



We Take Care of Our Water

2022–23 Annual Report





Designed by Tiannie Paul, Operations Engineer, and Katelyn Murphy.

We Take Care of Our Water

The full circle represents Msit No'kmaq in Mi'kmaw and Psiw Ntolnapemok in Wolastoqey. Both phrases mean "all my relations" and reminds us that everything is connected.

The colours blue, yellow, red, and black in the top double-curved motif represent the Atlantic First Nations Water Authority (AFNWA). The bottom colours are blue and brown, representing the shared Western and Indigenous knowledge concept known as **Etuptmumk**, or **Two-Eyed Seeing**, in Mi'kmaw. In Wolastoqey, the equivalent concept is **Nisi 'Sotasu**, or literally, "two ways of knowing."

The green plants in the circle symbolize **Netukulimk**, the Mi'kmaw concept of respecting sustainability for seven generations to come. Two individuals, a youth and elder, hold water. In Wolastoqey, we use **Askomi-ihkatasu**, which means, "forever protected."

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Mission, Vision, and Goals



MISSION

To provide safe, clean drinking water and wastewater in all participating First Nations communities in Atlantic Canada, delivered by a regional water authority owned and operated by First Nations.



VISION

To be a recognized leader for the delivery of water and wastewater services to First Nations communities across Canada.



STRATEGIC GOALS

- To support long term self-governance
- To improve service delivery
- To ensure effective governance of the AFNWA
- To ensure financial sustainability of the AFNWA
- To integrate First Nations culture and tradition and realize aspirations to achieve self-determination

The Interim CEO Says Nmu’ltes and Apc-oc Knomiyal

It was another banner year of progress for the Atlantic First Nations Water Authority (AFNWA) as it moved into operational readiness to serve First Nations communities. A key milestone occurred on April 7, 2022, when the federal government announced dedicated funding for AFNWA as part of Budget 2022.

A total of \$257 million was earmarked for capital and operational budgets over a ten-year period to fund services to 17 communities who had expressed interest in AFNWA membership. With sustainable funding in hand, the utility was positioned to finalize the Service Delivery Transfer Agreement (SDTA) with Indigenous Services Canada (ISC) and Community Agreements with First Nations that were considering full membership.

The SDTA was finalized in September 2022 and executed by Indigenous Services Minister Patty Hajdu and Chief Wilbert Marshall, Chair of the AFNWA Board, on November 7, 2022, in Kijipuktuk. With this agreement in place, dedicated outreach and engagement ensued through the fall and winter to seek formal Band Council Resolutions to transfer service responsibility from participating First Nations to AFNWA. At the time of writing this letter, 12 communities have executed agreements or Band Council Resolutions to transfer responsibility for water and wastewater services to AFNWA.

With activities ramping up over the 2022–23 fiscal year, the Board kept pace by meeting more frequently than on its scheduled bi-monthly basis. This was particularly necessary to ensure that the Board exercised its due diligence and oversight of capital projects and the development of regulatory frameworks for drinking water quality and economic oversight.

It became apparent that many past projects under ISC responsibility were delayed, and agreements were worked out with ISC for AFNWA to take on these projects to ensure efficient and effective

completion. With a full complement of engineering and operations staff, many operational and capital projects were accelerated in partnership with host communities, and in some cases under an emergency management framework.

As work progressed on the formal transfer of responsibility between ISC, First Nations, and the utility, AFNWA staff continued to familiarize themselves with assets and operations within communities, and engaged with operators and band staff at every opportunity. This has resulted in strong relationships being formed within communities, which is critical to the success of the utility. AFNWA has offered employment to all operators currently working in water and wastewater operations, to take effect on the date of transfer of system responsibility.

Key foundations of employment included competitive wages and benefits, and a recognition of an operator’s years of service with their respective community. Many operators took advantage of the training opportunities offered by AFNWA and advanced their certification prior to joining the utility. The compensation for operators follows the concept of skill-based pay and as they gain certification in the four areas of operations, their pay increases accordingly.

Now that the transition to full operations has been completed, it is with gratitude that my tenure as interim CEO comes to a close. I have been blessed with the support of our Board, First Nations Chiefs and councillors, band staff, and AFNWA staff, which made the journey rich and rewarding. Management responsibilities are now in the hands of Susheel Arora who has a wealth of operational experience and leadership abilities. AFNWA is well positioned for service excellence and growth.



Nujo’tme’k Samqwan and Wolankeyutomune Samaqan,

Carl Yates, M.A.Sc., P.Eng.
Interim CEO

A handwritten signature in blue ink that reads "Carl Yates". The signature is written in a cursive, flowing style.

A Message from the CEO

It is both a great honour and pleasure to have been chosen to lead the Atlantic First Nations Water Authority (AFNWA) as we journey towards providing sustainable solutions in water and wastewater services for our member communities.

Although AFNWA began as an idea well over a decade ago, my participation in the journey is just beginning. In my new role as CEO, I am eager to share my background and knowledge of water and wastewater services to enhance the level of service to our communities, protect the environment, and incorporate traditional knowledge and customs from the First Nations we serve.

With AFNWA being included in the federal budget announcement in April 2022, we knew that we had the full support of the federal government to commence operations of Canada's first Indigenous-owned and operated water and wastewater utility. With funding secured, and as AFNWA was prepared for communities to become members, the next objective was to secure a post-transition leader. I feel privileged to be in this role.

AFNWA assumed full operations of the water and wastewater systems in eight communities on April 1, 2023 and aims to add new members in 2023-24. Our staff are on the ground in these communities, and we look forward to building capacity and expertise in all our staff who serve our communities 24/7, 365 days a year. Moreover, through effective collaboration with our partners, we are leveraging our resources and relationships to not only deliver to those whom we serve today, but also for the generations that follow.

