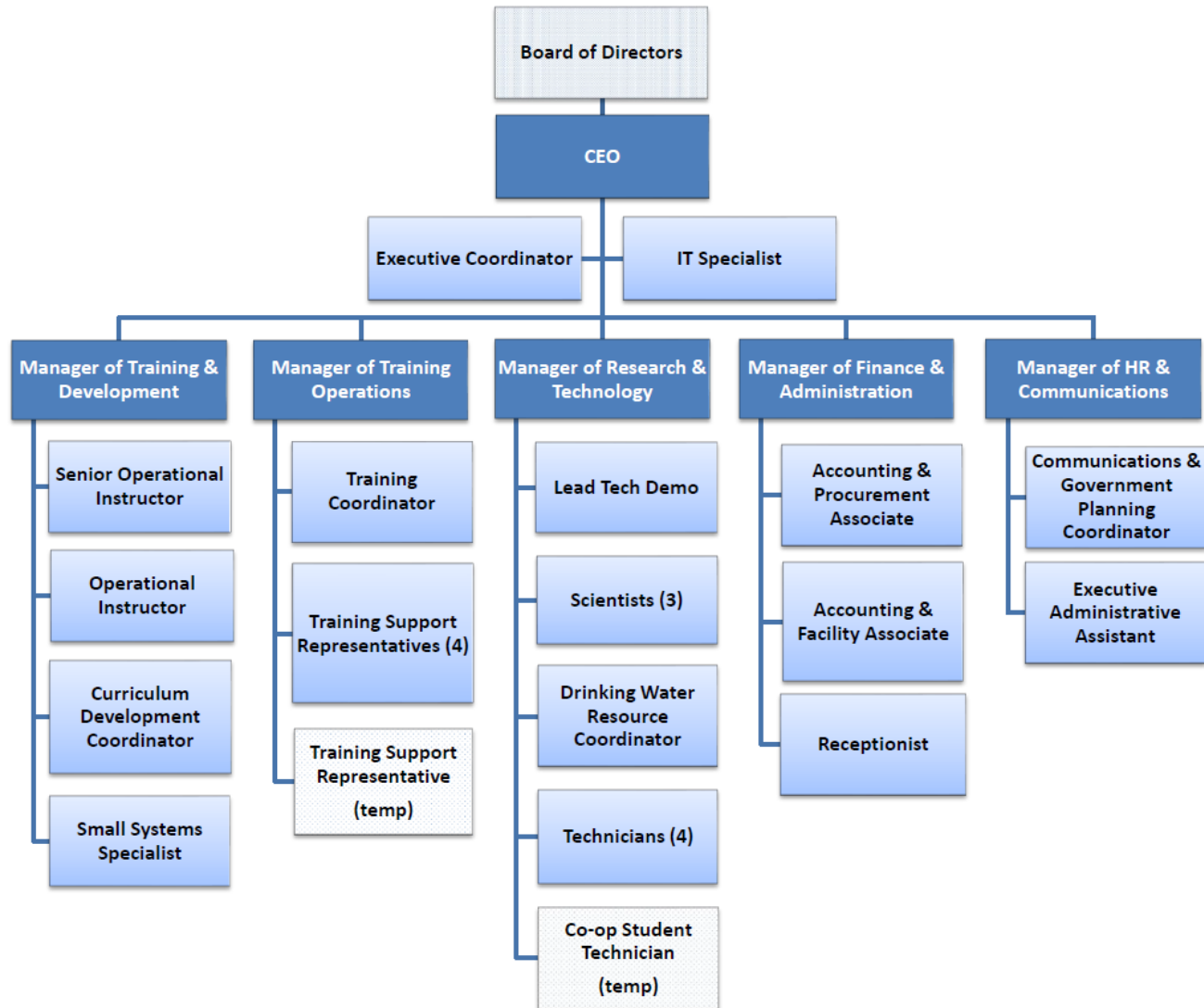
Ellen Stitt

Member since: November 29, 2017

Current term: November 29, 2017–November 28, 2020

Total 2019–20 remuneration: \$0

Organization Chart



As of March 31, 2020.

