

# RELIABLE SYSTEMS STRONGER COMMUNITIES



ANNUAL REPORT 2025-2026

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# ABOUT ATLANTIC FIRST NATIONS WATER AUTHORITY

AFNWA is a First Nations owned, not-for-profit organization incorporated under the *Canada Not-for-Profit Corporations Act* on July 18, 2018.

With a service approach based on social, economic, and environmental outcomes, AFNWA is responsible for the operations, maintenance, and capital upgrades of all water and wastewater assets in participating First Nations communities.



## AFNWA 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.



## AFNWA Vision

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



We take care of our water

# A MESSAGE FROM THE AFNWA BOARD CHAIR



**As Chair of the Atlantic First Nations Water Authority Board of Directors, I am pleased to reflect on another year of growth, progress, and achievement for our organization. The 2025-2026 fiscal year demonstrated the strength of our member communities, the dedication of our staff, and the value of First Nations-led service delivery as we continued to advance safe, reliable, and sustainable water and wastewater services across Atlantic Canada.**

Throughout the year, AFNWA continued to deliver and oversee important infrastructure projects in our member communities. From water treatment facility upgrades and distribution system improvements to long-term capital planning initiatives, these investments are helping strengthen essential services while supporting community growth and resilience. We know that modern, reliable infrastructure is critical to the health and well-being of our people, and AFNWA remains committed to ensuring these investments create lasting benefits for future generations.

One of the accomplishments I am particularly proud of is the continued growth of our internal capacity. Through focused training, professional development, and knowledge sharing, AFNWA has expanded its ability to address technical, operational, and compliance challenges using the expertise of our own First Nations workforce. Building this capacity within our organization not only strengthens our operations today but also creates meaningful career opportunities for Indigenous professionals and operators across our region.

On behalf of the Board of Directors, I would like to express my sincere appreciation to every member of the AFNWA team. The commitment, professionalism, and dedication shown by our staff each day is the foundation of our success. Whether working in the field, supporting communities, managing projects, delivering training, or providing administrative and technical expertise, every employee plays a vital role in advancing our mission.

I would also like to thank our Chiefs and Councils, Elders Advisory Lodge, community staff, and partners for their continued support and guidance. The progress we have achieved is the result of strong collaboration and a shared commitment to improving outcomes for our communities.

As we look to the future, I am excited about the important work that lies ahead. AFNWA is uniquely positioned to help close the infrastructure gap in First Nations communities by combining long-term planning, strong governance, technical excellence, and community-driven priorities. Together, we will continue building a future where all First Nations in Atlantic Canada have access to the safe, reliable, and sustainable water and wastewater services they deserve.

Wela'lioq,

**Chief Wilbert Marshall**  
Board Chair

# A MESSAGE FROM THE AFNWA CHIEF EXECUTIVE OFFICER



**As I reflect on the 2025-2026 fiscal year, I am proud of the progress made by the Atlantic First Nations Water Authority and grateful for the continued trust placed in us by our member communities. Together, we have continued to strengthen First Nations ownership and control of water and wastewater services while building the capacity, infrastructure, and partnerships needed to support future generations.**

A significant milestone this year was the continued development of AFNWA's new headquarters in Millbrook First Nation. More than just a building, the headquarters represents an investment in our future, providing a permanent home for our growing organization and reinforcing our commitment to Indigenous-led service delivery and economic development.

We also achieved an important planning milestone through the advancement of AFNWA's Integrated Resource Plan (IRP), a long-term roadmap that will guide infrastructure investments and support sustainable growth in our member communities. What makes this work especially meaningful is the extensive engagement that informed it. Throughout the process, AFNWA worked closely with Chiefs, Councils, staff, operators, and community members to ensure local priorities, growth aspirations, and community knowledge were reflected in the plan. The result is a stronger, community-informed vision for the future of water and wastewater services across Atlantic First Nations.

Building organizational capacity remained a key priority throughout the year. AFNWA continued to invest in staff development, technical training, professional certifications, leadership development, and opportunities for continuous learning. These investments strengthen our workforce and help ensure we have the expertise necessary to provide safe, reliable, and sustainable services to the communities we serve.

None of these accomplishments would have been possible without the dedication of our employees, the guidance of our Board of Directors and Elders Advisory Lodge, and the ongoing support of Chiefs, Councils, community staff, and our many partners. Together, we are demonstrating what can be achieved when First Nations lead the stewardship of essential services.

As we look ahead, AFNWA remains focused on delivering excellence in service, building resilient infrastructure, and advancing our shared vision of safe, sustainable, and community-driven water and wastewater services for First Nations across Atlantic Canada.

Yours in service,

**Susheel Arora, P. Eng.**  
Chief Executive Officer

# GROWING OUR TEAM AND OUR COMMUNITY

## Honouring Outgoing Board Members

The Atlantic First Nations Water Authority extends its sincere gratitude to Chief Terry Paul, Todd Hoskin, and Chief Darlene Bernard for their dedicated service and commitment to the Board. Their leadership, guidance, and support have helped shape the direction of the organization and strengthen our mission of providing safe, reliable, and sustainable water and wastewater services to our member First Nations. We thank them for their valuable contributions and wish them continued success in their future endeavours.



**Chief Terry Paul**  
Membertou



**Chief Darlene Bernard**  
Lennox Island



**Todd Hoskin**  
Ulnooweg Development Group

## Welcoming New Board Members

The Atlantic First Nations Water Authority is pleased to welcome Chief Michelle Glasgow of Sipekne'katik and Chief Tabatha Bernard of Lennox Island First Nation to the Board. We look forward to the knowledge, leadership, and perspectives they will bring as we continue working together to advance water and wastewater services for our member communities. We are excited to have them join the Board and look forward to their contributions in supporting AFNWA's ongoing growth and success.



