



July 27th, 2022

Chief Wilbert Marshall, Chair

The regular meeting of the AFNWA Board will be held on Wednesday July 27th at 8:30AM in the Muin Room at the Membertou Trade and Convention Centre (50 Maillard St, Membertou, NS B1S 3W3) as well as via Zoom for those unable to attend in person :
<https://us06web.zoom.us/j/6852920354?pwd=K3ZOZnNzcFdDN05UWldMWFYxOVF4Zz09>

AGENDA

In Camera Reports

- 1C Approval of Minutes of the In-Camera Meeting held on 08 June 2022
- 2C Business Arising from Minutes
 - (a) Community Agreement and Permits Update
 - (b) Funding Agreement

3C Board Member Appointments

Motion: That the AFNWA Board approve the recommendation as outlined in the confidential report dated July 22, 2022

4C Internal Control Letter

Motion: That the AFNWA Board approve the recommendation as outlined in the confidential report dated July 22, 2022

Regular Reports

- 1. a) Ratification of In-Camera Motions
b) Approval of the Order of Business and Approval of Additions and Deletions
- 2. Approval of Minutes of the Regular Meeting held on 08 Jun 2022
- 3. Business Arising from Minutes
 - a) TIP Update

4. Quarter 1 Financial Results

Motion: That the AFNWA Board approve the Quarter 1 Financial Results in its substantive form, attached.

5. Audit Results

Motion: That the AFNWA Board approve the Audit Results in its substantive form, attached.

6. Financial Policy Amendments

Motion: That the AFNWA Board approve the Financial Policy modification in its substantive form, attached.

7. Individual Wells and Septic Systems

Motion: That the AFNWA Board approve the recommendation in its substantive form, attached.

Information Reports

1-I Transition Implementation Update (TIP Update)

Original signed by _____

James MacKinnon
Board Secretary



**Atlantic First Nations Water Authority
MINUTES**

08 June 2022

PRESENT:

Chief Wilbert Marshall, Chair
Chief Ross Perley, Vice Chair
Chief Andrea Paul, Director
Chief Aaron Sock, Director
Regional Chief Paul Prosper, Director
Chief Darlene Bernard, Director
Todd Hoskin, Director
Chief Terry Paul, Director
Methilda Knockwood-Snache, Chair of Elders
Advisory Lodge

REGRETS:

Chief Leroy Denny, Director

STAFF:

Carl Yates, interim CEO
James MacKinnon, interim COO / Board Secretary
Chantal Leblanc, Manager of Corporate Services /
CFO
James Trimble, Manager of Operations
Adam Gould, Manager of Communications and
Outreach
Rayleen MacDonald, Administrative Assistant/
Recording Secretary

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CALL TO ORDER

The interim CEO, upon direction of the Chair, called the regular meeting to order at 8:41 AM via the Zoom virtual platform. Elder Methilda gave the opening prayer. The Board moved In Camera at 8:49 AM and the regular meeting reconvened at 9:57 AM.

1.a) RATIFICATION OF IN-CAMERA MOTIONS

MOVED BY Todd Hoskin, SECONDED BY Regional Chief Paul Prosper that the AFNWA Board ratify the In-Camera Motions from the 08 June 2022 meeting.

MOTION PUT AND PASSED.

1.b) APPROVAL OF THE ORDER OF BUSINESS AND APPROVAL OF ADDITIONS AND DELETIONS

MOVED BY Chief Darlene Bernard, SECONDED BY Chief Andrea Paul that the AFNWA Board approve the Order of Business in the Agenda as presented.

MOTION PUT AND PASSED.

2. APPROVAL OF MINUTES – 25 May 2022

MOVED BY Chief Wilbert Marshall, SECONDED BY Chief Andrea Paul that the AFNWA Board approve the 25 May 2022 Regular Minutes.

MOTION PUT AND PASSED.

3. BUSINESS ARISING FROM MINUTES

N/A

4. DATE OF NEXT MEETING

The next regular Board meeting will be on July 27th at 8:30AM , as a hybrid meeting potentially in Membertou.

The meeting was adjourned at 10:05 AM

James MacKinnon
Board Secretary

Chief Wilbert Marshall
Chair



Item # 4
AFNWA Board
July 27, 2022

TO: Chief Wilbert Marshall, Chair and Members of the AFNWA Board

SUBMITTED BY: Original Signed by
Chantal LeBlanc, Manager of Corporate Services & CFO

APPROVED: Original Signed by
Carl Yates, interim CEO

DATE: July 22, 2022

SUBJECT: First Quarter Results

ORIGIN

Approval of the 2022-2023 AFNWA Budget on February 10, 2022 and updated March 30, 2022; Governance Manual approved November 6, 2020.

RECOMMENDATION

It is recommended that the AFNWA Board approve first quarter results, in its substantive form attached.