We look forward to sharing our journey with everyone, as AFNWA is built for service and growth. When you see our team and emblem in your community, please feel free to reach out and say hello to the devoted staff who work and live in the communities that we all serve together.



Wela'lin and Woliwon,

Susheel Arora, M.A.Sc., P.Eng.
Chief Executive Officer

A handwritten signature in white ink that reads "Susheel Arora". The signature is written in a cursive style and is positioned over a background of concentric white ripples on a dark blue surface.

A Word from our Board Chair

As the Board Chair of the Atlantic First Nations Water Authority, I am honoured to lead a dedicated team of professionals who are committed to delivering essential water and wastewater services to our communities.

The 2022–23 fiscal year saw the onboarding of member communities with the commencement of service delivery. While AFNWA is a young organization, we are proud to have a First Nations-owned utility providing clean, safe, and reliable water to our community members. As the journey continues, we plan to build a legacy of excellence, achieve strategic milestones, and address all challenges that come our way.

As we know, due to an absence of federal legislation, First Nations water quality is unregulated. The AFNWA Board and management recognized this gap and partnered with the Centre for Water Resources Studies at Dalhousie University to develop interim drinking water oversight standards aligned with industry best practice in Canada. These oversight standards ensure a consistent approach across all member communities.

In addition to establishing water quality standards, we signed the Service Delivery Transfer Agreement, which transferred ministerial responsibility for the delivery of water and wastewater services from Indigenous Services Canada to the Atlantic First Nations Water Authority. We were proud to welcome Minister Hajdu to Mi'kma'ki for this historic step toward self determination.

In closing, I extend my gratitude to the talented and committed team at AFNWA. Their hard work, expertise, and dedication are the driving force behind our success. I am always inspired by their passion for excellence and unwavering commitment to serving our communities.

As we look to the future, we are optimistic about the opportunities that lie ahead. We remain committed to providing exceptional water services, promoting sustainability, and contributing positively to the well-being of our communities.



Wela'liog,

Chief Wilbert Marshall
Chair, Board of Directors

Awards and Sponsorships

AFNWA Celebrates Early Successes

It was a successful year for the Indigenous-owned and operated utility, as AFNWA earned several awards. Not only was AFNWA recognized as a growing entity, but individual staff were also recognized for their contributions to the water and wastewater industry.

- Deputy Minister's Recognition Award for Collaboration and Partnerships
 - » Carl Yates, John Lam, James MacKinnon
- Canadian Network of Asset Managers Tereo Innovator Award first place winner, AFNWA
- Atlantic Canadian Water and Wastewater Association Awards
 - » Tiannie Paul, Emerging Leader Award
 - » Corbin Stevens, Silent Hero Award
 - » AFNWA and Dillon Consulting Ltd., Project of the Year – Medium Utility – Development of Asset Management Plans for Water & Wastewater Systems
- Journal AWWA Division Best Paper for the Small Systems Division, Adam Gould with *Atlantic First Nations Water Authority: A Utility Created by and to Serve First Nations*





AFNWA is a Proud Community Supporter

AFNWA actively pursues sponsorship opportunities in Wolastokuk and Mi'kma'ki communities and supports grassroots initiatives as a community partner. In 2022–23, we were fortunate to support the following community-based events and initiatives.

APRIL

Maritime Provinces Water & Wastewater Association (MPWWA) Seminar

MAY

2022 National Aboriginal Hockey Championships, Membertou

Samqwan: Encore, Halifax (Kjipuktuk) and Sydney

JUNE

#JStrong Golf Tournament, Acadia (Yarmouth)

JULY

Nova Scotia Mi'kmaw Summer Games, Potlotek

North American Indigenous Games (NAIG): One Year Out! in Halifax (Kjipuktuk)

AUGUST & SEPTEMBER

Neqotkuk Labour Day Festival, Neqotkuk

13th Annual MCPEI Charity Golf Tournament, Charlottetown, Epekwitk

OCTOBER

Atlantic Canada Water & Wastewater Association (ACWWA) Annual Conference, Saint John

DECEMBER

Tobique Christmas Club, Neqotkuk

SaltWire Parade of Lights with NAIG, Halifax (Kjipuktuk)