**Chief Wilbert Marshall, Chair**  
Potlotek



**Chief Ross Perley, Vice Chair**  
Neqotkuk



**Chief Sidney Peters**  
Glooscap



**Tuma Young, KC**  
Nutewistog/Lawyer



**Regional Chief of Nova Scotia, Andrea Paul**  
Nova Scotia



**Chief Leroy Denny**  
Eskasoni



**Regional Chief of New Brunswick, Joanna Bernard**  
Madawaska



**Dr. Shelley Denny, Ph.D.**  
Unama'ki Institute of Natural Resources



**Chief Aaron Sock**  
Elsipogtog



**Chief Michelle Glasgow**  
Sipekne'katik



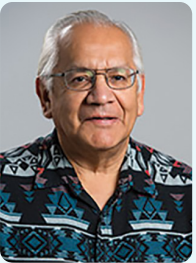
**Chief Tabatha Bernard**  
Lennox Island First Nation

# TWO-EYED SEEING IN ACTION

The AFNWA Elders Advisory Lodge offers cultural and spiritual guidance rooted in First Nations traditions. They help ensure water services reflect Indigenous values and the sacredness of water. Their advice supports blending traditional knowledge with Western technical practices. The guidance of the Elders Advisory Lodge also helps ensure AFNWA's work remains grounded in Indigenous knowledge, cultural teachings and community values. Throughout the year, the Elders Advisory Lodge led the planning a cultural training retreat for AFNWA senior management to ensure our service delivery is grounded in culture and traditional knowledge. As well, with the help of Dr. Emelda Perley, the EAL began working on a children's book to share the importance of water with the next generation. As well, the EAL continued their work to review AFNWA policies and procedures to ensure cultural relevancy. AFNWA is honoured to work alongside the Elders Advisory Lodge as we continue building water services for future generations.



**Gail Tupper**  
Glooscap



**Dr. David Perley**  
Neqotkuk



**Kenneth Francis**  
Elsipogtog



**Methilda  
Knockwood-  
Snache**  
Lennox Island



**Charles  
Doucette**  
Potlotek

## Wabanaki Worldview and Water Stewardship

Wabanaki Worldview and Water Stewardship is an innovative course developed by AFNWA's Elders Advisory Lodge in partnership with Dalhousie University to help prepare future engineers to work with First Nations communities offered for the first time in 2025. Grounded in Etuaptmumk, or Sisi'sotasu in Wolastoqey

(Two-Eyed Seeing), the course combines Indigenous knowledge, land-based learning, and water stewardship teachings from Elders and Knowledge Holders, fostering a new generation of professionals equipped to support reconciliation and Indigenous-led approaches to water management.

# COMMUNICATIONS AND OUTREACH

Communications & Outreach at AFNWA focuses primarily on external communications, community engagement and increasing awareness of the work that is being done in communities. Throughout 2025–26, the department launched several campaigns designed to educate community member, highlight local operators and strengthening the connection between AFNWA and the communities we serve. One of the campaigns that we are most proud of is our behind the scenes of AFNWA. We conducted interviews of our operators in different communities highlighting the specific types of work that is being done at their facility and what AFNWA means to them. AFNWA also utilizes LinkTree, labelled Access AFNWA, as a landing page to streamline access to important links, media documents, and seasonal tips—such as water conservation advice and guidance during boil water advisories.

## 2024–2025 SPONSORSHIPS

AFNWA was proud to support a number of initiatives and events in 2025–2026. Some of these include:

- Youth-2-Youth conference
- National Indigenous Junior Hockey Championships
- Youth Sports
- 2025 Nova Scotia Mi'kmaq Summer Games
- Kidney Foundation
- Cobequid Wildlife Rehabilitation Centre
- Neqotkuk Labour Day Festival
- Bilijk Powwow
- Potlotek Powwow
- Women and Girls Stride for Strength & Wellness Workshop
- Cole Harbour Wings

Grand total for sponsorship and donations in 2025–26: **\$25,570**



Community Engagement Sessions

AFNWA recognizes that meaningful engagement is essential to building strong relationships with the communities we serve. AFNWA signed a contract to continue and expand community engagement sessions across our member communities. These sessions provide valuable opportunities for community members to share feedback, ask questions, and learn more about water and wastewater services, infrastructure projects, and operational priorities.

By maintaining ongoing dialogue, AFNWA is strengthening transparency, trust, and ensuring that community voices help inform decision-making. Continued engagement supports our commitment to collaboration, responsiveness, and delivering services that reflect the needs and priorities of First Nations communities.



Health and Career Fairs

AFNWA's presence at health and career fairs helped strengthen community connections while promoting education, awareness, and career development within the water sector. Through engagement and conversations community members learned more about water operations, infrastructure, environmental

protection, and the importance of clean drinking water. These events help create opportunities to inspire the next generation of Indigenous water professionals by highlighting meaningful career paths that can be found within AFNWA.

Community Satisfaction Survey

With the help of our partners at Dalhousie, AFNWA conducted its Annual Community Satisfaction Survey in March 2026 to better understand how member communities perceive the water and wastewater services provided. The survey gathered feedback from the 13 member communities of AFNWA and offered valuable insights into community expectations, satisfaction levels, and areas for improvement. This feedback will guide future improvements and reinforce AFNWA's commitment to responsive, community-driven service delivery. In 2025-2026, AFNWA saw a 92% satisfaction rate.



CORPORATE MILESTONES

New Headquarters

The construction of AFNWA's new headquarters continued to make significant progress throughout the 2025-2026 fiscal year and is slated to open in July 2026. Located in Millbrook First Nation, the facility represents a major milestone in the evolution of the organization, providing a permanent home for a growing workforce and creating a central hub to support water and wastewater services across Atlantic Canada. The building reflects AFNWA's long-term commitment to First Nations ownership, operational excellence, and sustainable growth.

More than an office space, the new headquarters has been designed to support collaboration, training, innovation, and service delivery for years to come. The facility will provide enhanced capacity to support member communities, strengthen organizational efficiency, and accommodate the continued growth of AFNWA's technical, operational, and administrative teams. As AFNWA prepares to open its doors in July 2026, the headquarters stands as a visible symbol of the progress being made toward Indigenous-led water governance and the long-term sustainability of water and wastewater services in First Nations communities.

New 10-Year Business Plan

Throughout 2025-2026, AFNWA undertook the development of its next 10-Year Business Plan, a comprehensive roadmap that will guide the organization's growth, service delivery, and investment priorities over the coming decade. The plan was informed by extensive analysis of operational requirements, community priorities, infrastructure needs, and long-term financial sustainability. Central to this work was the integration of findings from AFNWA's Integrated Resource Plan (IRP), ensuring that future investments are aligned with projected growth, asset renewal requirements, and regulatory obligations. The development of the Business Plan was supported by significant engagement with member communities, leadership, staff, and key partners. Through this collaborative process, AFNWA worked to ensure that the plan reflects the aspirations of First Nations communities while positioning the organization to continue delivering safe, reliable, and sustainable water and wastewater services. Once finalized, the 10-Year Business Plan will serve as a strategic framework for strengthening organizational capacity, advancing critical infrastructure investments, and supporting AFNWA's long-term vision of closing the water and wastewater infrastructure gap in First Nations communities across Atlantic Canada.