BACKGROUND

The governance manual specifies that the responsibility for review and recommendation of the quarterly financial statements is delegated to the Audit and Finance Committee, with final approval from the Board.

DISCUSSION

AFNWA has completed Q1 (3 months ending June 30, 2022) under budget by approximately \$100k. The material differences are summarized as follows:

- Payroll, under budget by approx. \$35k which is due to 2 staff vacancies.
- Contracts under budget by approx. \$40k, a reflection of ongoing legal contracts for the negotiation of the Funding Agreement (schedule to the Service Delivery Transfer Agreement).

We note that we anticipate being under budget throughout most of this 8-month transitional period. This is largely due to the inclusion of funds required to onboard communities in anticipation of a possible funding delay associated with the long-term funding agreement. The new funding agreement takes effect December 1, 2022. AFNWA requested an advance of approx. 10% of community budgets to cover the pre-ordering of critical supplies which must be purchased prior to operationalization. This advance will be netted from the long-term funding agreement.

BUDGET AND FINANCIAL IMPLICATIONS

The budget presented reflects the first 8 months of the fiscal 2022-2023 year. The remainder of the year will be funded through a separate funding agreement, circumstantial for the communities that opt to participate with AFNWA beginning December 1, 2022.

ALTERNATIVES

None to be discussed.

ATTACHMENT

First Quarter Results, as compared to 8-month Transitional Budget, attached.

Report Prepared by:	original signed by _____ Chantal LeBlanc, Manager of Corporate Services & CFO (902) 877-3813
Financial Reviewed by:	original signed by _____ Carl Yates, M.A.Sc., P.Eng., interim CEO, (782) 414-6628

Item # 4
AFNWA Board
July 27, 2022

	ACTUAL	BUDGET	BUDGET	BUDGET	BUDGET
	Q1	Q1	Q2	Oct-Nov	8M
Payroll	514,506	550,000	600,000	814,975	1,964,975
Contracts	160,071	200,000	469,992	583,320	1,253,312
Meeting & Travel Expense	55,665	60,000	82,662	77,769	220,431
Board Compensation	29,250	30,000	56,250	63,750	150,000
General & Administrative Expenses					
Accounting & Legal	1,753	2,000	9,375	13,625	25,000
Advertising & Promotions	17,360	20,000	40,320	47,201	107,521
Amortization Expense	10,500	-	-	-	-
Bank and services charges	955	1,500	1,500	1,000	4,000
Chemicals	-	-	2,609	4,349	6,958
Insurance	11,650	15,000	23,102	23,503	61,605
Professional Development	10,774	15,000	45,200	60,333	120,532
Rent	46,333	46,335	46,335	30,890	123,560
Safety & PPE Supplies	5,347	3,929	3,929	2,619	10,477
Technology Services / Software	14,235	15,000	21,763	21,271	58,034
Telephone & communications	5,471	9,889	9,889	6,593	26,370
Utilities	8,131	10,000	16,925	18,208	45,132
Total General & Admin	132,508	138,653	220,946	229,591	589,189
Office Expenses					
Business Fees & Licenses	4,853	5,000	50,000	162,500	217,500
Repair & Maintenance	8,709	10,000	25,000	27,500	62,500
Office Supplies/Expense	7,916	8,875	8,875	5,917	23,667
Total Office Expenses	21,479	23,875	83,875	195,917	303,667
TOTAL EXPENSE	913,480	1,002,528	1,513,725	1,965,322	4,481,574
Fixed Asset Purchases					
Office Equipment & Furniture	92,984	100,000	100,000	142,420	342,420
Capital Projects	62,254	65,000	200,000	246,000	511,000
Land Lease	-	-	-	16,667	16,667
Fleet Payments	-	-	40,000	54,333	94,333
Total Fixed Asset Purchases	155,238	165,000	340,000	459,420	964,420
TOTAL FUNDING USED	1,068,718	1,167,528	1,853,725	2,424,742	5,445,994



Item # 5
AFNWA Board
July 27, 2022

TO: Chief Wilbert Marshall, Chair and Members of the AFNWA Board

SUBMITTED BY: Original Signed by
Chantal LeBlanc, Manager of Corporate Services & CFO

APPROVED: Original Signed by
Carl Yates, interim CEO

DATE: July 22, 2022

SUBJECT: 2021-2022 Audited Financial Statements

ORIGIN

Conformance with Section 5.6.1 of the Governance Manual approved at November 6, 2020, Board meeting. Board meeting of March 30, 2022.

RECOMMENDATION

It is recommended that the AFNWA Board approve the attached Draft Audited Financial Statements, in their substantive form attached.

BACKGROUND

As noted in the Governance Manual 3.7.5., it is the Board's responsibility to approve the annual audited financial statements. However, it is the Audit and Finance Committee's responsibility for the preparation, presentation, and integrity of AFNWA financial statements, per Governance Manual 5.6.1.