FEBRUARY

AFNWA Warriors hockey team for Pier Community Hockey Fundraiser, Sydney

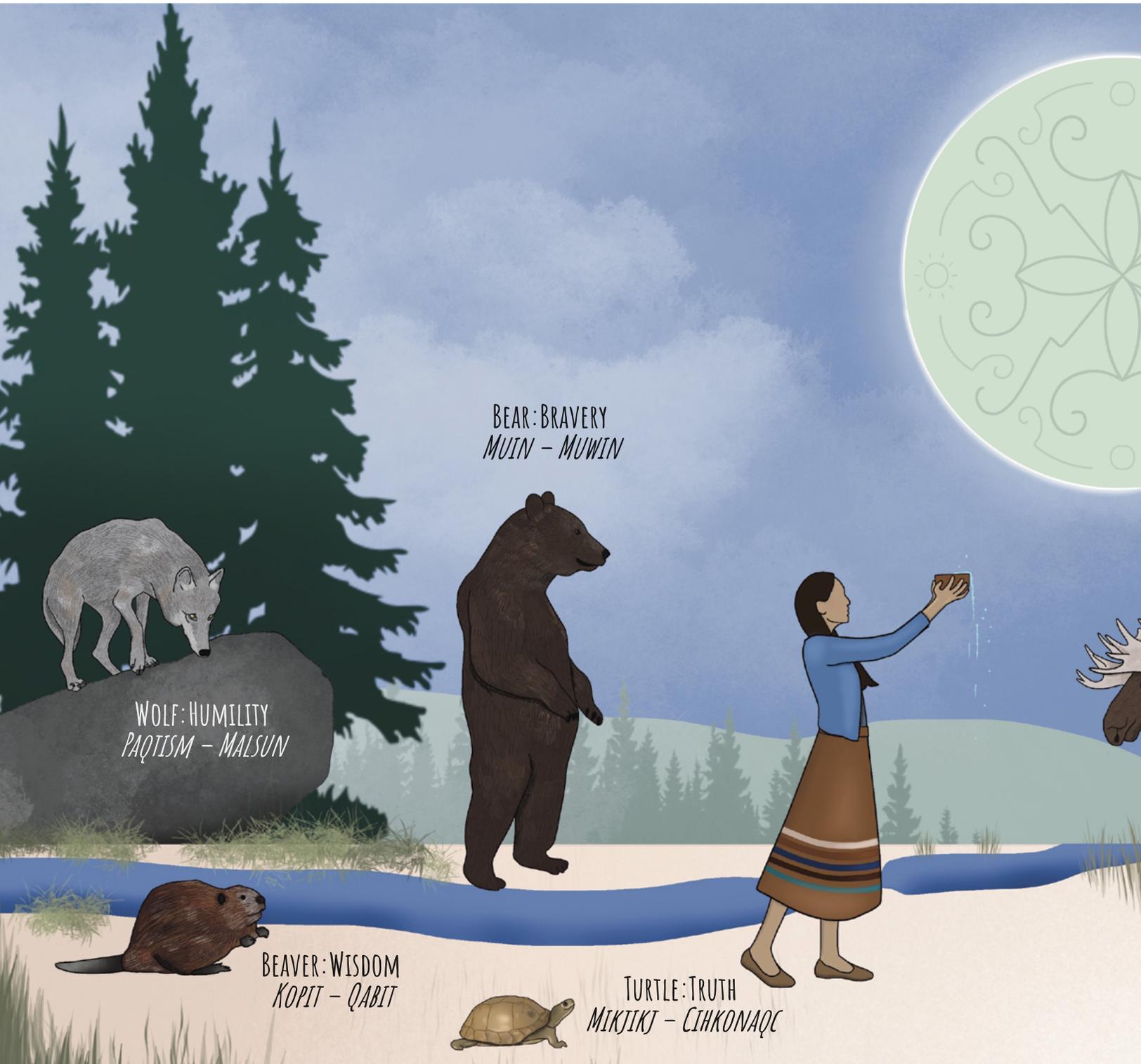
MARCH

National Engineering Month, Engineers Nova Scotia

Unama'ki Kinaps baseball team, Unama'ki

Elders Advisory Lodge

The AFNWA Board is supported by an active Elders Advisory Lodge (EAL) to ensure traditional values and culture are incorporated in our daily operations. This was the second year the Lodge guided AFNWA and its Board.



BEAR: BRAVERY
MUIN - MUWIN

WOLF: HUMILITY
PAQTISM - MALSUN

BEAVER: WISDOM
KOPIT - QABIT

TURTLE: TRUTH
MIKIKI - CIHKONAQC

Methilda Knockwood-Snache was appointed by her peers as EAL Chair in 2021, and is present at every Board meeting and AFNWA gathering. AFNWA meets with harmonious intent and Methilda opens each meeting with prayer and sage for smudging the air. A water ceremony is also held, purifying the settings for open and shared dialogue.

In the Lodge's second year, they continued with momentum from year one and with an idea rooted in their own Terms of Reference (TOR). When establishing the TOR in 2021, the Elders applied the Seven Sacred Teachings to discussions, actions, and

decision-making. With their recommendation, the Board and management accepted the Seven Sacred Teachings as the spirit of AFNWA corporate values.

Each virtue is represented by animals that are native to Atlantic Canada, which were matched with the teaching they align with, as selected by the Elders Advisory Lodge.

Artwork by Emma Hassencahl-Perley.

Animal translations were provided by the Elders Advisory Lodge and are stylised below as *Mi'kmaw - Wolastoqey*.



EAGLE: LOVE
KITPU - CIPLAKON



MOOSE: RESPECT
TIAM - MUS



WHALE: HONESTY
PUTUP - PUTEP

Board of Directors

This year, the Board of Directors grew by two with the appointments of Joanna Bernard, Regional Chief for New Brunswick, Assembly of First Nations, and Dr. Shelley Denny, PhD., Senior Advisor with Unama'ki Institute of Natural Resources.

CHAIR



Chief Wilbert Marshall
Potlotek

VICE-CHAIR



Chief Ross Perley
Neqotkuk



Chief Darlene Bernard
Lennox Island



Chief Arren Sock
Elsipogtog



Chief Terry Paul
Membertou



Todd Hoskin
CEO, Ulnooweg Development Group



Chief Andrea Paul
Pictou Landing



Chief Leroy Denny
Eskasoni



AFN Regional Chief Paul Prosper
Nova Scotia



Dr. Shelley Denny, PhD.
Unama'ki Institute of
Natural Resources



AFN Regional Chief Joanna Bernard
New Brunswick

Engineering

Infrastructure Master Planning and Cost Recovery—Paqtnkek

AFNWA's funding from Indigenous Services Canada (ISC) is for centralized water and wastewater systems in residential and other First Nations community buildings. Water and wastewater infrastructure for economic development is not funded by ISC and is therefore not part of the AFNWA budget.

Funding for economic development initiatives often comes from other funding programs or from communities themselves. AFNWA has worked with Paqtnkek and the First Nations Infrastructure Institute (FNII) to explore alternatives for recovering costs associated with water and wastewater infrastructure tied to economic growth. This research is the first of its kind for Atlantic First Nations and could yield positive outcomes for more Indigenous communities.

In addition to our cost recovery work, we collaborated with Paqtnkek and FNII on a pilot project to develop an infrastructure master plan for the community. This master plan will incorporate work from Paqtnkek's land use planning initiatives, along with the community's other plans for growth, to produce a master plan for community infrastructure.