Goals and Strategic Directions

The Centre's three-year business plan outlines its direction for the future, while making the best use of available resources to deliver on its goals. During the 2019–20 fiscal year, the Centre strengthened existing programs and developed new initiatives to help ensure safe drinking water across Ontario. This annual report describes the Centre's progress towards reaching these goals:

1. The Centre will meet the needs of drinking water professionals by coordinating and delivering a comprehensive range of education and training across Ontario.
2. The Centre will provide information and advice about drinking water and will use the Technology Demonstration Facility as a platform for hands-on training.

Impact of COVID-19 on Operations and Performance

The global COVID-19 pandemic impacted the world at all levels, and the Centre was not immune. Many scheduled courses and events were postponed or cancelled in an effort to help flatten the curve and slow the spread of COVID-19. As a result, there were fewer participants than expected in Centre training sessions during the 2019–20 fiscal year. Some of the Centre’s popular long-standing events were postponed, including the annual Small Systems Hands-On Workshop. The Entry-Level Course for Drinking Water Operators for First Nations was also delayed. This course is a two-week initiative with one week of supervised self-study and one week of hands-on training. One session of hands-on training scheduled for March 2020 was also postponed due to the pandemic.

The closure of the Centre to the public also impacted the number of technical tours provided during the 2019–20 fiscal year. The Centre’s annual event to host local school children for an educational celebration of World Water Day was cancelled. This resulted in approximately 500 fewer visitors to the Centre.

Although many Centre initiatives were postponed or cancelled, the Centre continued to provide all available services to its clients throughout this period, with staff rapidly repositioned to work from home less than 48 hours after the provincial emergency order was issued. Through dedicated efforts, the Centre was able to continue to offer clients correspondence and online courses, including the Ministry’s mandatory certificate renewal course for drinking water operators, and perform pilot testing projects. These were launched in a phased approach with the first phase being conducted in the Technology Demonstration Facility, and second phases to be completed when appropriate, based on the advice of Ontario’s Chief Medical Officer of Health.

Summary of Performance

Initiative	Description	Performance Indicator	Status	Comments
Education and Training	The Centre will meet the needs of drinking water professionals by coordinating and delivering a comprehensive range of education and training across Ontario.	Training participants: Train 7,800 participants	Not achieved	Training was provided to 6,595 participants.
		Training quality — quality assurance index (QAI): Maintain a quality assurance index of >0.850	Exceeded	The quality assurance index was 0.958 of a maximum score of 1.000.
		Hands-on courses: Offer 36 hands-on courses	Exceeded	Fifty-three hands-on courses were offered.
		Training for operators and managers of First Nations drinking water systems: Offer four sessions of the Entry-Level Course for Drinking Water Operators and four sessions of the management course	Achieved in part	Three sessions of the Entry-Level Course for Drinking Water Operators for First Nations and five sessions of the Managing Drinking Water Systems in First Nations Communities course were delivered.
Information and Advice	The Centre will provide information and advice about drinking water and will use the Technology Demonstration Facility as a platform for hands-on training.	Technical tours of the Technology Demonstration Facility: Provide tours to 440 individuals	Not achieved	The Centre provided technical tours to 311 individuals.
		Publications: Produce 10 publications including fact sheets, refereed publications and external presentations	Exceeded	Fourteen publications were produced, including five fact sheets, three publications, three technical presentations, and three pilot testing project reports posted on the Centre's online Drinking Water Resource Library.
		Pilot testing: Complete six pilot testing projects	Exceeded	Seven pilot testing projects were completed for water systems across Ontario.

Goal 1

The Centre will meet the needs of drinking water professionals by coordinating and delivering a comprehensive range of education and training across Ontario.

During the 2019–20 fiscal year, 6,595 participants across Ontario were trained by the Centre. The summary on page 15 illustrates the number of participants in all of the Centre’s training initiatives. Since its inception, the Centre has provided training to more than 90,000 participants.