The Audit and Finance Committee approved the award of a contract to Grant Thornton for Audit, Accounting and Consulting Services at the meeting of March 30, 2022. With approval of the Board, AFNWA entered into an engagement letter with Grant Thornton to provide auditing services for the 2021/22 fiscal year.

DISCUSSION

Management received the draft Audited Financial Statements, as prepared and presented by Grant Thornton, on July 15, 2022. The audit opinion presented by Grant Thornton is unqualified and did not identify any instances of material misstatement.

We note that the budget for the fiscal year ended March 31, 2022, as outlined in the Statement of Operations, included funds allocated to capital items such as equipment, furniture, and leasehold improvements. Throughout Fiscal 2021-2022, it was identified that AFNWA target date for operationalization would be adjusted to December 2022. As a result of this change in date, a range of projects and material purchases were re-allocated to the 2022-2023 fiscal year resulting in an amount under budget of approximately \$1.37 million. These amounts were previously discussed with the Committee and the Board in March 2022 and a corresponding request to carryover funds was submitted and approved by ISC.

All items were deemed to be ordinary, free from discrepancy and/or material misstatement, and Grant Thornton confirmed that the financial statements represent the underlying transactions and events in a manner that achieves fair representation.

BUDGET IMPLICATIONS

Grant Thornton increased the audit fee to \$11,000 in Fiscal 2021-2022. While this was an increase from the year prior, adequate funds exist in the 2021-2022 budgeted professional fees.

ALTERNATIVES

None to be discussed.

ATTACHMENT

Draft Audited Statements for the year ended March 31, 2022.

Report Prepared by:	original signed by _____ Chantal LeBlanc, Manager of Corporate Services & CFO (902) 877-3813
Financial Reviewed by:	original signed by _____ Carl Yates, M.A.Sc., P.Eng., interim CEO, (782) 414-6628



Financial Statements

Atlantic First Nations Water Authority Inc.

March 31, 2022

DRAFT

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Management's Responsibility for Financial Reporting

The accompanying financial statements of the Atlantic First Nations Water Authority Inc. are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations as recommended by the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgements of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the financial statements.

The Board of Directors meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor's report.

The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of the Atlantic First Nations Water Authority Inc. and meet when required.

On behalf of the Atlantic First Nations Water Authority Inc.

Mr. Carl Yates
Interim Chief Executive Officer

July XX, 2022

Atlantic First Nations Water Authority Inc.

Statement of Operations

Year ended March 31	Budget (Unaudited)	2022	2021
Revenues			
Indigenous Services Canada	\$ 5,644,000	\$ 4,329,171	\$ 811,582
Indigenous Services Canada – First Nations and Inuit Health Branch	308,000	78,776	119,208
Atlantic Policy Congress of First Nations Chiefs Secretariat	-	83,031	350,000
Interest	-	17,781	5,871
Miscellaneous	-	1,809	-
	<u>5,952,000</u>	<u>4,510,568</u>	<u>1,286,661</u>
Expenses			
Advertising and promotional materials	250,000	113,059	9,069
Amortization	-	36,957	-
Board and council compensation	140,000	82,000	27,250
Business fees and licenses	-	4,368	6,798
Catering	-	7,760	2,646
Contracts	2,433,800	1,842,014	599,563
Equipment and room rentals	70,000	29,266	1,600
Insurance	50,000	6,171	3,215
Interest and bank charges	5,000	3,374	1,607
Office supplies and expense	76,000	36,728	6,226
Professional fees	160,000	36,716	82,532
Professional development	100,000	29,414	3,394
Project equipment	-	-	131,381
Rent and facilities	98,500	83,749	-
Repairs and maintenance	20,000	27,730	-
Safety supplies	50,000	6,984	-
Salaries and benefits	1,866,700	1,749,535	377,282
Technology services	30,000	46,653	12,340
Telephone and cellular	30,000	18,076	2,707
Travel	218,500	75,564	19,051
Utilities	36,000	24,030	-
	<u>5,634,000</u>	<u>4,260,148</u>	<u>1,286,661</u>
Excess of revenues over expenses	\$ 317,500	\$ 250,420	\$ -

See accompanying notes to the financial statements.

Atlantic First Nations Water Authority Inc.

Statement of Surplus

Year ended March 31, 2022

	<u>Unrestricted</u>	Investment in Capital <u>Assets</u>	Total <u>2022</u>	Total <u>2021</u>
Beginning of year	\$ -	\$ -	\$ -	\$ -
Excess of revenues over expenses	287,377	(36,957)	250,420	-
Capital asset additions	<u>(269,596)</u>	<u>269,596</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ 17,781</u>	<u>\$ 232,639</u>	<u>\$ 250,420</u>	<u>\$ -</u>

DRAFT

See accompanying notes to the financial statements.