# ASSET STEWARDSHIP

AFNWA is dedicated to providing its member First Nations communities with safe, sustainable, and community-driven water and wastewater services through a capital program focused on long-term infrastructure resilience. Guided by Asset Management Plans (AMPs), condition assessments, and community priorities, AFNWA is advancing a multi-year approach to capital planning that improves the predictability of investments and supports informed decision-making. Every member community currently has a capital project under construction, helping to modernize critical infrastructure, strengthen resilience to climate change and future growth, and create employment opportunities within Mi'kmaq and Wolastoqey communities.

## Water and Wastewater System Modelling

In 2025–2026, AFNWA advanced water and wastewater system modelling for member communities to support more informed long-term infrastructure planning. These models assess current system performance and forecast how infrastructure will respond to future demands from population growth, housing development, and community expansion. By linking engineering analysis with growth projections developed through the Integrated Resource Planning process, AFNWA is creating a stronger basis for evidence-based capital planning and investment decisions.

The modelling work also strengthens proactive asset management by identifying system constraints, capacity needs, and future upgrade requirements before they become operational issues. These tools help AFNWA evaluate options, prioritize capital projects, improve system performance, and ensure water and wastewater infrastructure can continue to serve communities safely, efficiently, and sustainably.

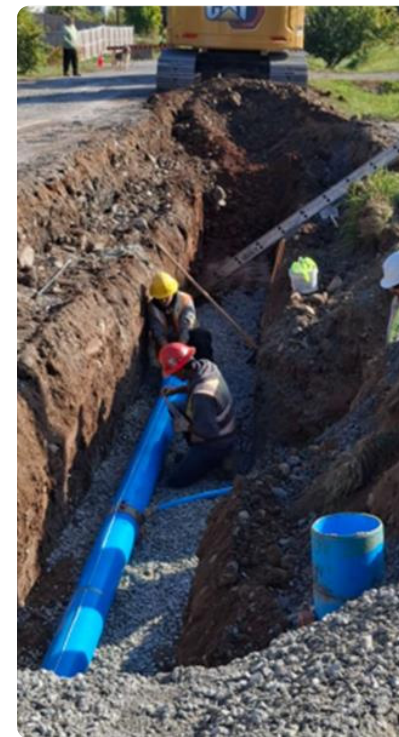
## Integrated Resource Plan

In 2025–2026, AFNWA advanced the development of community-specific Integrated Resource Plans for its member First Nations, establishing a 25-year capital planning framework for water and wastewater infrastructure. The IRP work brings together asset condition assessments, Closed-Circuit Television (CCTV) inspection results, hydraulic and wastewater system modelling, regulatory requirements, climate resilience considerations, and community growth projections to identify where investment is needed most. Just as importantly, the plans are being shaped by direct engagement with Chiefs & Council, operators, staff, and community members so that infrastructure priorities reflect both technical risk and local knowledge. This work gives AFNWA a stronger, evidence-based foundation for prioritizing capital projects, renewing aging assets, addressing capacity constraints, and supporting safe, reliable, and sustainable services for future generations.



## Studying our Sewer Lines

As part of AFNWA's Integrated Resource Plan, comprehensive CCTV inspections were completed across member-community sewer collection systems. In just three months, AFNWA completed inspections of just under 100 kilometers of sewer mains, delivering the work on schedule and on budget. Using specialized camera equipment, operators assessed underground pipe conditions to identify deterioration, blockages, infiltration, and other risks before they lead to service disruptions or costly emergency repairs. The results provide condition-based data to support long-term asset renewal planning, helping AFNWA prioritize future capital investments based on actual system condition, risk, and community need.



## Eskasoni

A total of \$5.1 Million in capital projects and contracts were completed, advanced or awarded in Eskasoni during 2025–26. These investments supported major improvements to the community's water and wastewater infrastructure, helping to enhance system reliability, capacity, and long-term sustainability. Key projects included a \$3.9 million watermain replacement.

As part of ongoing infrastructure improvements within the community. The project involved planning, pipe installation, testing, system connections and connecting residents to the new main water line. Throughout the project, AFNWA worked closely with contractors, technical staff, and the community to coordinate construction to minimize disruptions. Design services valued at \$400,000 have been awarded for the planned \$23 million wastewater treatment facility (WWTF) upgrade and expansion. Design work will continue through 2027, supporting the advancement of this significant infrastructure project. \$1.1 million was invested in water supply and treatment upgrades, and funds allocated for generator installations at the 74th Street lift station. Engineering design also advanced to identify additional groundwater sources for the community through an ISC-funded transition project.

## Bilijk

In Bilijk, AFNWA invested \$2.6 million to advance several important water and wastewater infrastructure projects during 2025–2026, with a focus on moving priority work through detailed design, tendering, and construction readiness. Completed tender-related work included the lagoon dredging and dewatering project, which supports improved wastewater treatment capacity, sludge management, and long-term lagoon performance. AFNWA also advanced lagoon aeration improvements, SCADA upgrades, generator installation planning for the wastewater treatment plant, and water treatment facility pressure regulation review work. Together, these efforts strengthened project readiness, improved operational resilience, and positioned the community for future construction and implementation of critical water and wastewater upgrades.

## Lennox Island

In 2025–26, AFNWA completed approximately \$2.0 million in critical upgrades to Lennox Island’s wastewater infrastructure through the rehabilitation of lift station mechanical, electrical, instrumentation, and control systems, as well as modernization of the SCADA network. These investments improved system reliability, enhanced operational monitoring and control, reduced the risk of equipment failures, and strengthened the community’s ability to maintain uninterrupted wastewater services. By modernizing essential infrastructure and improving operator visibility into system performance, the project supports

safer, more efficient operations and extends the useful life of key wastewater assets. Engineering, tendering, and construction award for the water treatment facility expansion commenced in early 2026 with project completion expected by October 2026 for a cost of \$1.15 million. This upgrade includes new electrical and instrumentation systems, along with SCADA improvements, as well as additional office and storage space for Operations staff. These enhancements will support the effective management and operation of the water supply system for Lennox Island First Nation.