This pilot project will ensure AFNWA is aware of growth initiatives and can plan to increase system capacity accordingly. If successful, AFNWA will roll out Infrastructure Master Plans to all of our member communities.

SCADA Standards

The AFNWA 10-Year Business Plan demonstrates that First Nations communities in Atlantic Canada would benefit from the development of a common Supervisory Control and Data Acquisition (SCADA) system. A SCADA system is a critical software and hardware platform that monitors water and wastewater system operations in real time and facilitates control through on-site and remote operator intervention. It also captures and stores historical data, which operators can review to analyze trends and optimize system performance.

Developing standards is key to ensuring data is stored securely and protected from cyberattacks and that back-up systems are in place. With standardized systems, AFNWA staff can provide support remotely from other communities and headquarters. Standardization also allows spare parts and resources to be shared across communities and areas of operation. We are proud to report that our SCADA standards are now complete and are being piloted in two member communities: Lennox Island and Pictou Landing.



AFNWA's secondary office in Truro.

Corporate Services

A Busy Year for the Corporate Services Team in 2022-23

Below is a list of departmental highlights:

- Grant Thornton recommended that AFNWA adopt the Canadian Accounting Standards for Not-for-Profit Organizations. This has been formalized and the utility is now using the Standards.
- After a competitive proposal process, Scotiabank was chosen to provide AFNWA's banking services.
- QuickBooks is now AFNWA's exclusive accounting software.
- AFNWA procurement processes were formalized including a public notice tab on our website where contract awards are announced.
- Vendor lists have been developed in partnership with AFNWA member communities.





AFNWA Included in Federal Budget 2022

On April 7, 2022, the federal government released Budget 2022, which proposed providing ISC with an additional \$173.2 million over 10 years, starting in 2022–23, to support the transfer of water and wastewater services in Wabanaki communities to AFNWA.

Following the announcement, interim CEO Carl Yates, interim COO James MacKinnon, Board Chair Chief Wilbert Marshall, and Vice-Chair Chief Ross Perley were featured in interviews with CBC, SaltWire, Global News, and Brunswick News. Chief Wilbert, Carl, and James also enjoyed a supportive conversation with Indigenous Services Minister, Patty Hajdu.



Minister Hajdu Signs SDTA with AFNWA

On November 7, 2022, AFNWA made history with the signing of the Service Delivery Transfer Agreement with The Honourable Patty Hajdu, Minister of Indigenous Services.

Joined by her team, Minister Hajdu joined Board Chair Chief Wilbert Marshall, interim CEO Carl Yates, and interim COO James MacKinnon to affirm the ministerial transfer of responsibilities. Chair of the Elders Advisory Lodge, Methilda Knockwood-Snache, provided an opening water ceremony and presented the Minister with an eagle feather and Chief Marshall with a turtle shell rattle.



Funding Agreement Signed

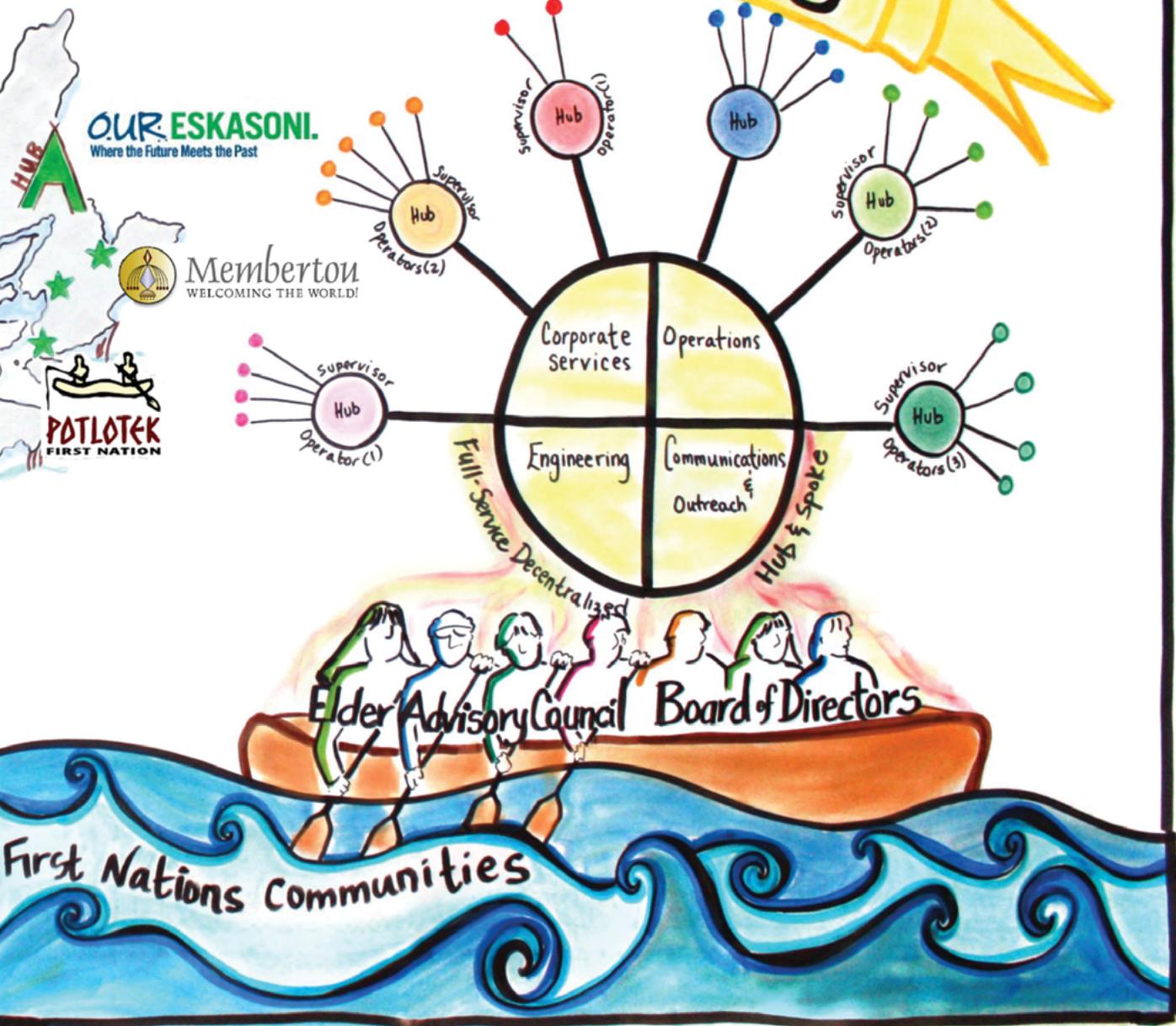
AFNWA and ISC signed the 10-year Funding Agreement on February 3, 2023.