Mandatory Training

During the 2019–20 fiscal year, the Centre administered and delivered the three mandatory courses required for certification in Ontario to 2,900 participants. These courses, offered on behalf of the Ministry, include: Entry-Level Course for Drinking Water Operators; Operation of Small Drinking Water Systems; and Safe Drinking Water Operator Essentials.

Specialized Training

The Centre offered a variety of specialized training that provided the continuing education units required for certification renewal. During the 2019–20 fiscal year, the Centre introduced four new courses: Chemically Assisted Granular Media Filtration; Disinfection: Chlorine; Fundamental Math; and Quantitative Microbial Risk Assessment.

The Centre aimed to offer training with a focus on practical, hands-on instruction. During the 2019–20 fiscal year, fifty-three hands-on courses and two-hour training modules were offered, exceeding the target to offer 36 hands-on courses. One popular hands-on training initiative is Maintenancefest, which includes a variety of training modules led by water experts. The Centre introduced three new two-hour training modules to attract participants to the ninth annual event, which attracted more than 100 participants. A regional event was also offered in Thunder Bay providing training to 26 participants.

Another successful specialized training initiative was the Drinking Water Quality Management Standard Workshops, delivered in Kingston, London and Thunder Bay, to a total of 155 participants. The Centre hosted these workshops as a follow-up to the existing Drinking Water Quality Management Standard course. The workshops provided participants with an opportunity to network and learn from experts. Topics included transitional audits, evaluating mandatory hazards, corrective and preventative actions, infrastructure planning, emergency preparedness and best management practices.

Training for Operators of Small Water Systems

The Centre continued to offer a variety of training designed for the owners and operators of small water systems regulated under Ontario Regulation 170/03, made under the *Safe Drinking Water Act, 2002*, or Ontario Regulation 319/08, made under the *Health Protection and Promotion Act*. Three of these courses are Small System Fundamentals, Basics for Small Drinking Water Systems, and Advanced for Small Drinking Water Systems. The Small System Fundamentals course was launched during the 2019–20 fiscal year, replacing Practical Training for Small Drinking Water System Owners and Operators. The new course includes a review of the characteristics of source waters, primary and secondary disinfection and challenges associated with treatment equipment commonly used in small drinking water systems. Participants also learn how to conduct monitoring and operational checks and the process for responding to Adverse Water Quality Incidents.

Training for Operators of First Nations Water Systems

During the 2019–20 fiscal year, the Centre continued to deliver customized training to operators of First Nations water systems. Funded by the Ministry, the Centre and its two collaborators, the Ontario First Nations Technical Services Corporation and Keewaytinook Okimakanak, delivered three sessions of the Entry-Level Course for Drinking Water Operators for First Nations. Each session was a two-week initiative with one week of supervised self-study and one week of hands-on training. Curriculum was tailored specifically to the experience of operators in First Nations communities and training was provided at no cost to participants.

The first session of the course, Managing Drinking Water Systems in First Nations communities, was delivered in May 2019. Four additional sessions of this one-day course were delivered during the fiscal year to provide education related to the components of effective drinking water system management, resources and practical tools for Chief and council, managers and supervisors responsible for drinking water systems.

Going forward, the Centre will continue to provide training to contribute to the improvement of drinking water in First Nations communities.

Training Statistics

Course	Number Trained 2017–18 Fiscal Year	Number Trained 2018–19 Fiscal Year	Number Trained 2019–20 Fiscal Year	Three-year Cumulative Total
Entry-Level Course for Drinking Water Operators	355 *	373 *	341 *	1,069 *
Diligence in Drinking Water Operations (classroom)	474	**	— **	474
Diligence in Drinking Water Operations (correspondence)	168	**	— **	168
Safe Drinking Water Operator Essentials (classroom)	988	1,718	792	3,498
Safe Drinking Water Operator Essentials (correspondence)	154	337	259	750
Operation of Small Drinking Water Systems (correspondence)	807	767	667	2,241
Operation of Small Drinking Water Systems (online)	673	670	807	2,150
Operation of Small Drinking Water Systems (classroom)	22	0	34	56
SUBTOTAL: MANDATORY COURSES	3,641	3,865	2,900	10,406
Specialized courses	3,006	2,983	2,846	8,835
Responsibilities Under the Statutory Standard of Care — Safe Drinking Water Act	101	1,102	641	1,844
Municipal Drinking Water Licensing Program (classroom)	332	179	208	719
SUBTOTAL: NON-MANDATORY COURSES	3,439	4,264	3,695	11, 398
TOTAL	7,080	8,129	6,595	21,804