Atlantic First Nations Water Authority Inc.

Statement of Financial Position

March 31

2022

2021

Assets

Current

Cash and cash equivalents	\$	1,999,458	\$	3,031,909
Receivables (Note 3)		43,809		-
HST recoverable		46,236		3,665
Prepays		<u>54,824</u>		<u>617</u>
		2,144,327		3,036,191

Property and equipment (Note 4)

232,639 -

\$ 2,376,966 **\$ 3,036,191**

Liabilities

Current

Payables and accruals (Note 5)	\$	575,481	\$	381,851
Deferred revenue (Note 6)		<u>1,551,065</u>		<u>2,654,340</u>
		2,126,546		3,036,191

Surplus (Page 5)

Unrestricted

17,781 -

Investment in capital assets

232,639 -

250,420 -

\$ 2,376,966 **\$ 3,036,191**

Contingent liabilities (Note 7)

On behalf of the Executive Committee

_____ Director

_____ Director

Atlantic First Nations Water Authority Inc.

Statement of Cash Flows

Year ended March 31

2022

2021

Increase (decrease) in cash and cash equivalents

Operating		
Excess of revenues over expenses	\$ 250,420	\$ -
Amortization	<u>36,957</u>	<u>-</u>
	287,377	-
Changes in non-cash operating working capital		
Receivables	(86,380)	(3,665)
Prepays	(54,207)	(617)
Payables and accruals	193,630	381,851
Deferred revenue	<u>(1,103,275)</u>	<u>2,654,340</u>
	<u>(762,855)</u>	<u>3,031,909</u>
Investing		
Purchase of capital assets	<u>(269,596)</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents	(1,032,451)	3,031,909
Cash and cash equivalents		
Beginning of year	<u>3,031,909</u>	<u>-</u>
End of year	<u>\$ 1,999,458</u>	<u>\$ 3,031,909</u>

Atlantic First Nations Water Authority Inc.

Notes to the Financial Statements

March 31, 2022

1. Nature of operations

The Atlantic First Nations Water Authority Inc. (the "Authority") is not-for-profit organization which was incorporated on July 18, 2018 and whose mission is 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.

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

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 include the useful life and amortization rates of capital assets, as well as the cost of administrative overhead transferred to various projects.

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.

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.

Capital assets

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

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

Leasehold improvements	3-5 years, straight line
Computer equipment	30%, declining balance
Furniture and fixtures	30%, declining balance

Atlantic First Nations Water Authority Inc.

Notes to the Financial Statements

March 31, 2022

2. Summary of significant accounting policies (continued)

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

Initial measurement

Financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement

At each reporting date, the Authority measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets). The financial instruments measured at amortized cost are cash and cash equivalents, receivables, payables and accruals, capital lease obligations and long-term debt.

For financial assets measured at cost or amortized cost, the Authority regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Authority determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

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, 2022

3. Receivables 2022 2021

Atlantic Policy Congress of First Nations				
Chiefs Secretariat	\$	41,515	\$	-
Trade		<u>2,294</u>		-
	\$	<u>43,809</u>	\$	-

4. Property and equipment 2022 2021

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold improvements	\$ 91,287	\$ 15,506	\$ 75,781	\$ -
Computer equipment	54,638	15,026	39,612	-
Furniture and equipment	<u>123,671</u>	<u>6,425</u>	<u>117,246</u>	-
	\$ <u>269,596</u>	\$ <u>36,957</u>	\$ <u>232,639</u>	\$ -

As at March 31, 2022, an amount of \$59,419 included in furniture and equipment was not available for use and therefore no amortization was taken.

5. Payables and accruals

Included in payables and accruals are government remittances in the amount of \$6,270 (2021 – \$1,934)

6. Deferred revenue 2022 2021

Indigenous Services Canada	\$	1,322,252	\$	2,643,418
Indigenous Services Canada (FNIHB)		<u>228,813</u>		<u>10,922</u>
	\$	<u>1,551,065</u>	\$	<u>2,654,340</u>

7. 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.

8. 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 \$38,826 (2021 – \$5,501).
 - b) The Authority remits employee benefits on behalf of employees and as of March 31, 2022, all remittances for employee benefits are up to date.
-

Atlantic First Nations Water Authority Inc.

Notes to the Financial Statements

March 31, 2022

9. Related party transactions

- a) During the year the Authority recognized revenue in the amount of \$83,031 (2021 – \$350,000) from Atlantic Policy Congress of First Nations Chiefs Secretariat, an entity under common control, for contract work.
- b) During the year the Authority paid \$68,509 (2021 – \$116,739) to Atlantic Policy Congress of First Nations Chiefs Secretariat, an entity under common control, for administrative services.