Aligning with AFNWA's 10-year business plan, the Funding Agreement is a commitment of \$257 million for capital and operations and has the full support of the Minister of Indigenous Services, the Honourable Patty Hajdu. Discussions that happened over months have led to AFNWA funding being secured for the next 10 years.

Atlantic FIRST NATIONS



Clean Water Authority



Additional Highlights

Welcomed Nine New Staff Members

Corporate Services:
Margie Hennigar,
Controller

Wanda Ralph,
Procurement Officer

Chandler Fraser,
Junior IT Coordinator

Engineering:
Alex Davis, Planning
& Development Engineer

Operations:
Dan MacDonald, Safety
& Security Coordinator

Lead Operators:
Gregg Brewer
Travis Dymont

Operators:
Joseph Sockabasin
Justin Moulton

Participated in numerous community events including **13 pow wows** in all three provinces we serve.



.....  **Economic oversight** gained new significance when AFNWA signed the Service Delivery Transfer Agreement with ISC in November 2022. Recognizing that we must be financially transparent and accountable to the federal government and the First Nations we serve, AFNWA deemed that an Indigenous organization should provide its economic oversight.

Anticipating this need, AFNWA welcomed First Nations Financial Management Board (FMB) Executive Chair, Harold Calla, and its senior management to Millbrook. On September 20, 2022, our respective organizations signed an MOU to explore a framework for economic oversight.



.....  Delivered **two promotional videos** that welcomed participating communities to become **full members, and owners, of AFNWA**. Both videos were produced with the help of North Above All, narrated by Paul Prosper, and are **[available on our YouTube channel](#)**.



Onboarding Communities

At the end of the 2022–23 fiscal year, eight First Nations communities had signed membership agreements with AFNWA. The following are synopses of each agreement.

The Service Delivery Transfer Agreement

The Service Delivery Transfer Agreement is the key agreement between AFNWA and ISC, which establishes the transfer of water and wastewater responsibilities from ISC to AFNWA, and commits Canada to the long-term funding of water and wastewater services. The main purpose of the agreement is to:

- Transfer to ADNWA all responsibilities and liabilities of the development and provision of water and wastewater services for participating First Nations.
- Outline the governance structure and accountabilities of AFNWA, incorporating the fundamental principle of Two-Eyed Seeing.
- Identify baseline standards for the delivery of water and wastewater services in participating First Nations communities by AFNWA.
- Establish via a funding agreement the funding model for the development and provision of water and wastewater services by AFNWA to participating First Nations.
- Outline a process for amending long-term funding to accommodate changes in community membership.
- Establish a framework for economic and environmental oversight of AFNWA.



Community Agreements

The Community Agreement is the primary agreement between each individual First Nations community and AFNWA. Under the Community Agreement, a community transfers responsibility for water and wastewater services to AFNWA, which agrees to deliver the services to the member community. The agreement transfers certain movable assets to AFNWA, while land and facilities are to be accessed by the utility through permits.

With the transfer of responsibility through the Community Agreements, AFNWA indemnifies the member community from any future liability related to water and wastewater service delivery. The utility offers employment to current water and wastewater operators in member communities and provides support for ongoing training and development. Employment includes competitive salaries based on current market rates and enrollment in pension and benefits programs.

Permits

As part of AFNWA membership for communities without a custom land code, AFNWA must sign a tripartite permit with the participating First Nation and Canada to grant access to the land where water and wastewater infrastructure is situated. For communities with a custom land code, AFNWA can sign a permit for land access directly with the First Nation.

The Communities Who Became Members and Owners

AFNWA is officially in business with operations underway. Below are the communities who transferred service responsibility in 2022–23.



We anticipate more communities to confirm their memberships in the 2023–24 fiscal year. Our door is always open.

Operations

Meet Your Hub Supervisors

AFNWA's corporate structure allows operations to be coordinated within a service area, with the ability for operators to move from community to community to respond to emergencies or assist when extra resources are required.

In preparation for full operations, AFNWA recruited, interviewed, and selected five hub supervisors for each service area.



Unama'ki:
Patrick Jeddore,
Eskasoni



We'kokekwitk:
Corbin Stevens,
Pictou Landing



**Epekwitk and
Mlisigeneegatig:**
Travis Dymont,
Lennox Island



Wolastokuk:
Gregg Brewer,
Neqotkuk



Float supervisor:
Andrew Lafford,
Eskasoni

Compliance and Regulatory Framework

To fulfill the AFNWA mission of creating a long-term solution for water and wastewater management for participating Atlantic First Nations communities, the Board of Directors recognized the need for the development of treatment and water quality standards. The Board engaged Dalhousie University's Centre for Water Resources Studies (CWRS) to design interim drinking water compliance standards that were comparable to, or better than, provincial standards.