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

** This summary illustrates the transition from the mandatory certificate renewal course, Diligence in Drinking Water Operations, to Safe Drinking Water Operator Essentials, which the Centre launched on January 1, 2018. Operators require this mandatory course to renew their certification every three years.

Quality Assurance Program

The Centre is committed to training excellence and continuous improvement. The Centre maintains a quality assurance index to measure the satisfaction of training participants and the effectiveness of training. The following measurements contribute to the quality assurance index:

- Participant evaluations consisting of ratings for instructor, course content and overall course satisfaction.
- Post-training participant evaluations that include questions similar to those on the initial participant evaluation forms.
- Course audits conducted by Centre staff using standardized audit checklists to provide additional information on course content and instructors.

The quality assurance index for the 2019–20 fiscal year was 0.958 out of a possible 1.000. The quality assurance index indicates that, for all courses combined, 95.8 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 quality assurance program:

- The Training Advisory Committee — Comprised of Centre staff and a broad cross-section of water sector specialists who participate voluntarily — Acts as a driver for continual improvement by reviewing the Centre's annual training plan and providing recommendations on how the Centre can best meet the training needs of Ontario's water sector.
- The curriculum development process incorporates input from a broad range of sources, including training participants, the Training Advisory Committee and industry standards.
- Centre instructors are required to pass a two-day train-the-trainer workshop that includes a practical evaluation of their ability to deliver training.

Goal 2

The Centre will provide information and advice about drinking water and will use the Technology Demonstration Facility as a platform for hands-on training.

Tours of the Technology Demonstration Facility

The Centre's Technology Demonstration Facility reflects the variety of water treatment and distribution technologies used in Ontario. New equipment is added as it is adopted by the water industry.

During the 2019–20 fiscal year, the Centre provided tours of the Technology Demonstration Facility to 452 individuals. Three hundred and eleven of these individuals, including course participants and postsecondary students, received technical tours that provided information about the equipment and operational requirements necessary to ensure water is safe. The remainder of the tours were non-technical and provided general information about water and the Centre to the public.

The Centre also supported Ontario postsecondary students by providing unique hands-on training in the Technology Demonstration Facility to 113 students during the 2019–20 fiscal year. Of these students, 82 were enrolled in eight of the Ontario colleges that deliver the Ministry's mandatory Entry-Level Course for Drinking Water Operators as part of their curriculum.

Publications

During the 2019–20 fiscal year, the Centre shared information through the following 14 publications, including five fact sheets, three publications, three technical presentations and three pilot testing project reports posted on the Drinking Water Resource Library:

- A Case Study to Find an Option to Reduce Arsenic. Presented at Ontario's Water Conference & Trade Show in Ottawa, Ontario in May 2019.
- Control of Chlorinated Disinfection By-Products (DBPS): Pilot Testing Experiences in Two Ontario First Nations Communities. Published in Ontario Pipeline, Volume 15, Number 4, 2019.
- Cooling Tower Registries and Building Water Management Plans: Strategies to Combat Legionnaires' Disease. Published by National Collaborating Centre for Environmental Health, January 2020.
- Do I Need to Use Certified Products or Materials in my Drinking Water System? Fact sheet posted on the Drinking Water Resource Library.
- How Do I Get My Drinking Water Testing? Fact sheet posted on the Drinking Water Resource Library.
- How Do I Know if there is Lead in my Water? Fact sheet posted on the Drinking Water Resource Library.
- How Do I Take Care of My Cistern? Fact sheet posted on the Drinking Water Resource Library.
- Investigating Disinfection Byproducts for Chippewas of Nawash Unceded First Nation. Published in Environmental Science & Engineering Magazine, December 2019.
- Optimization of Conventional Treatment Processes for Residual Aluminum Control. Pilot testing project report posted on the Drinking Water Resource Library.
- Pilot Testing of Selected Technologies for the Removal of Natural Organic Matter for a First Nation Water Treatment. Presented at Ontario's Water Conference & Trade Show in Ottawa, Ontario in May 2019.
- Reduction of Iron and Hydrogen Sulfide from a Well System Using Oxidation and Filtration. Presented at Ontario's Water Conference & Trade Show in Ottawa, Ontario in May 2019.
- Reduction of Iron and Manganese Using Conventional Treatment and Greensand Filtration. Pilot testing project report posted on the Drinking Water Resource Library.
- Ultrafiltration and Granular Activated Carbon Pilot Testing with the Chippewas of Nawash Unceded First Nation. Pilot testing project report posted on the Drinking Water Resource Library.
- What are the Requirements for Hauling Potable Water? Fact sheet posted on the Drinking Water Resource Library.

Going forward, the Centre will continue to make information available through various channels, including publications, fact sheets, technical presentations and the Drinking Water Resource Library, to improve knowledge transfer and assist the operators and decision-makers who oversee water systems.

Pilot Testing

During the 2019–20 fiscal year, the Centre continued to offer pilot testing services and completed seven projects supporting water systems across Ontario. Four additional projects were also underway as of the end of the fiscal year. Pilot projects are beneficial because they allow the Centre to find solutions to specific client challenges and provide information to enhance the understanding of source water quality, treatment performance, and alternative treatment parameters or technologies. They also provide more opportunities for customized learning than would be available through publications. Pilot testing results may be used to improve existing training, contribute to new courses or be shared through conference proceedings, articles in relevant publications or fact sheets that summarize technical information with the objective of improving knowledge transfer. Clients that participate in pilot testing projects can use the results provided to engage further with professional engineering firms and consultants to address their system vulnerabilities. Pilot projects addressing the following topics were completed during the 2019–20 fiscal year:

- **Arsenic Reduction:** Some groundwater sources may have arsenic in treated drinking water at levels that can affect human health. The Centre completed one pilot testing project that included on-site jar testing and pilot testing to address elevated arsenic and iron levels.
- **Drinking Water in First Nations Communities:** The Centre completed five pilot projects to address various drinking water concerns of First Nations clients. Topics included: evaluation of source water for potential public drinking water supplies; performance assessment of treatment options; reduction of natural organic matter and disinfection by-products; and testing for disinfection by-products from simulated distribution conditions.
- **Taste and Odour Control:** A client expressed concerns of taste and odour occurring seasonally in drinking water. The Centre tested two pilot plants to reduce the taste and odour causing contaminants.

The Centre's Research Advisory Committee — made up of Centre staff and individuals who participate voluntarily to provide expertise in water research — will continue to identify and evaluate information gaps in water research. This information will assist the Centre in prioritizing future pilot testing projects.

Drinking Water Resource Library and Helpline

The Drinking Water Resource Library is an online reference library containing more than 5,000 resources addressing common issues facing water systems. Launched in 2018, resources are vetted by Centre staff for use by owners, operators and operating authorities of water systems, First Nations and the public. The Centre also maintains a Helpline that allows knowledgeable Centre staff to respond to technical calls from clients and the public. In the 2019–20 fiscal year the Drinking Water Resource Library was consulted a total of 4,048 times.

Looking Forward

Annual mandate letters from ministers to board-governed agency chairs outline broad expectations and priorities for the coming year. Reporting on achievements related to the mandate letter is typically a mandatory component of the annual report. For the current reporting period, the Government of Ontario suspended the mandatory requirement for mandate letters until the end of the 2018–19 accountability cycle.