## Neqotkuk

One of the most significant infrastructure investments undertaken in Neqotkuk during 2025–26 was the start of construction of the \$3.16 million wastewater treatment facility upgrade, supported by \$320,000 in engineering services. The project modernized critical treatment infrastructure and advanced improvements necessary to meet receiving environment requirements while enhancing overall plant performance, reliability and removed biosolids from the lagoon. Engineering services included detailed design, tendering support, construction administration, and technical oversight to ensure the project was delivered in accordance with regulatory and operational objectives. By upgrading key wastewater treatment processes and infrastructure, AFNWA is improving environmental stewardship, strengthening regulatory compliance, and helping ensure the continued delivery of safe, reliable, and sustainable wastewater services for the community for years to come.

## Potlotek

AFNWA invested more than \$1.75 million in water and wastewater infrastructure improvements during 2025–26. Key projects included upgrades to the Fishery Road pump station, the construction of a new UV building with process, electrical, and communications upgrades, backup generator installations for the main lift station and wastewater treatment facility, lagoon flows and loads analysis, lagoon biosolids management, and an engineering study. Together, these investments improve system reliability, strengthen operational resilience, enhance emergency preparedness, and support the continued delivery of safe, dependable water and wastewater services for the community.

## We’koqma’q

AFNWA addressed two separate but critical lift station risks in the community, both of which had significant environmental implications given the proximity to the Bras d’Or Lakes. In one case, an existing lift station posed a high environmental risk due to limited capacity and lack of redundancy; by installing a second pump, AFNWA ensured continued operation in the event of a failure, reducing the likelihood of sewer overflows or unplanned effluent discharges, and is now advancing a full replacement to bring the system up to modern standards and further mitigate risk. AFNWA advanced the design and replacement of that lift station to address current capacity requirements and future

growth, the project was tendered and awarded for construction at a cost of \$1.2 Million, the work will be completed by end of 2026. AFNWA is in the process of commissioning a booster station that had been constructed over 15 years ago but never put into service. Commissioning of the booster station will increase pressure within the distribution system to meet industry standards. Together, these actions demonstrate a proactive, preventative approach to asset management, reducing environmental risk, improving system reliability, and protecting the health of a sensitive and culturally important ecosystem.

## Wagmatcook

During 2025–26, AFNWA invested \$1.5 million in SCADA upgrades in the community, as well as significant time and resources into planning and outlining capital improvement projects for Wagmatcook First Nation. This work helped identify priority water and wastewater infrastructure needs, integrate them into the Integrated Resource Plan, and align future project delivery for the 2026–27 capital year.

## Glooscap

A \$50,000 investment was made to install a backup generator at the booster station. This project improves the reliability and resilience of the water distribution system by ensuring the station can continue operating during power outages, helping to maintain water pressure and minimize service disruptions.



## Pictou Landing

Approximately of \$4.5 million in capital projects were completed or advanced in Pictou Landing during 2025-26. These investments focused on strengthening the community's water and wastewater infrastructure, improving treatment capacity, operational reliability, and long-term system resilience. A few key projects included a \$3.7 million replacement of the water treatment facility to accommodate new SCADA equipment, \$250,000 in upgrades to lift stations 3 and 4, and \$200,00 for installation of a new generator at the wastewater treatment facility. Together, these projects increase the reliability and efficiency of the community's water and wastewater systems, helping to ensure the continued delivery of safe, dependable services for community members.



## Elsipogtog

A total of approximately \$10 million in capital projects were completed in Elsipogtog during 2025-26. These investments focused on modernizing the community's water and wastewater infrastructure while improving system reliability and capacity for future growth. Key projects included \$8.765 million to replace five (5) lift stations, \$1.8 million for sewer and manhole repairs and expansion, \$150,000 in engineering design for wastewater plant upgrades, \$150,000 to expand the water treatment building to accommodate a new filtration system, and the decommissioning of aging wells, reservoirs and the water tower along with the installation of a new well. Together, these projects will help strengthen the essential infrastructure and support the continued delivery of safe, reliable drinking water and wastewater services for Elsipogtog.



## Millbrook

AFNWA invested approximately \$3.5 million in critical water and wastewater infrastructure improvements during 2025-26. Major projects included the installation of a new sewer system along Mic Mac Avenue, upgrades to sanitary sewer appurtenances, and the construction of a new water tower to enhance system capacity and reliability. These investments strengthen essential infrastructure, support future community growth, and help ensure the continued delivery of safe, dependable water and wastewater services.



## Paqtnkek

AFNWA invested \$3.5 million in water and wastewater infrastructure improvements during 2025-26. Major projects included watermain upgrades, SCADA (Supervisory Control and Data Acquisition) system improvements, wastewater treatment facility assessments and upgrades, water distribution improvements and well commissioning, and the decommissioning of the existing well and reservoir. Together, these investments strengthen system reliability, improve operational efficiency, modernize critical infrastructure, and support the long-term delivery of safe, dependable water and wastewater services for the community.

## Membertou

AFNWA identified \$1.7 million in wastewater infrastructure improvements required for Membertou First Nation. Investigative CCTV and video inspections of the sewer system and manholes was undertaken to assist the design upgrades for the community. The project is anticipated to advance to tender and construction in the later part of 2026. The project focused on replacing key components of the wastewater collection system to improve reliability, increase system capacity, and reduce the risk of service disruptions. This investment strengthens the community's wastewater infrastructure, supports environmental protection, and helps ensure dependable wastewater services for current and future growth.

## Wagmatcook

Wagmatcook First Nation invested more than \$1.3 million in water and wastewater infrastructure improvements during 2025-26. Key projects included the addition of lagoon UV disinfection, blower building modifications, blower component replacements, lagoon biosolids management, lagoon fence replacement, flow meter installations, wastewater monitoring improvements, and the decommissioning of a well. Together, these investments enhance treatment performance, strengthen environmental protection, improve system monitoring, and support the reliable delivery of safe water and wastewater services for the community.

# CORPORATE SERVICES

Corporate Services provides the foundation that supports AFNWA's day-to-day operations, ensuring the organization has the people, systems, governance, and resources needed to deliver safe and reliable water and wastewater services to member communities. Throughout the year, the Corporate Services team continued to strengthen financial management, human resources, procurement, information technology, governance, and administrative functions while supporting the growth of the organization.

As AFNWA continues to mature as a First Nations-owned utility, Corporate Services played a key role in advancing strategic priorities, supporting staff development, enhancing organizational policies and processes, and ensuring accountability to member communities and funding partners. These efforts help position AFNWA for long-term sustainability while enabling operational excellence across all areas of the organization.