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.

10. 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, 2022.

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.

Atlantic First Nations Water Authority Inc.

Schedule of Indigenous Services Canada – First Nations and Inuit Health Branch (FNIHB) – Set Contributions

Year ended March 31, 2022

	2021-2022 Set Funding - Q23C			Total		
	Water - Wastewater			FIXED Funding		
	Budget 2022	Actual 2022	Actual 2021	Budget 2022	Actual 2022	Actual 2021
Revenues						
Funding per ISC-FNIHB confirmation	\$ 297,000	\$ 296,667	\$ 130,130	\$ 297,000	\$ 296,667	\$ 130,130
Prior year unexpended funding	11,000	10,922	-	11,000	10,922	-
	<u>308,000</u>	<u>307,589</u>	<u>130,130</u>	<u>308,000</u>	<u>307,589</u>	<u>130,130</u>
Expenses						
Advertising and promotional material	-	5,487	-	-	5,487	-
Contracts	128,000	45,229	-	128,000	45,229	-
Office supplies and expense	-	10,552	-	-	10,552	-
Professional fees	-	-	-	-	-	-
Project equipment	-	-	108,371	-	-	108,371
Safety supplies	-	5,248	-	-	5,248	-
Salaries and benefits	18,000	10,000	10,837	18,000	10,000	10,837
Technology services	-	2,260	-	-	2,260	-
	<u>146,000</u>	<u>78,776</u>	<u>119,208</u>	<u>146,000</u>	<u>78,776</u>	<u>119,208</u>
Excess of funding over expenses	<u>162,000</u>	<u>228,813</u>	<u>10,922</u>	<u>162,000</u>	<u>228,813</u>	<u>10,922</u>
Less: capital expenditures	<u>162,000</u>	-	-	<u>162,000</u>	-	-
Less: deferred revenue as at end of year	-	<u>228,813</u>	<u>10,922</u>	-	<u>228,813</u>	<u>10,922</u>
Excess of funding over expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Atlantic First Nations Water Authority Inc.

Schedule of Indigenous Services Canada – Fixed Contributions

Year ended March 31, 2022

	FIXED Funding 2021-2022 Training Water-Wastewater/Q35C			FIXED Funding 2021-2022 Program Management/Q35K			FIXED Funding		
	Budget 2022	Actual 2022	Actual 2021	Budget 2022	Actual 2022	Actual 2021	Budget 2022	Actual 2022	Actual 2021
Revenues									
Funding per ISC confirmation	\$ 3,000,000	\$ 3,008,005	\$ 2,500,000	\$ -	\$ -	\$ 955,000	\$ 3,000,000	\$ 3,008,005	\$ 3,455,000
Prior year unexpended funding	1,829,000	1,829,000	-	815,000	814,418	-	2,644,000	2,643,418	-
Other funding	-	-	5,871	-	-	-	-	-	5,871
	4,829,000	4,837,005	2,505,871	815,000	814,418	955,000	5,644,000	5,651,423	3,460,871
Expenses									
Advertising and promotional materials	250,000	107,573	7,969	-	-	-	250,000	107,573	7,969
Board and council compensation	140,000	82,000	27,250	-	-	-	140,000	82,000	27,250
Business fees and licenses	-	4,369	-	-	-	-	-	4,369	-
Catering	-	5,344	360	-	-	-	-	5,344	360
Contracts	1,490,800	974,676	317,614	815,000	814,418	87,441	2,305,800	1,789,094	405,055
Equipment and room rentals	70,000	29,266	475	-	-	-	70,000	29,266	475
Insurance	50,000	6,171	-	-	-	-	50,000	6,171	-
Interest and bank charges	5,000	3,374	1,109	-	-	-	5,000	3,374	1,109
Office supplies and expense	76,000	26,176	12,189	-	-	-	76,000	26,176	12,189
Professional fees	160,000	36,716	21,571	-	-	52,975	160,000	36,716	74,546
Professional development	100,000	27,605	1,189	-	-	166	100,000	27,605	1,355
Project equipment	-	-	19,634	-	-	-	-	-	19,634
Rent and facilities	98,500	83,749	-	-	-	-	98,500	83,749	-
Repairs and maintenance	20,000	27,730	-	-	-	-	20,000	27,730	-
Safety supplies	50,000	1,736	-	-	-	-	50,000	1,736	-
Salaries and benefits	1,848,700	1,739,535	248,609	-	-	-	1,848,700	1,739,535	248,609
Technology services	30,000	44,393	11,855	-	-	-	30,000	44,393	11,855
Telephone and cellular	30,000	18,076	2,269	-	-	-	30,000	18,076	2,269
Travel	218,500	67,372	4,778	-	-	-	218,500	67,372	4,778
Utilities	36,000	24,030	-	-	-	-	36,000	24,030	-
	4,673,500	3,309,891	676,871	815,000	814,418	140,582	5,488,500	4,124,309	817,453
Excess of funding over expenses	155,500	1,527,114	1,829,000	-	-	814,418	155,500	1,527,114	2,643,418
Less: capital expenditures	155,500	204,862	-	-	-	-	155,500	204,862	-
Less: deferred revenue as at end of year	-	1,322,252	1,829,000	-	-	814,418	-	1,322,252	2,643,418
Excess of funding over expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