The Centre will continue to work on the following initiatives to meet the needs of the owners, operators and operating authorities of Ontario's water systems:

- Delivering practical water education and training to owners, operators and operating authorities of water systems.
- Providing education and training to operators of First Nations water systems in support of the Ministry's collaborative work with First Nations and the federal government to help improve drinking water for First Nations communities.
- Upholding training quality standards through the quality assurance program.
- Sharing information about the equipment and operational requirements necessary to ensure water is safe through technical tours of the Technology Demonstration Facility.
- Making information easily accessible through the Drinking Water Resource Library, Helpline and publications, including refereed publications and external presentations.
- Undertaking pilot projects to fill information gaps, address client challenges and provide information to enhance the understanding of source water quality, treatment performance and alternative treatment parameters or technologies.
- Offering hands-on training to postsecondary students enrolled in Ontario colleges that provide the Ministry's mandatory Entry-Level Course for Drinking Water Operators.

The Centre, in its strategic plan for 2020–23, will be enhancing its capability to offer virtual and online courses across its entire course offering spectrum, while still retaining the important element of hands-on practical training. This will also be applied to the First Nations programs.

Management's Responsibility for Financial Information

Senior management and the Board of Directors 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.

Finance and Audit Committee's Responsibilities

The Board of Directors' Finance and Audit Committee received and reviewed the Centre's quarterly financial reports. The Finance and Audit Committee also played a number of important roles in the audit process, including:

- Met with the Centre's management team and external auditor to review any issues that need to be identified in the upcoming audit.
- Reviewed the external auditor's evaluation of internal controls with management.
- Reviewed the completed reports issued by the external auditor.
- Reviewed management's response and subsequent follow up to any identified weaknesses.

External Audit

BDO Canada LLP audited the Centre's financial statements for the 2019–20 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.

Analysis of Financial Results

Revenue

During the 2019–20 fiscal year, the Centre generated revenues of \$2,282,235, a decrease of approximately 12 per cent from the 2018–19 fiscal year. This decrease was due to a reduced number of training participants and associated training registration fees, which was caused by two contributing factors. The largest contributor was the cyclical nature of the number of training participants. It was anticipated that the number of training participants would be fewer than the 2018–19 fiscal year due to this predictable three-year cycle. The second factor was the global COVID-19 pandemic, which resulted in the postponement or cancellation of 18 planned courses and events.

The Centre received a transfer payment from the Government of Ontario of \$3.0M during the 2019–20 fiscal year.

Expenditures

Total expenditures for the 2019–20 fiscal year were \$5,583,700, an increase of approximately three per cent from the 2018–19 fiscal year. The largest contributor was an increase in salaries and benefits expenses over the 2018–19 fiscal year, stemming from benefit rate increases, cost of living adjustments and legislated pension expenses. The Centre continues to use internal financial management controls to regulate overall expenditures.

Balance Sheet

The Centre continues to be in a strong financial position. The March 31, 2020 net asset balance of \$8.5M will enable the Centre to continue to make significant contributions to drinking water education, training and pilot testing across Ontario, and plan effectively for future water training initiatives.

Appendix A: Independent Auditor's Report

Walkerton Clean Water Centre
Financial Statements
For the year ended March 31, 2020

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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, 2020 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, 2020, 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 9, 2020

Walkerton Clean Water Centre Statement of Financial Position

March 31	2020	2019
Assets		
Current		
Cash	\$ 6,352,955	\$ 3,992,046
Current portion of investments (Note 2)	2,080,010	3,000,000
Accounts receivable	145,889	139,825
Prepaid expenses	87,526	68,241
	8,666,380	7,200,112
Investments (Note 2)	-	2,035,578
Capital assets (Note 3)	1,103,763	1,083,084
	\$ 9,770,143	\$ 10,318,774
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 313,227	\$ 369,465
Deferred revenue (Note 4)	916,282	1,296,283
	1,229,509	1,665,748
Deferred capital contributions (Note 5)	36,328	42,178
	1,265,837	1,707,926
Commitments (Note 6)		
Net Assets	8,504,306	8,610,848
	\$ 9,770,143	\$ 10,318,774

On behalf of the Board:



Director



Director

Walkerton Clean Water Centre Statement of Changes in Net Assets

For the year ended March 31	2020	2019
Balance , beginning of year	\$ 8,610,848	\$ 8,278,662
Excess of revenue over expenses for the year	<u>(106,542)</u>	<u>332,186</u>
Balance , end of year	<u>\$ 8,504,306</u>	<u>\$ 8,610,848</u>

The accompanying notes are an integral part of these financial statements.