## Balance Score cards

As part of AFNWA's commitment to continuous improvement, we have continued the development and use of balanced score cards and benchmarking tools to measure organizational performance across important areas of operations. These tools help us track progress towards strategic goals by monitoring items related to service delivery, operational efficiency, financial performance, infrastructure management and employee development.

Benchmarking allows AFNWA to compare performance over time and identify trends, strength, and opportunities for improvement. By having these measurable performance indicators, it allows our team to make informed decisions, set realistic targets, and make sure resources are being used effectively.



## Procurement

AFNWA revised its Procurement Policy in 2026 to strengthen Indigenous participation in procurement while maintaining a fair, transparent, and competitive purchasing process. The updated policy recognizes that procurement can be a powerful tool for advancing Indigenous economic development and creating meaningful opportunities for First Nations businesses and workers. New provisions encourage the use of Atlantic First Nations business set-asides, promote Indigenous employment and workforce development, and ensure procurement decisions consider community benefits alongside value for money.

A key enhancement to the policy is the introduction of Indigenous procurement incentives through Bid Value Reductions during the evaluation of bids. Indigenous-owned businesses can receive evaluation advantages, while non-Indigenous firms demonstrating a commitment to Indigenous employment, subcontracting, and supplier relationships may also qualify. The policy further supports Indigenous participation through standing offers, construction procurement practices, and strengthened accountability measures that promote respectful engagement with Indigenous communities. Together, these changes help ensure AFNWA's procurement activities contribute directly to economic reconciliation, capacity building, and long-term prosperity in the communities we serve. In 2025-2026, 29.36% of total procurement dollars were allocated to Indigenous business and contractors.

## Investing in Operator Training

As of March 31, 2026, AFNWA operators had achieved a total of 69 professional certifications across key areas of water and wastewater operations, including Water Treatment, Water Distribution, Wastewater Collection, and Wastewater Treatment. These certifications reflect AFNWA's ongoing commitment to building a highly skilled Indigenous workforce capable of safely operating and maintaining increasingly complex water and wastewater systems throughout our member communities. Continued investment in professional development has strengthened our internal capacity, allowing more technical and operational challenges to be addressed directly by AFNWA staff while reducing reliance on external resources.

In addition to achieving industry certifications, operators completed a broad range of health and safety training to support safe and effective work practices in the field. Training included confined space entry, fall protection, First Aid, electrical safety, WHMIS, and other specialized programs required to safely operate critical infrastructure. Together, these certifications and training initiatives help ensure AFNWA maintains a strong culture of safety, regulatory compliance, and operational excellence while supporting the long-term development of First Nations water and wastewater professionals.

# OPERATIONS HIGHLIGHTS

## Supporting All Member Communities

AFNWA continued to strengthen water and wastewater operations across member communities through proactive maintenance, asset management, and technological improvements. Leak detection programs, watermain repairs, hydrant inspection and maintenance, water quality sampling, and system flushing activities helped ensure safe and reliable service delivery throughout the year.

The Authority also advanced several utility-wide initiatives, including CCTV inspections of collection systems, development of water and wastewater system models, implementation of SCADA and electrical upgrades, and the launch of SiteDocs, a digital safety management system. Full annual safety audits and a comprehensive lift station inspection program further enhanced operational oversight, system reliability, and workplace safety.

## Neqotkuk First Nation

AFNWA successfully completed the installation and commissioning of a new Pressure Reducing Valve (PRV) and flow meter, improving operational control, pressure management, and overall system reliability. These upgrades provide operators with better information to manage water distribution while supporting long-term infrastructure performance.

Work also continued on the removal and disconnection of abandoned asbestos cement (AC) watermain infrastructure. This important initiative reduces maintenance risks and helps modernize the community's water distribution system.

## Bilijk First Nation

Significant improvements were made to the community's wastewater treatment infrastructure through the successful completion of lagoon dredging activities. The work restored treatment capacity and improved the long-term effectiveness of the lagoon system.

Additional upgrades to the lagoon aeration system enhanced treatment performance and operational efficiency. Together, these improvements help ensure the wastewater system continues to meet the community's needs while supporting environmental protection objectives.

## Pictou Landing First Nation

A cross-connection at the community's water storage reservoir was eliminated during the year, improving system integrity and strengthening drinking water protection. This proactive improvement enhances the reliability and security of the water distribution system.

Operational resilience was also increased through the installation of energy-efficient heat pumps and continued progress toward commissioning a new backup generator at the wastewater treatment facility. Preventative maintenance completed on the Rotating Biological Contactor (RBC) further supported the facility's ability to provide effective wastewater treatment.

## Potlotek First Nation

AFNWA advanced several initiatives to enhance wastewater treatment and water disinfection planning within the community. A new ultraviolet (UV) disinfection system was installed at the lagoon, providing an additional layer of environmental protection and supporting treatment performance.

The community also participated in an LED UV disinfection study for the water treatment plant. The study explored innovative technologies that may help support future improvements in water treatment efficiency and effectiveness.

## Paqtnkek Mi'kmaw Nation

The community achieved an important milestone with the successful commissioning of new groundwater supply wells. The additional water supply capacity strengthens system reliability and helps ensure the community can meet both current demands and future growth requirements.

AFNWA staff also implemented targeted operational and technical improvements that resulted in significant gains in wastewater treatment performance. These efforts demonstrate the value of ongoing optimization and strong operational oversight.

## Wagmatcook First Nation

To support growing demand and improve system reliability, AFNWA completed the connection of a new groundwater supply well to the treatment facility. The project was completed ahead of the community's summer activities, ensuring adequate water supply capacity during a period of increased demand.

This investment strengthens the community's water system and supports the delivery of reliable drinking water to residents and visitors alike.

## We'koqma'q First Nation

Preparations continued toward the commissioning an existing booster station designed to improve water distribution performance and system reliability. Once operational, the facility will provide enhanced pressure to the system.

AFNWA also completed major repairs at a key wastewater lift station, including the installation of an additional pump. These improvements help ensure reliable wastewater collection services and reduce the risk of service interruptions.

## Membertou First Nation

AFNWA responded to and successfully repaired a significant leak located beneath twin 36-inch culverts. The complex repair required careful planning and execution to restore service while protecting critical infrastructure.

The successful completion of this work demonstrates the growing technical expertise and responsiveness of AFNWA staff in addressing challenging infrastructure issues and maintaining reliable water services for member communities.

## Eskasoni First Nation

AFNWA continued work on the elimination of aging 4-inch watermain infrastructure as part of ongoing efforts to modernize the community's water distribution network. The project is nearing completion and will improve system performance while reducing maintenance requirements.