AFNWA staff, First Nations and Inuit Health Branch (FNIHB) staff, and the CWRS team collaborated to produce a regulatory framework for AFNWA communities that incorporated water quality guidance standards and risk management practices to ensure safe drinking water and clean wastewater for participating communities. The Board of Directors approved the Drinking Water Regulatory Guidance and Compliance Standards in December 2022, which established the first-of-its-kind water treatment and monitoring requirements for First Nations communities.

To ensure water and wastewater treatment, operations, and monitoring are grounded in Indigenous values and knowledge, the AFNWA's Elders Advisory Lodge and the CWRS team worked to develop a risk management process, known in Mi'kmaw as Nujo'tme'k Samqwan and in Wolastoqey as Wolankeyutomune Samaquan, which translates to "we take care of our water." As AFNWA matures and grows, it will continue to review these standards and practices to ensure they align with broader efforts to establish First Nations drinking water and wastewater legislation.



Standard Operating Procedures

A critical component in delivering the level of service described above is a robust, effective, and dynamic system of Standard Operating Procedures (SOPs). SOPs are a best practice across all industries and sectors, as well as mandatory components of business accreditations such as International Organization for Standards (ISO).

AFNWA had prioritized the development of its own SOPs to support the occupational health and safety, operational, and compliance requirements of our communities. The regulatory instruments that we have adapted to guide our water and wastewater systems operations require SOPs for several processes and activities.

The Operations department continues to prioritize these SOPs, as well as the overall occupational health and safety SOP strategy and its support for the AFNWA Occupational Health and Safety Program Manual.

A significant part of successful SOPs is the continual improvement cycle. AFNWA is committed to annual review of all SOP's to ensure they are current and reflect best practices.



APPENDIX

FINANCIAL STATEMENTS

Independent Auditor's Report

To the Members of the Atlantic First Nations Water Authority Inc.

Opinion

We have audited the accompanying financial statements of the Atlantic First Nations Water Authority Inc., which comprise the statement of financial position as at March 31, 2023, the statements of operations, surplus, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Atlantic First Nations Water Authority Inc. as at March 31, 2023 and the results of its operations and 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 Authority 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.

Other Matter – Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedules included on Pages 12 and 13 are presented for purposes of additional information and are not a required part of the financial statements. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the financial statements taken as a whole.

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 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 Authority'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 Authority or to cease operations, or has no realistic alternative but to do so.

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

Grant Thornton LLP



Chartered Professional Accountants

Truro, Canada
September 27, 2023

Atlantic First Nations Water Authority Inc. Statement of Operations

Year ended March 31	2023	2022
Revenues		
Indigenous Services Canada	\$ 4,864,636	\$ 4,329,171
Indigenous Services Canada First Nations and Inuit Health Branch	189,196	78,776
Atlantic Policy Congress of First Nations Chiefs Secretariat	-	83,031
Interest	264,363	17,781
Miscellaneous	4,925	1,809
	5,323,120	4,510,568
Expenses		
Advertising and promotional materials	126,071	113,059
Automotive	77,763	-
Board and council compensation	105,250	82,000
Business fees and licenses	12,105	4,368
Catering and room rentals	78,256	7,760
Contracts	576,218	1,842,014
Equipment rentals	7,831	29,266
Insurance	104,869	6,171
Interest and bank charges	6,194	3,374
Interest on long term debt	24,800	-
Membership dues	17,691	-
Office supplies	88,010	36,728
Professional fees	414,542	36,716
Professional development	127,712	29,414
Property taxes	3,938	-
Rent and facilities	185,332	83,749
Repairs and maintenance	57,492	27,730
Safety supplies	2,145	6,984
Salaries and benefits	2,470,960	1,749,535
Technology services	108,562	46,653
Telephone and cellular	24,912	18,076
Tools, supplies and equipment	127,022	-
Travel	257,001	75,564
Utilities	49,155	24,030
	5,053,831	4,223,191
Excess of revenues over expenses before other items	\$ 269,289	\$ 287,377
Amortization of tangible capital assets	(320,731)	36,957
Amortization of deferred capital contributions	47,347	-
(Deficiency) excess of revenues over expenses	\$ (4,095)	\$ 250,420

See accompanying notes to the financial statements.

Atlantic First Nations Water Authority Inc. Statement of Surplus

Year ended March 31, 2023	Unrestricted	Investment in Capital Assets	Total 2023	Total 2022
Beginning of year	\$ 7,781	\$ 232,639	\$ 250,420	\$ -
(Deficiency) excess of revenues over expenses	269,289	(273,384)	(4,095)	250,420
Interfund transfers	(165,011)	165,011	-	-
End of year	\$ 122,059	\$ 124,266	\$ 246,325	\$ 250,420

See accompanying notes to the financial statements.

Atlantic First Nations Water Authority Inc. Statement of Financial Position

March 31	2023	2022
Assets Current		
Cash and cash equivalents	\$ 12,264,137	\$ 1,999,458
GIC investments	20,003,140	-
Receivables (Note 3)	28,813	43,809
HST recoverable	125,812	46,236
Prepays	246,264	54,824
	32,668,166	2,144,327
Tangible capital assets (Note 4)	1,982,935	232,639
	\$ 34,651,101	\$ 2,376,966
Liabilities Current		
Payables and accruals (Note 5)	1,045,165	575,481
Deferred contributions (Note 6)	31,500,942	1,551,065
Current portion of long term debt (Note 8)	250,528	-
	32,796,635	2,126,546
Deferred capital contributions (Note 7)	653,834	-
Long term debt (Note 8)	954,307	-
	34,404,776	2,126,546
Surplus (Page 5)		
Unrestricted	122,059	17,781
Investment in capital assets	124,266	232,639
	246,325	250,420
	34,651,101	2,376,966

Contingent liabilities (Note 9)