Walkerton Clean Water Centre Statement of Operations

For the year ended March 31	2020	2019
Revenue (Page 7)	\$ 5,282,235	\$ 5,604,193
Expenses (Page 7)	<u>5,583,700</u>	<u>5,440,920</u>
Excess of revenue over expenses before interest and other income	(301,465)	163,273
Interest and other income	182,438	163,014
Gain on disposal of capital assets	<u>12,485</u>	<u>5,899</u>
<u>Excess of revenue over expenses for the year</u>	<u>\$ (106,542)</u>	<u>\$ 332,186</u>

The accompanying notes are an integral part of these financial statements.

Walkerton Clean Water Centre Schedule of Revenue and Expenses

For the year ended March 31	2020	2019
Revenue		
Province of Ontario transfer payment (Note 7)	\$ 3,000,000	\$ 3,000,000
Province of Ontario transfer payment - First Nations	362,504	463,813
Training registrations	1,919,731	5,604,193
	<u>\$ 5,282,235</u>	<u>\$ 5,604,193</u>
Expenses		
Advertising and promotion	\$ 27,470	\$ 43,532
Amortization of capital assets, net	234,232	232,460
Audit and legal	9,505	12,250
Bad debts	542	507
Bank and payroll charges	12,243	13,250
Conferences	15,733	23,276
Consulting services	13,088	8,918
Director fees	14,475	20,950
Employee benefits	681,192	629,481
Insurance	26,066	24,585
Office	139,911	139,898
Professional development	16,303	18,543
Property maintenance	384	-
Recruitment	2,427	3,127
Rent	564,002	601,418
Repairs and maintenance	42,762	36,081
Research projects	32,383	19,520
Salaries	2,551,612	2,266,433
Sponsorships	27,500	23,600
Subscriptions and memberships	19,589	21,501
Telephone	10,578	10,185
Training	1,041,166	1,196,187
Travel	72,874	61,273
Vehicle	3,045	8,710
Website and communications	24,618	25,235
	<u>\$ 5,583,700</u>	<u>\$ 5,440,920</u>

Walkerton Clean Water Centre Statement of Cash Flows

For the year ended March 31	2020	2019
Net inflow (outflow) of cash related to the following activities:		
Operating		
Excess of revenue over expenses	\$ (106,542)	\$ 332,186
Items not involving cash:		
Amortization of capital assets, net	234,232	232,460
Gain on disposal of capital assets	(12,485)	(5,899)
	<u>115,205</u>	<u>558,747</u>
Changes in non-cash working capital balances (Note 8)	(461,588)	2,536,090
	<u>(346,383)</u>	<u>3,094,837</u>
Investing		
Purchase of investments and interest reinvested	(111,931)	(5,084,307)
Redemption of investments	3,067,500	3,057,000
	<u>2,955,569</u>	<u>(2,027,307)</u>
Capital		
Contributions received for capital purposes	2,347	7,704
Acquisition of capital assets	(250,624)	(238,022)
	<u>(248,277)</u>	<u>(230,318)</u>
Net increase in cash during the year	2,360,909	837,212
Cash, beginning of year	<u>3,992,046</u>	<u>3,154,834</u>
Cash, end of year	\$ 6,352,955	\$ 3,992,046

The accompanying notes are an integral part of these financial statements.