Item # 6
AFNWA Board
July 27, 2022

TO: Chief Wilbert Marshall, Chair and Members of the AFNWA Board

SUBMITTED BY: Original Signed by
Chantal LeBlanc, Manager of Corporate Services & CFO

APPROVED: Original Signed by
Carl Yates, interim CEO

DATE: July 22, 2022

SUBJECT: Amendments to Financial Policy

ORIGIN

Approval of the Financial Policy in Board meeting held July 29, 2020, revised October 7, 2021.

RECOMMENDATION

It is recommended that the AFNWA Board approve the Financial Policy, in its substantive form attached.

BACKGROUND

The Financial Policy was developed and approved in July 2020, when AFNWA did not have a fully operational internal finance department. In gearing up for onboarding participating communities, it has now become critically important to update our Financial Policy.

DISCUSSION

A summary of the material changes that require Board Approval are as follows:

- Request to move kilometric reimbursement rates from \$0.50/km to \$0.55/km, effective August 1st 2022 in recognition of globally rising fuel costs which are not anticipated to return to normal given Russia's political reputation.
- Request to move maximum hotel rate from \$160/night (taxes included) to \$200/night (taxes included) for Atlantic Canada, effective August 1st 2022

- Request to move maximum hotel rate from \$200/night (taxes included) to \$250/night (taxes included) outside of Atlantic Canada, effective August 1st 2022
- Request to change authorized Credit Cards in recognition that we now have a fleet of pick up trucks and a number of staff that are required to make purchases in booking travel, office supplies, purchasing fuel or small tools, etc. Previous list of authorized cardholders was restricted to Senior Management Staff with no reference to limits. We note that while Spending Authority is within the CEO's right to delegate, that the delegation of Payment Authority is a Board matter. The use of a Credit Card is essentially exercising both Spending and Payment authority simultaneously. The protection for this comes from the Scotia Visas which protect the organization from Employee Fraud and allows AFNWA to chargeback purchases that were unauthorized. The proposed list of staff for Visas are as follows, subject to change within reason at the discretion of the CEO :

Position Title	Maximum Limit
CEO	10,000
COO	10,000
CFO	10,000
Manager, Operations	10,000
Manager, Engineering	10,000
Manager, Communications	5,000
Superintendent, Operations	5,000
Superintendent, Tech	5,000
Controller	5,000
Supervisor & Utility Techs	2,000
Operators	1,000
Admin. Assistants	500

- In addition to the request to expand the list of positions eligible for a corporate Visa, we have amended the Credit Card Agreement to contain a description of the anticipated purchases for that employee. If an employee is to make a purchase that is outside their pre-authorized list of purchases, they must obtain written authorization. For example: a Superintendent would be permitted to purchase fuel for their truck, pay for travel related expenses such as hotels and small tools for repairs on site. If the superintendent wanted to pay for a new course for their professional development, this would not be on their list of ordinary business and they would need to acquire written permission from their Manager for this purchase. All staff with a credit card will be required to sign the agreement before they are given a card.
- Removed a lot of process-based information for setting Operations Budgets. This information is not necessary in the Financial Policy, it is a function of the job description and education of the CFO preparing the

budget. IE: the definition of what is included in personnel costs is unnecessary in a Financial Policy so long as the CFO has the credentials to determine inclusions and categorizations of Operational budgets.

Other changes:

- The policy has been updated to incorporate electronic funds (previously discussed cheques only). All of the same control measures for cheques are applied to electronic fund transfers but it is now explicit on the processes and procedures applied to electronic funds.
- The policy has been updated to reflect a paperless system. Rather than stapling cheque stubs to invoices, the processes for storage of information is discussed in electronic database terms with a requirement for data continuity and backups.
- Previously, credit card inconsistencies or unidentifiable entries were required to be reported to the CEO or Chairperson of the Audit and Finance Committee if they weren't resolved by the following month. This has been updated to require that a card be suspended immediately if there are unidentifiable entries (presumed fraud).

BUDGET AND FINANCIAL IMPLICATIONS

The new policy will allow staff to be more efficient with less travel claims. The increase in travel reimbursement is accounted for with a combination of inflation, and the decrease in travel claims given the use of fleet trucks.

ALTERNATIVES

None to be discussed.