On behalf of the Executive Committee

_____ Director

_____ Director

Atlantic First Nations Water Authority Inc. Statement of Cash Flows

Year ended March 31	2023	2022
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of revenues over expenses	\$ (4,095)	\$ 250,420
Amortization of deferred capital contributions	(47,347)	-
Amortization of tangible capital assets	320,731	36,957
	269,289	287,377
Changes in non-cash operating working capital		
Receivables	(64,580)	(86,380)
Prepays	(191,440)	(54,207)
Payables and accruals	469,684	193,630
Deferred revenue	29,949,877	(1,103,275)
	30,432,830	(762,855)
Investing		
Purchase of tangible capital assets	(2,071,027)	(269,596)
Purchase of investment	(20,003,140)	-
	(22,074,167)	(269,596)
Financing		
Deferred capital contributions	701,181	-
Proceeds of long term debt	1,293,333	-
Repayment of long term debt	(88,498)	-
	1,906,016	
Net increase (decrease) in cash and cash equivalents	10,264,679	(1,032,451)
Cash and cash equivalents		
Beginning of year	1,999,458	3,031,909
End of year	\$ 12,264,137	\$ 1,999,458

Atlantic First Nations Water Authority Inc.

Notes to the Financial Statements

March 31, 2023

1. Nature of operations

The Atlantic First Nations Water Authority Inc. (the “Authority”) is not-for-profit organization incorporated on July 18, 2018, whose mission is to provide safe, clean drinking water and wastewater services to all participating First Nations Communities in Atlantic Canada, delivered by a regional water authority owned and operated by First Nations.

The Authority signed a final service delivery transfer agreement (“SDTA”) with the federal government of Canada, as represented by the Minister of Indigenous Services Canada (“ISC”), on November 7, 2022, initiating the transfer of responsibility for the operation, maintenance, and capital upgrades of all water and wastewater assets for participating First Nations to the Authority.

The Authority and each participating First Nation community will ratify the terms and conditions through a signed Community Service Transfer Agreement (herein described as “Community Agreement”), defined as the legally binding contract whereby each First Nation community becomes a member of the Authority and official transferor of assets, in exchange for the Authority overtaking the responsibility to deliver water and wastewater services.

2. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”). The significant policies are detailed below.

Atlantic First Nations Water Authority Inc. is only one entity and does not own or control other entities and therefore the financial statements are not labelled as “consolidated.” In addition, the Authority does not have any segments but has programs and therefore no segment information or disclosures have been presented in these financial statements.

Use of estimates and judgements

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management’s best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. These estimates are reviewed periodically, and adjustments are made to net income as appropriate in the year they become known. Items subject to significant management estimates and judgements include the useful life and amortization rates of tangible capital assets, the cost of administrative overhead transferred to various projects, the deferral/restriction of contributed funding, and the assets transferred under Community Agreements. Judgement was applied when assessing the restrictive characteristics of the contributed funding, as well as when assessing the fair value of any contributed assets including the determinability of fair value.

Revenue recognition

The Authority follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Deferred capital contributions relating to equipment are deferred and recognized as income on the same basis as amortization expense over the relating assets’ useful lives.

Unrestricted contributions and investment income are recognized as revenue when received or receivable if the amounts to be received can be reasonably estimated and collection is reasonably assured.

Other revenues are recognized when received or receivable, provided the amount can be reasonably estimated and collection is reasonably assured.

Tangible capital assets

The investment in capital asset fund reports the assets, liabilities, revenue and expenses related to the Authority's tangible capital assets.

Rates and bases of amortization applied to amortize the cost of tangible capital assets over their estimated useful lives are as follows:

Leasehold improvements	3-5 years, straight line
Vehicles	30%, declining balance
Tools and equipment	20%, declining balance
Office furniture and equipment	20%, declining balance
Computer equipment	55%, declining balance

The Authority applies the half-year rule in the year of acquisition.

Tangible capital assets contributed under Community Agreements are considered restricted contributions and recorded at fair value unless fair value is considered indeterminable. In such situations contributed tangible capital assets are recorded at a nominal amount.

Intangible assets

Permits obtained for rights to access infrastructure assets are considered intangible assets and recognized when it is probable that the expected future economic benefits attributable to the permit will flow to the entity and the cost of the permit can be measured reliably.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks and financial institutions. Bank borrowings are considered to be financing activities.

Income taxes

The Authority is exempt from income taxes under Section 149(1)(c) of the Income Tax Act.

Financial instruments

The Authority considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Authority accounts for the following as financial instruments:

- cash and cash equivalents
- GIC investments
- receivables
- payables and accruals
- long term debt

A financial asset or liability is recognized when the Authority becomes party to contractual provisions of the instrument.

The Authority initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

2. Summary of significant accounting policies (continued)

Any financial assets or liabilities received under the Community Agreements are considered unrestricted contributions and recorded at fair value.

Subsequent measurement

The Authority subsequently measures its financial assets and financial liabilities at amortized cost. The Authority removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

Financial instruments in related party transactions

Financial assets and financial liabilities in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. The Authority does not have any financial assets or financial liabilities in related party transactions which are initially measured at fair value.

Gains or losses arising on initial measurement differences are generally recognized in net income when the transaction is in the normal course of operations, and in equity when the transaction is not in the normal course of operations, subject to certain exceptions.

Financial assets and financial liabilities recognized in related party transactions are subsequently measured based on how the Authority initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets. Financial instruments initially measured at fair value, of which the Authority has none, would be subsequently measured at amortized cost or fair value based on certain conditions.

Overhead allocations and project transfers

The Authority allocates administrative overhead costs incurred to the various projects undertaken during the year based on estimated costs incurred by each project and based on the terms and conditions of specific funding agreements.

Transfers are made among various programs when, in management's opinion, certain revenues or expenses incurred in one project related to another project.