Construction also progressed on the 74th Street watermain replacement project, an important investment that will enhance water service reliability and provide long-term infrastructure benefits for community members.

## Elsipogtog First Nation

AFNWA successfully commissioned new lift stations within the community's wastewater collection system. These upgrades strengthen critical infrastructure, improve system reliability, and enhance the movement of wastewater throughout the collection network.

The project represents an important investment in long-term service delivery and positions the community to support future growth while maintaining dependable wastewater services.



## Commitment to Capacity Development

AFNWA remains committed to creating opportunities for First Nations community members to build meaningful careers in the water and wastewater sector. This year, two summer students, who are also siblings from Neqotkuk, successfully transitioned into permanent staff positions, one at the AFNWA and the other outside of the organization, demonstrating the value of investing local talent and workforce development. By supporting skills development, mentorship, and long-term employment opportunities, AFNWA is helping to strengthen community capacity while helping the next generation of water professionals by actively assisting Indigenous youth in STEM fields.

## Operator Workshops

AFNWA hosts multiple operator workshops each year. Participants hear from AFNWA staff and industry experts on a range of topics; including safety standards, compliance updates, engineering updates and facility tours.. Sustainable communities rely on trained experts with a full understanding of the systems they manage, both physical and digital. AFNWA remains committed to supporting staff through customized training and career development opportunities.



## Community Based Water Monitoring Training

AFNWA continued to invest in the professional development of Community-Based Water Monitors and Operators through the 2025 Community-Based Water Monitor and Operator Training, delivered in partnership with Indigenous Services Canada. The annual training provided participants with opportunities to strengthen field skills, explore emerging issues affecting water systems, and earn continuing education units that support annual licensure requirements. Held under the theme “Every Drop is Sacred,” the program brought together technical training, cultural knowledge, and community-based learning, including sessions on water as a sacred resource, Two-Eyed Seeing and water services, compliance standards, PFAS, emergency management, sampling procedures, and public health communications.

The conference welcomed 27 participants, including 16 AFNWA employees and 11 non-AFNWA participants, and created space for operators, monitors, Elders, technical experts, and partners to share knowledge and strengthen relationships. Participant feedback was very positive, with an overall average score of 4.7 out of 5, reflecting the value of the sessions, networking opportunities, cultural components, and practical training. The success of the program demonstrates the importance of continued investment in First Nations water professionals and the shared responsibility of protecting water for current and future generations.



APPENDIX:  
**FINANCIAL  
STATEMENTS**



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BDO Canada LLP  
6940 Mumford Road, Suite 510  
Halifax, N.S. B3L 0B7

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## Independent Auditor's Report

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To the members of Atlantic First Nations Water Authority Inc.

### Opinion

We have audited the financial statements of Atlantic First Nations Water Authority Inc. (the "Authority"), which comprise the statement of financial position as at March 31, 2026, the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2026, and its financial performance 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 Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedules included on pages 17 through 19 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 the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the 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.

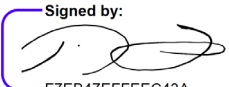
*BDO Canada LLP*

Chartered Professional Accountants

Halifax, Nova Scotia  
August 4, 2026

Atlantic First Nations Water Authority Inc.  
Statement of Financial Position

| March 31                                       | 2026                 | 2025                 |
|------------------------------------------------|----------------------|----------------------|
| <b>Assets</b>                                  |                      |                      |
| <b>Current</b>                                 |                      |                      |
| Cash and cash equivalents                      | \$ 15,116,323        | \$ 25,107,939        |
| Accounts receivable                            | 671,566              | 77,284               |
| Prepays                                        | 233,951              | 71,996               |
| HST recoverable                                | 623,298              | 481,012              |
|                                                | 16,645,138           | 25,738,231           |
| <b>Tangible capital assets (Note 2)</b>        | <b>50,524,122</b>    | <b>19,591,995</b>    |
|                                                | <b>\$ 67,169,260</b> | <b>\$ 45,330,226</b> |
| <b>Liabilities and Net Assets</b>              |                      |                      |
| <b>Current</b>                                 |                      |                      |
| Payables and accruals (Note 3)                 | \$ 4,308,242         | \$ 4,000,244         |
| Deferred contributions (Note 4)                | 8,627,136            | 18,911,923           |
| Current portion of long-term debt (Note 6)     | 296,645              | 278,561              |
|                                                | 13,232,023           | 23,190,728           |
| <b>Long-term debt (Note 6)</b>                 | <b>114,904</b>       | <b>411,574</b>       |
| <b>Deferred capital contributions (Note 5)</b> | <b>49,857,148</b>    | <b>18,900,958</b>    |
|                                                | <b>63,204,075</b>    | <b>42,503,260</b>    |
| <b>Net Assets</b>                              |                      |                      |
| Invested in tangible capital assets            | 255,425              | (347,350)            |
| Unrestricted                                   | 3,709,760            | 3,174,316            |
|                                                | 3,965,185            | 2,826,966            |
|                                                | <b>\$ 67,169,260</b> | <b>\$ 45,330,226</b> |

Signed by:  ard:  
F7EB47EFFEEC43A... Chief

DocuSigned by:  Chief  
75E7CD6E7CFC40C... Chief

Contingent liabilities (Note 7)

Atlantic First Nations Water Authority Inc.  
Statement of Changes in Net Assets

|                                      | Unrestricted | Invested in<br>Tangible<br>Capital<br>Assets | 2026<br>Total | 2025<br>Total |
|--------------------------------------|--------------|----------------------------------------------|---------------|---------------|
| For the year ended March 31          |              |                                              |               |               |
| Balance, beginning of the year       | \$ 3,174,316 | \$ (347,350)                                 | \$ 2,826,966  | \$ 1,827,326  |
| Excess of revenues over expenditures | 1,290,372    | (152,153)                                    | 1,138,219     | 999,640       |
| Interfund transfers                  | (754,928)    | 754,928                                      | -             | -             |
| Balance, end of the year             | \$ 3,709,760 | \$ 255,425                                   | \$ 3,965,185  | \$ 2,826,966  |