ATTACHMENT

Draft Financial Policy, revised July 2022.
Approved Financial Policy July 2020

Report Prepared by: original signed by
Chantal LeBlanc, Manager of Corporate Services & CFO
(902) 877-3813

Financial Reviewed by: original signed by
Carl Yates, M.A.Sc., P.Eng., interim CEO, (782) 414-6628

TO: Chief Wilbert Marshall, Chair, and Members of the AFNWA Board

SUBMITTED BY: Original Signed by
Carl Yates, M.A.Sc., P.Eng., interim Chief Executive Officer

DATE: 22 July 2022

SUBJECT: **INDIVIDUAL WELLS and SEPTIC SYSTEMS**

ORIGIN

Information report presented at Board meeting of November 6, 2020

RECOMMENDATION

It is recommended that AFNWA , in the interim, support maintenance activities on individual wells and septic systems within the main Reserve lands and provide professional advice on individual wells and septic systems within the Atlantic Region ,of member First Nations communities and only recover costs associated with third parties from these communities .

It is recommended that staff develop a strategy for sustainability of individual wells and septic systems including request for funding from the federal government for public health and environmental stewardship outcomes.

BACKGROUND

Through engagement of communities who are interested in participating as members of AFNWA, the responsibility for individual wells and septic systems often comes up as a topic of discussion. As noted in the report presented to the Board on November 6, 2020 [attached for reference] costs for the capital upgrades, operation and maintenance are not covered by ISC in accordance with federal policy. ISC funds centralized systems and cluster systems that serve five or more households which were accounted for when AFNWA developed its budgets for the Ten Year Business Plan. It is understood that the capital costs to build individual systems are covered through Band Housing and Infrastructure budgets at the time of house construction.

DISCUSSION

As discussed in the Business Plan and referenced in the previous Board report, AFNWA acknowledged that some communities have Operators involved with maintenance of individual wells and septic systems in recognition of their skills and abilities. Although these activities are not funded directly by ISC, it is our understanding that communities absorbed these costs in their overall operations and maintenance budgets. As a follow up with Ken Moulton of Neqotkuk [Tobique] to get an understanding of typical costs, he provided the following information:

TFN currently spend approximately \$113,500 annually on privately owned wells and septic systems (88).

On average we vacuum them 2 times a year 88 units X 2 X \$375 = \$66,000.00 plus the time of the operators.

88 wells on average we place 5 tanks and pressure switches per year . 5X\$1500= \$7500.00.

150 operator hours 150x \$25.00 = \$3,750.00

\$66,000.00 septic

\$7,500.00 wells

\$3,750.00 OH

\$1,250.00 fuel

Tot. \$ 78,500.00

We have also done a few total replacements of systems around \$35,000.00 per year. So, in general we spend \$78,500 + \$35,000 = **\$113,500.00 per year**. These are the funds that we have been fighting for with ISC and were hoping they would be covered in the new budgets created by the AFNWA.

In conformance with national policy, ISC would not entertain costs for individual wells and septic systems within AFNWA operating and capital budgets. As a result, and in recognition that AFNWA could be drawn into these activities, it was contemplated that AFNWA could provide support on a fee for service basis with costs recovered from the Band.

As a result of funding inadequacies for individual wells and septic systems, AFNWA will continue to seek redress through ISC on behalf of the communities it will serve. To get a better understanding of the extent and costs associated with individual systems, AFNWA has commissioned a study to develop a database of individual wells and septic systems within communities exploring membership in

AFNWA. Funds for the study were provided by the First Nations and Inuit Health Branch [FNIHB] of ISC. FNIHB has an active role in providing technical support and water sampling and testing of individual wells.

The database which will be georeferenced is expected to be completed this fall. Once complete, AFNWA will have direct dialogue with ISC on alternatives and options to make the case that these systems should be funded for public health and environmental outcomes.

Notwithstanding the concept described above, it is apparent that many communities do not differentiate responsibilities between central or individual systems. As a result, this could be an impediment for some communities to join AFNWA. As a result, staff are seeking direction from the Board in advance of community onboarding with an anticipated transfer date of December 1, 2022 for early adopter communities. There are several options for the Board's consideration for work associated with individual systems on Reserve lands, including:

1. AFNWA support maintenance activities on individual wells and septic systems and recover costs on a fee for service basis from individual First Nations communities.
2. AFNWA support maintenance activities on individual wells and septic systems and only recover costs associated with third parties from First Nations communities, e.g., septic tank pump outs or well pump repairs.
3. AFNWA support maintenance activities on individual wells and septic systems at AFNWA expense including third party costs.