Atlantic First Nations Water Authority Inc. Notes to the Financial Statements

March 31, 2023 2023 2022

3. Receivables

Atlantic Policy Congress of First Nations Chiefs Secretariat	\$	11,735	\$	41,515
Indigenous Services Canada (ISC)		16,652		-
Trade		426		2,294
	\$	28,813	\$	43,809

2023 2022

4. Tangible capital assets

	Cost	Accumulated Amortization	Net BookValue	Net BookValue
Leasehold improvements	\$ 91,287	\$ 44,770	\$ 46,517	\$ 75,781
Vehicles	1,369,846	198,884	1,170,962	-
Tools and equipment	353,086	26,828	326,258	-
Office furniture and equipment	141,522	31,660	109,862	117,246
Computer equipment	122,763	55,547	67,216	39,612
Capital projects	262,120	-	262,120	-
	\$ 2,340,624	\$ 357,689	\$ 1,982,935	\$ 232,639

Capital projects represent pilot work on communities being on-boarded and are considered in-progress. As such, no amortization has been taken as at March 31, 2023.

During the year, two (2) Community Agreements were signed. Contributed assets included mainly small tools, equipment, and safety supplies. Contributed tangible capital assets were recorded at a nominal amount as the fair value was indeterminable.

5. Payables and accruals

Included in payables and accruals are government remittances in the amount of \$91,458 (2022 - \$6,270)

2023 2022

6. Deferred contributions

Opening balance	\$	1,551,065	\$	2,654,340
Contributions received		35,704,889		3,389,512
Operating expenditures		(5,053,831)		(4,223,191)
Capital expenditures (non-financed)		(701,181)		(269,596)
Ending balance		31,500,942		1,551,065
Ending balance represented by:	\$	31,386,639	\$	1,322,252
Indigenous Services Canada (ISC)		114,303		228,813
ISC, First Nations Inuit Health Branch (FNIHB)	\$	31,500,942	\$	1,551,065

Atlantic First Nations Water Authority Inc. Notes to the Financial Statements

March 31, 2023 2023 2022

7. Deferred capital contributions		
Opening balance	\$	-
Contributions		701,181
Amortization of deferred capital contributions		(47,347)
Ending balance	\$	653,834

	2023	2022
8. Long term debt		
5.03% Scotiabank vehicle loan, amortized over 5 years, payable in equal monthly installments of \$7,672, secured by a vehicle with net book value of \$345,333.	\$ 357,812	\$ -
5.34% Scotiabank vehicle loan, amortized over 5 years, payable in equal monthly installment of \$2,239, secured by a vehicle with net book value of \$100,004.	107,247	-
5.68% Scotiabank vehicle loan, amortized over 5 years, payable in equal monthly installments of \$3,591, secured by a vehicle with net book value of \$159,125.	176,308	-
5.45% Scotiabank vehicle loan, amortized over 5 years, payable in equal monthly installments of \$5,953, secured by a vehicle with net book value of \$265,209.	298,342	-
5.33% Scotiabank vehicle loan, amortized over 4 years, payable in equal monthly installments of \$6,263, secured by a vehicle with net book value of \$229,661.	265,126	-
	1,204,835	-
Less: current portion	250,528	-
	\$ 954,307	\$ -

Estimated principal repayments required over the next five years are as follows:

2024	\$250,528
2025	\$264,172
2026	\$278,561
2027	\$287,472
2028	\$124,102

9. Contingent liabilities

The Authority has entered into contribution agreements with various government departments. Funding received under these agreements are subject to repayment if the Authority fails to comply with the terms and conditions of the agreements.

The Authority has reviewed environmental risk factors and retirement obligations associated with the assets transferred from the Community Agreements. As at the date of issue of the financial statements the likelihood of any related liability is not determinable.

10. Employee benefits

a) The Authority has a defined contribution pension savings plan for its employees. The assets of the plan are held separately from those of the Authority in independently administered funds. Contributions paid and expensed by the Authority in the current year amounted to \$101,513 (2022 - \$38,826).

b) The Authority remits employee benefits on behalf of employees and as of March 31, 2023, all remittances for employee benefits are up to date.

11. Related party transactions

a) During the year the Authority recognized revenue in the amount of \$nil (2022 - \$83,031) from Atlantic Policy Congress of First Nations Chiefs Secretariat, an entity with similar board members, for contract work.

b) During the year the Authority paid \$8,100 (2022 - \$68,509) to Atlantic Policy Congress of First Nations Chiefs Secretariat, an entity with similar board members, for contract work.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

12. Financial instruments – risk management

The Authority is exposed to various risks through its financial instruments. The following analysis provides a measure of the Authority's risk exposure and concentrations as at March 31, 2023.

a) Credit risk

Credit risk is the risk of financial loss to the Authority if a debtor fails to make payments when

due. The Authority is exposed to this risk relating to its receivables. Receivables are ultimately due from government and various funders. Credit risk is mitigated by ensuring government grants are entered into by way of contribution agreements. Management also continuously reviews aging and collection of receivable balances to ensure collection is timely. The Authority recognizes a specific allowance for doubtful accounts when management considers the expected amounts to be recovered is lower than the actual receivable. Management considers the exposure to this risk to be low.

b) Liquidity risk

Liquidity risk is the risk that the Authority will encounter difficulty in meeting the obligations associated with its financial liabilities. The Authority is exposed to this risk mainly in respect of its accounts payable. The Authority has adequate resources to meet its obligations and therefore risk is considered to be low.

c) Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Authority is mainly exposed to interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In the opinion of management, the interest rate risk to the Authority is low and not material.

13. Comparative figures

Certain of the comparative figures have been adjusted to conform to the financial statement presentation adopted for the current year.

14. Subsequent event

Subsequent to year end, eleven (11) total Community Agreements were ratified. The assets transferred as a result of these Community Agreements will be accounted for in accordance with the policy described in Note 2 of the financial statements. Management is currently assessing the accounting values related to the assets transferred under each Community Agreement.

Nujo'tmek Samqwan



We Take Care of Our Water



Wolankeyutomune Samaqan



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