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

Atlantic First Nations Water Authority Inc.  
Statement of Operations

| For the year ended March 31                             | 2026          | 2025          |
|---------------------------------------------------------|---------------|---------------|
| Revenue                                                 |               |               |
| Indigenous Services Canada                              | \$ 11,914,443 | \$ 12,787,573 |
| Interest                                                | 865,998       | 1,239,140     |
| Other funding                                           | 1,010,576     | 55,000        |
| Miscellaneous                                           | 194,732       | -             |
|                                                         | 13,985,749    | 14,081,713    |
| Expenditures                                            |               |               |
| Board and council compensation                          | 67,750        | 100,000       |
| Chemicals                                               | 116,555       | 143,950       |
| Contract services                                       | 4,322,910     | 4,464,176     |
| Fleet costs                                             | 336,343       | 288,384       |
| Interest and bank charges                               | 4,334         | 4,755         |
| Interest on long-term debt                              | 30,029        | 44,442        |
| Professional development                                | 241,622       | 356,257       |
| Professional services                                   | 314,546       | 541,249       |
| Public relations                                        | 57,898        | 66,119        |
| Rent and facilities                                     | 226,022       | 206,344       |
| Salaries and related benefits                           | 4,948,381     | 4,684,386     |
| Services and office supplies                            | 1,707,917     | 1,609,603     |
| Technology services                                     | 188,750       | 206,168       |
| Travel                                                  | 132,320       | 148,878       |
|                                                         | 12,695,377    | 12,864,711    |
| Excess of revenues over expenditures before other items | 1,290,372     | 1,217,002     |
| Amortization of deferred capital contributions          | 1,795,878     | 668,062       |
| Amortization of tangible capital assets                 | (1,948,031)   | (885,424)     |
| Excess of revenues over expenditures                    | \$ 1,138,219  | \$ 999,640    |

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

| Atlantic First Nations Water Authority Inc.<br>Statement of Cash Flows |                      |                      |
|------------------------------------------------------------------------|----------------------|----------------------|
| For the year ended March 31                                            | 2026                 | 2025                 |
| <b>Cash flows from operating activities</b>                            |                      |                      |
| Excess of revenues over expenditures                                   | \$ 1,138,219         | \$ 999,640           |
| Items not affecting cash:                                              |                      |                      |
| Amortization of tangible capital assets                                | 1,948,031            | 885,424              |
| Amortization of deferred capital contributions                         | (1,795,878)          | (668,062)            |
|                                                                        | <u>1,290,372</u>     | <u>1,217,002</u>     |
| Changes in non-cash working capital:                                   |                      |                      |
| Accounts receivable                                                    | (594,282)            | 18,893               |
| HST recoverable                                                        | (142,286)            | (186,890)            |
| Prepays                                                                | (161,955)            | 237,290              |
| Payable and accruals                                                   | 307,998              | 1,643,817            |
| Deferred contributions                                                 | (10,284,787)         | 1,455,504            |
|                                                                        | <u>(9,584,940)</u>   | <u>4,385,616</u>     |
| <b>Cash flows from investing activities</b>                            |                      |                      |
| Redemption of GIC investments                                          | -                    | 12,705,901           |
| Acquisition of tangible capital assets                                 | (32,880,158)         | (12,993,860)         |
|                                                                        | <u>(32,880,158)</u>  | <u>(287,959)</u>     |
| <b>Cash flows from financing activities</b>                            |                      |                      |
| Repayment of long-term debt                                            | (278,586)            | (264,172)            |
| Deferred capital contributions                                         | 32,752,068           | 13,083,401           |
|                                                                        | <u>32,473,482</u>    | <u>12,819,229</u>    |
| <b>Net (decrease) increase in cash</b>                                 | <b>(9,991,616)</b>   | <b>16,916,886</b>    |
| <b>Cash, beginning of the year</b>                                     | <b>25,107,939</b>    | <b>8,191,053</b>     |
| <b>Cash, end of the year</b>                                           | <b>\$ 15,116,323</b> | <b>\$ 25,107,939</b> |

| Atlantic First Nations Water Authority Inc.<br>Notes to Financial Statements |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| March 31, 2026                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>1. Significant Accounting Policies</b>                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Nature and Purpose of Organization</b>                                    | <p>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.</p> <p>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.</p> <p>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.</p> <p>The Authority is exempt from income taxes under Section 149(1)(c) of the Income Tax Act.</p> |
| <b>Basis of Accounting</b>                                                   | <p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.</p> <p>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.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

Atlantic First Nations Water Authority Inc.  
Notes to Financial Statements

March 31, 2026

1. Significant Accounting Policies (continued)

|                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Revenue Recognition   | <p>The Authority follows the deferral method of accounting for contributions.</p> <p>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 amount to be received can be reasonably estimated and collection is reasonably assured.</p> <p>Deferred capital contributions relate to tangible capital assets acquired and claimed under the contribution agreements. They are deferred and recognized as income on the same basis as amortization expense over the relating assets' useful lives.</p> <p>Other revenues are recognized when received or receivable, provided the amount can be reasonably estimated and collection is reasonably assured.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Financial Instruments | <p>Arm's length financial Instruments are recorded at fair value at initial recognition.</p> <p>Related party financial Instruments are recorded at cost at initial recognition.</p> <p>In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.</p> <p>Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.</p> |