In the above scenarios it should be noted that staff does not recommend covering operations costs such as electricity or treatment chemicals or capital costs to drill wells or upgrade failing septic systems. These would continue to fall under the responsibility of individual First Nation communities. It is also recommended that AFNWA would only get involved in maintenance activities for individual wells that are associated with the main Reserve lands of individual communities. Operation and maintenance costs for communities that only have individual wells and septic systems and no central systems would remain under the responsibility of First Nations Bands. On balance, staff recommend Option 2 which entails AFNWA involvement in maintenance of individual wells and septic systems, excluding third party costs which would remain with the Band office.

Once the database for individual wells and septic systems is created staff will develop a strategy to approach ISC for funding programs for adequate public health and environmental outcomes.

BUDGET IMPLICATIONS

The inclusion of Options 2 or 3 will incur costs for AFNWA and represent an unfunded mandate at this time. It is estimated that involvement with Option 2 could incur costs of \$250,000 to \$500,000 and Option 3 could see costs in the order of \$750,000 to \$1,000,000 on an annual basis. If ISC does not contribute funds for these activities, AFNWA could incur losses which would accumulate over time. Should the First Nations Financial Management Board serve as the economic oversight agency for AFNWA, it is likely that this activity would be documented with direction to AFNWA to mitigate financial losses.

ALTERNATIVES

Alternatives for involvement in maintenance of individual wells and septic systems are noted in the Discussion section of the report.

ATTACHMENT

Staff report presented to Board on November 6, 2020

Report Prepared by:	original signed by _____ Carl Yates , M.A.Sc. , P.Eng, interim CEO, 902-603-0312
Financial Reviewed by:	original signed by _____ Chantal Leblanc, CPA, CMA, MBA, CFO, 902-603-0312



TO: Chief Wilbert Marshall, Chair, and Members of the Board

SUBMITTED BY: original signed by
Carl Yates, M.A.Sc., P.Eng., interim CEO

DATE: September 25, 2020

SUBJECT: Private Wells and Septic Systems

INFORMATION REPORT

ORIGIN

Staff discussions with ISC managers and First Nations community operators

BACKGROUND

In recent discussion with Indigenous Services Canada [ISC] managers, they confirmed that the Government of Canada [GoC] has not funded the capital or operating costs associated with individual wells and septic systems. During our recent visits to First Nations communities' operators revealed that their responsibilities include maintenance of individual wells and septic systems as part of their day to day activities.

DISCUSSION

Like many other municipalities in Atlantic Canada, homes in First Nations communities are serviced through a combination of centralized systems, decentralized, cluster and individual household systems. In terms of the mandate of AFNWA, the utility is focused on centralized and cluster systems as they are funded by GoC as stipulated in federal policy. In the case of individual wells and septic systems, the local Band is still responsible for their upkeep and as a result, the water and wastewater operations staff are often relied on to troubleshoot problems. This is not unexpected, given the current situation but is problematic for the AFNWA, from a cost and liability perspective. From a cost perspective, ISC has confirmed that they do not fund capital and operational activities related to individual household wells and septic systems, consistent with national policy. As such, costs for these activities get absorbed through the Band public works budget and are not directly linked to water and wastewater

operations. In some First Nation communities [e.g. Indian Island, NB], the community is only served by individual wells and septic systems. In other communities, Abegweit First Nation for example, a portion of the community is serviced by a cluster septic system and due to its size would be eligible for funding from ISC. ISC has confirmed that they provide capital and operational funding for cluster systems that serve 5 or more households. These situations present unique challenges to AFNWA as only a portion of the water and wastewater servicing is funded directly by ISC.

From a liability perspective, involvement in service activities outside the AFNWA core mandate can expose the utility to litigation and invalidate any coverage offered by corporate insurance policies. Insurance companies only defend claims that relate to the insurance policy.

In light of the range of service approaches to First Nation communities, the AFNWA has two realistic options to consider. These include:

- Maintain responsibility for only central and decentralized [cluster] systems, with funding from the federal government, consistent with national policy.
- Maintain responsibility for central and decentralized [cluster] systems with federal funding support and engage in activities associated with individual well and septic systems on a fee for service basis with the Band Council.

It should be noted that municipalities in Atlantic Canada do not take any responsibility for individual wells and septic systems and all costs for this service delivery approach rests with homeowners. In that regard, servicing of individual wells and septic systems may best fit under the Housing portfolio of the Band Council mandate. Notwithstanding these nuances, if the AFNWA gets involved with the maintenance of individual wells and septic systems, a clear policy will have to be developed for a consistent approach including rates for service and standard operating procedures. Insurance coverage would also have to be obtained for this activity to minimize liability.

BUDGET and FINANCIAL IMPLICATIONS

As funding for individual wells and septic systems are not covered by federal policy, costs for activities related to these systems would have to be recovered on a fee for service basis.

Report Prepared by: original signed by _____
Carl Yates, interim CEO

Financial Reviewed by: original signed by _____
James MacKinnon, interim COO