

2024-2025 Financial Statements



Canadian Water Network
Réseau canadien de l'eau

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

Financial Statements

March 31, 2025

To the Board of Directors of Canadian Water Network Inc. / Réseau canadien de l'eau Inc.:

Opinion

We have audited the financial statements of Canadian Water Network Inc. / Réseau canadien de l'eau Inc. (the "Organization"), which comprise the statement of financial position as at March 31, 2025, and the statements of operations and net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Waterloo, Ontario

June 20, 2025

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

MNP

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

Statement of financial position

As at March 31

	2025 \$	2024 \$
Assets		
Current assets		
Cash	1,084,804	1,254,474
Accounts receivable (note 3, note 6)	762,625	212,940
Prepaid expenses	40,174	27,593
Total assets	1,887,603	1,495,007
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	619,710	232,830
Unearned revenue (note 4)	825,295	832,670
Total current liabilities	1,445,005	1,065,500
Net assets		
Unrestricted	442,598	429,507
Total liabilities and net assets	1,887,603	1,495,007

See accompanying notes

On behalf of the Board:

Director



Director



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

Statement of operations and net assets

For the year ended March 31

	2025 \$	2024 \$
Revenue		
Contracts	81,719	95,953
Government grants (note 8)	1,078,100	304,024
Other contributions	70,000	70,000
Municipal Water Consortium Membership fees (note 4)	1,192,500	1,170,000
Conference fees	13,500	185,842
Other	37,047	53,725
	2,472,866	1,879,544
Expenses		
Personnel	1,667,611	1,338,796
Operating	233,632	130,602
National conference (note 9)	28,863	209,831
Project and reports	5,969	4,735
Contracts	523,700	155,038
	2,459,775	1,839,002
Excess of revenue over expenses	13,091	40,542
Net assets, beginning of year	429,507	388,965
Net assets, end of year	442,598	429,507

See accompanying notes

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

Statement of cash flows

For the year ended March 31

	2025 \$	2024 \$
Operating activities		
Excess of revenue over expenses	13,091	40,542
Deduct non-cash items		
Amortization of Municipal Water Consortium Membership fees (note 4)	(1,082,670)	(1,162,551)
	(1,069,579)	(1,122,009)
Changes in non-cash working capital		
Increase in accounts receivable	(549,685)	(155,385)
(Increase) decrease in prepaid expenses	(12,581)	21,307
Increase in accounts payable and accrued liabilities	386,880	2,870
Unearned revenue received in the year (note 4)	1,075,295	1,115,170
Cash used in operating activities	(169,670)	(138,047)
Decrease in cash during the year	(169,670)	(138,047)
Cash, beginning of year	1,254,474	1,392,521
Cash, end of year	1,084,804	1,254,474

See accompanying notes

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

NOTES TO FINANCIAL STATEMENTS

1. Description

Canadian Water Network Inc./Réseau canadien de l'eau Inc. ("CWN") commenced operations on March 1, 2001, was incorporated under the Canada Corporations Act on August 7, 2003, and was issued a Certificate of Continuance under the Canada Not-for-Profit Corporations Act on October 10, 2014. CWN and its operations are an independent not-for-profit organization, funded through various sources, focused on development and mobilization of strategic water research and decision-making information.

CWN's mission is to nurture national partnerships that mobilize multidisciplinary research and water management practices, catalyzing innovation that provides practical, implementable solutions to complex water resource management issues. CWN fulfils its mission by establishing multi-sector partnerships of water users and managers, and developing and mobilizing initiatives on water-related issues of priority to these partners. CWN relies on the expertise of leading Canadian researchers and practitioners to support its programs, and works closely with governments and industry to determine priorities through various mechanisms including multi-sectoral consortia, focused regional or national initiatives, and targeted projects with single end users.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, which constitutes generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized below.

Revenue recognition

CWN follows the deferral method of accounting to recognize revenue for contributions.

"Contracts" are recognized as revenue in the year when received or receivable, if the amount to be received has been committed in the year, can be reasonably estimated, and collection is reasonably assured. Advance payments received for contracts are recorded as "unearned revenue" in the statement of financial position when all or a portion of the related work has not yet been completed. Unearned revenue related to contracts is recognized as revenue in the statement of operations and net assets in the year in which expenses related to these contracts are incurred.

Revenue from registration and sponsorship fees received for the National Blue Cities conference and other meetings and conferences held for which registration fees or sponsorship fees are charged, is recorded as "unearned revenue" in the statement of financial position when received prior to the fiscal year in which the conferences are held. Revenues are recognized in the statement of operations and net assets through "conference" in the year in which the related conference is held.

Membership fees are recorded as "unearned revenue" in the statement of financial position and recognized as "amortization of Municipal Water Consortium Membership fees" in the statement of operations and net assets on a straight-line basis over the membership period when the fees have been committed and can be reasonably estimated, and collection is reasonably assured.

Other contributions are recognized when the eligibility criteria for the subsidies are met.