Walkerton Clean Water Centre Notes to Financial Statements

March 31, 2020

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, 2020

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, 2020

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

	2020	2019
Royal Bank of Canada GIC	\$ -	\$ 3,000,000
Royal Bank of Canada GIC, 2.15%, due June 2020	2,080,010	2,035,578
	2,080,010	5,035,578
Less amounts due within one year included in current assets	2,080,010	3,000,000
	\$ -	\$ 2,035,578

3. Capital Assets

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulate Amortization
Computer equipment	\$ 258,903	\$ 187,644	\$ 202,193	\$ 166,512
Computer software	140,636	121,322	136,691	103,981
Course curriculums	954,966	611,826	950,625	612,421
Leasehold improvements	61,776	48,578	56,712	45,911
Office furniture and equipment	369,830	326,465	361,826	316,624
Signs	51,041	46,651	51,041	45,554
Technical equipment	3,179,056	2,666,102	3,076,562	2,550,676
Vehicles	135,782	39,639	117,111	27,998
	\$ 5,151,990	\$ 4,048,227	\$ 4,952,761	\$ 3,869,677
Net book value		\$ 1,103,763		\$ 1,083,084

Walkerton Clean Water Centre Notes to Financial Statements

March 31, 2020

4. Deferred Revenue

	First Nations Grant	Training Registration	2020	2019
Balance, beginning of year	\$ 955,610	\$ 340,673	\$ 1,296,283	\$ 1,820,938
Contributions received	-	325,523	325,523	340,673
Contributions transferred in	-	-	-	13,000
Recognized for capital purposes	(2,347)	-	(2,347)	(7,704)
Recognized in year	(362,504)	(340,673)	(703,177)	(870,624)
	<u>\$ 590,759</u>	<u>\$ 325,523</u>	<u>\$ 916,282</u>	<u>\$ 1,296,283</u>

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

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

5. Deferred Capital Contributions

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

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

	2020	2019
Balance, beginning of year	\$ 42,178	\$ 57,878
Contributions received	2,347	7,704
Contributions transferred out	-	(13,000)
Amortization of contributions	(8,197)	(10,404)
Balance, end of year	<u>\$ 36,328</u>	<u>\$ 42,178</u>

Walkerton Clean Water Centre Notes to Financial Statements

March 31, 2020

6. Commitments

Walkerton Clean Water Centre has entered into two equipment operating leases. The first lease will end in October of 2023 and has monthly payments of \$96. The second lease will end November 2023 and has monthly payments of \$31. Further, the Centre has entered into a lease agreement with Ontario Infrastructure and Lands Corporation. This lease will end March 2020 and has monthly lease payments of \$52,900.

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

2021	\$	636,321
2022	\$	1,524
2023	\$	920

7. Transfer Payments

During the year, the Centre was granted \$3,000,000 (2019 - \$3,000,000) in transfer payments from the Province of Ontario.

8. Statement of Cash Flows

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

	2020	2019
Accounts receivable	\$ (6,064)	\$ 3,060,053
Prepaid expenses	(19,285)	61,779
Accounts payable and accrued liabilities	(56,238)	(61,087)
Deferred revenue	(380,001)	(524,655)
	<u>\$ (461,588)</u>	<u>\$ 2,536,090</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 \$220,256 (2019 - \$199,707) and is included in employee benefits in the statement of revenue and expenditures. As this is a multi-employer pension plan, these contributions are the Centre's pension benefit expenses. No pension liability for this type of plan is included in the Centre's financial statements. As of December 31, 2018, the Public Service Pension Plan had a year end deficit of \$1.89 billion (2017 - \$738.0 million) per their audited financial statements.

Walkerton Clean Water Centre

Notes to Financial Statements

March 31, 2020

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, 2020.

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 (2019 - \$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, 2020, 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 \$20,430 (2019 - \$50,000).

Liquidity Risk

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

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

Walkerton Clean Water Centre Notes to Financial Statements

March 31, 2020

11. COVID-19

The global COVID-19 pandemic has disrupted economic activities and supply chains. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. Currently, the entity has temporarily postponed all current and future scheduled in-person course offerings. This has led to a significant decline in training registration revenues and related training expenses. The Entity is currently in the process of converting courses to virtual offerings where possible. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the entity is not able to estimate the full future effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.