NOTES TO FINANCIAL STATEMENTS

2. Summary of significant accounting policies (*continued*)

Revenue recognition (*continued*)

Government grants are recognized in the statement of operations and net assets on a systematic basis over the periods in which the Organization recognizes expenses as related costs for which funded expenditures are incurred. Government grants are recognized when there is reasonable assurance that the Organization will comply with the terms and conditions associated with the grants and the grants will be received.

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

Contributed services

The University of Waterloo provides office space to the Organization at no cost. Contributions of materials and services are not recorded in the financial statements due to the difficulty in determining their fair value.

Expenses

"Personnel" expenses represent costs related to salaries and benefits of all permanent and fixed-term contract staff.

"Operating" expenses represent the cost of operations including administrative, travel, meetings, communications, marketing, audit, legal, and staff training and development costs other than those directly related to the Blue Cities National Conference or the delivery and operations of projects, reports, or externally funded grants and contracts.

"National conference" expenses represent the costs, other than salary and benefits of permanent and short-term contract staff, of developing and delivering CWN's annual national conference.

"Projects and reports" expenses represent the non-salary or benefits costs of researching, developing, or producing outputs related to topic areas of interest.

"Contracts" expenses represent the non-salary or benefits costs of fulfilling the requirements of externally funded grants and contracts.

All expenses are recorded on an accrual basis of accounting.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the organization becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost. When there is evidence of impairment, the value of these financial instruments is written down to the estimated net realizable value through the statement of financial position.

NOTES TO FINANCIAL STATEMENTS

2. Summary of significant accounting policies (*continued*)

Financial instruments (*continued*)

CWN recognizes any impairment losses through the statement of financial position when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of financial position in the period in which the reversal occurs.

Use of estimates

The preparation of financial statements, in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Accounts payable and accrued liabilities are based on management's expectation of amounts payable for goods and services for which invoices were not received prior to the year end.

3. Accounts receivable

	2025 \$	2024 \$
Municipal Water Consortium Membership fees receivable	50,000	25,000
Government grants receivable	697,964	187,940
Sales taxes receivable	14,661	-
	762,625	212,940

NOTES TO FINANCIAL STATEMENTS

4. Unearned revenue

During the year ended March 31, 2025, CWN received \$1,075,295 (2024 - \$1,115,170) in fees related to joining the Municipal Water Consortium Membership program, for registration or sponsorship of the National Blue Cities conference occurring in the following fiscal year or as advances for contribution agreements. Most memberships run on a calendar year basis. Included in fees recognized during the year is \$1,082,670 (2024 - \$1,162,551) of deferred Municipal Water Consortium Membership fees recognized in the statement of operations and net assets.

	2025 \$	2024 \$
Balance, beginning of year	832,670	880,051
Add		
Fees received during the year	1,075,295	1,115,170
Less		
Fees recognized during the year	1,082,670	1,162,551
Balance, end of year	825,295	832,670

5. Income taxes

CWN is a not-for-profit organization under Section 149 of the *Income Tax Act* (Canada) and is therefore exempt from income taxes.

6. Nature and extent of financial risks

It is management's opinion that CWN is not exposed to significant interest rate risk, credit risk, currency risk, liquidity risk or other price risks arising from its financial instruments.

Concentration risk

As at March 31, 2025, the following counterparties of CWN have accounts receivable balances outstanding in excess of 15% of the total balance of accounts receivable. As the balances are receivable from a federal government, CWN has assessed the credit risk associated with these balances as low.

Counterparty	Balance Outstanding \$	% of Accounts Receivable
Public Health Agency of Canada	305,306	41%
Natural Resources Canada	200,254	27%
Environment and Climate Change Canada	192,296	26%

7. Capital management

In managing capital and operating needs, CWN focuses on liquid resources available for operations. CWN's objective is to have sufficient liquid resources on hand to continue operating and to provide it with the flexibility to capitalize on opportunities to further support the community. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at March 31, 2025, CWN has met its objective of having sufficient liquid resources to meet its current obligations.

NOTES TO FINANCIAL STATEMENTS

8. Government grants

During the years ended March 31, 2025 and March 31, 2024, CWN received grants and subsidies from certain government agencies including Indigenous Services Canada ("ISC"), the Department of Canadian Heritage ("DCH"), National Collaborating Centre for Infectious Diseases ("NCCID"), Environment and Climate Change Canada ("ECCC"), Natural Resources Canada ("NRCan"), and Public Health Agency of Canada ("PHAC").

A breakdown of the revenue generated with respect to the government grants by funder or program is as follows:

				2025
	ECCC	NRCan	PHAC	Total
Government grants	287,712	285,173	505,215	1,078,100
				2024
	ISC	DCH	PHAC	Total
Government grants	36,301	4,750	262,973	304,024

9. National conference

During the year ended March 31, 2025, CWN did not hold the Blue Cities National Conference. The expenses recognized in national conference on the statement of operations and net assets relate to certain incidental expenditures incurred to support the conference to be held during the year ended March 31, 2026.