Atlantic First Nations Water Authority Inc.  
Notes to Financial Statements

March 31, 2026

1. Significant Accounting Policies (continued)

| Tangible Capital Assets        | <p>Purchased tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets contributed under Community Agreements are recorded at fair value at the date of contribution, unless fair value is not determinable in which case contributed tangible capital assets are recorded at nominal value at the date of contribution. Contributed tangible capital assets are subsequently amortized. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the tangible capital asset are capitalized.</p> <p>Amortization based on the estimated useful life of the asset is calculated as follows:</p> <table><tr><th></th><th>Method</th><th>Rate</th></tr><tr><td>Leasehold improvements</td><td>Straight-line</td><td>3-5 years</td></tr><tr><td>Vehicles</td><td>Declining balance</td><td>30%</td></tr><tr><td>Tools and equipment</td><td>Declining balance</td><td>20%</td></tr><tr><td>Office furniture and equipment</td><td>Declining balance</td><td>20%</td></tr><tr><td>Community infrastructure</td><td>Declining balance</td><td>20%</td></tr><tr><td>Computer equipment</td><td>Declining balance</td><td>55%</td></tr><tr><td>Capital projects</td><td></td><td>none</td></tr></table> <p>Amortization expense is reported in the Investment in Tangible Capital Assets Fund.</p> <p>When a tangible capital asset no longer contributes to an Authority's ability to provide goods and services, or the future economic benefits or service potential of the tangible capital asset is less than its carrying value, the excess of its net carrying amount over its fair value or replacement cost is recognized as an expense in the statement of operations. Any unamortized deferred contribution amount related to the tangible capital asset is recognized in revenue in the statement of operations, provided that all restrictions have been complied with.</p> <p>When a tangible capital asset is disposed of, the difference between the net proceeds on disposition and the net carrying amount is recognized in the statement of operations. Any unamortized deferred contribution amount related to the tangible capital asset disposed of is recognized in revenue in the statement of operations, provided that all restrictions have been complied with.</p> |           |  | Method | Rate | Leasehold improvements | Straight-line | 3-5 years | Vehicles | Declining balance | 30% | Tools and equipment | Declining balance | 20% | Office furniture and equipment | Declining balance | 20% | Community infrastructure | Declining balance | 20% | Computer equipment | Declining balance | 55% | Capital projects |  | none |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|--|--------|------|------------------------|---------------|-----------|----------|-------------------|-----|---------------------|-------------------|-----|--------------------------------|-------------------|-----|--------------------------|-------------------|-----|--------------------|-------------------|-----|------------------|--|------|
|                                | Method                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Rate      |  |        |      |                        |               |           |          |                   |     |                     |                   |     |                                |                   |     |                          |                   |     |                    |                   |     |                  |  |      |
| Leasehold improvements         | Straight-line                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 3-5 years |  |        |      |                        |               |           |          |                   |     |                     |                   |     |                                |                   |     |                          |                   |     |                    |                   |     |                  |  |      |
| Vehicles                       | Declining balance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 30%       |  |        |      |                        |               |           |          |                   |     |                     |                   |     |                                |                   |     |                          |                   |     |                    |                   |     |                  |  |      |
| Tools and equipment            | Declining balance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 20%       |  |        |      |                        |               |           |          |                   |     |                     |                   |     |                                |                   |     |                          |                   |     |                    |                   |     |                  |  |      |
| Office furniture and equipment | Declining balance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 20%       |  |        |      |                        |               |           |          |                   |     |                     |                   |     |                                |                   |     |                          |                   |     |                    |                   |     |                  |  |      |
| Community infrastructure       | Declining balance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 20%       |  |        |      |                        |               |           |          |                   |     |                     |                   |     |                                |                   |     |                          |                   |     |                    |                   |     |                  |  |      |
| Computer equipment             | Declining balance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 55%       |  |        |      |                        |               |           |          |                   |     |                     |                   |     |                                |                   |     |                          |                   |     |                    |                   |     |                  |  |      |
| Capital projects               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | none      |  |        |      |                        |               |           |          |                   |     |                     |                   |     |                                |                   |     |                          |                   |     |                    |                   |     |                  |  |      |

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

March 31, 2026

**1. Significant Accounting Policies (continued)**

**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.

**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.

**Employee Future Benefits**

The Authority has a defined contribution pension plan for employees. The Authority's pension costs are charged to operations as contributions are due. Contributions are a defined amount based upon a set percentage of salary.

**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.

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

March 31, 2026

**2. Tangible Capital Assets**

|                                | 2026       |                          | 2025       |                          |
|--------------------------------|------------|--------------------------|------------|--------------------------|
|                                | Cost       | Accumulated Amortization | Cost       | Accumulated Amortization |
| Leasehold improvements         | \$ 101,637 | \$ 101,637               | \$ 101,637 | \$ 99,889                |
| Vehicles                       | 2,383,370  | 1,495,857                | 2,349,068  | 1,119,888                |
| Tools and equipment            | 1,857,349  | 683,993                  | 1,514,448  | 450,652                  |
| Office furniture and equipment | 213,701    | 110,320                  | 184,776    | 88,091                   |
| Computer equipment             | 178,704    | 169,525                  | 159,339    | 148,999                  |
| Community infrastructure       | 18,364,218 | 1,231,946                | 559,995    | 43,117                   |
| Capital projects               | 31,218,421 | -                        | 16,673,368 | -                        |
|                                | 54,317,400 | 3,793,278                | 21,542,631 | 1,950,636                |
|                                |            | \$ 50,524,122            |            | \$ 19,591,995            |

Capital projects represent Capital Construction in Progress. As such, no amortization has been taken as at March 31, 2026.

During the year, no additional Community Agreements were signed (2025 - one).

**3. Government Remittances**

Included in payables and accruals are government remittances payable of \$53,100 (2025 - \$53,275).

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

March 31, 2026

**4. Deferred Contributions**

|                                                | 2026                | 2025                 |
|------------------------------------------------|---------------------|----------------------|
| Beginning balance                              | \$ 18,911,923       | \$ 17,456,066        |
| Add: contributions received in the year        | 35,336,505          | 27,381,832           |
| Less: operating expenditures (funded)          | (12,590,663)        | (12,578,402)         |
| Less: repayment of long-term debt              | (278,561)           | (264,172)            |
| Less: capital expenditures (non-financed)      | (32,752,068)        | (13,083,401)         |
| Ending balance                                 | <u>\$ 8,627,136</u> | <u>\$ 18,911,923</u> |
| Ending balance represented by:                 |                     |                      |
| Indigenous Services Canada (ISC) HQ            | \$ 2,336,758        | \$ 12,800,140        |
| Indigenous Services Canada (ISC) ATL           | 6,257,529           | 6,071,579            |
| ISC, First Nations Inuit Health Branch (FNIHB) | 32,849              | 40,204               |
|                                                | <u>\$ 8,627,136</u> | <u>\$ 18,911,923</u> |

**5. Deferred Capital Contributions**

Deferred capital contributions relate to tangible capital assets acquired and claimed under the contribution agreements. The funding will be recognized as income on the same basis as amortization expense over the relating assets' useful lives.

|                                                                  | 2026                 | 2025                 |
|------------------------------------------------------------------|----------------------|----------------------|
| Beginning balance                                                | \$ 18,900,958        | \$ 6,485,619         |
| Add: restricted contributions related to capital asset purchases | 32,752,068           | 13,083,401           |
| Less: amounts amortized to revenue                               | (1,795,878)          | (668,062)            |
| Ending balance                                                   | <u>\$ 49,857,148</u> | <u>\$ 18,900,958</u> |

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

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**6. Long-term Debt**

|                                                                                                                                                                                                                     | 2026              | 2025              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Scotiabank loan, repayable in monthly installments of \$7,672 including interest calculated at a rate of 5.03%, maturing on July 11, 2027, secured by a vehicle with net book value \$115,034 (2025 - \$164,334)    | \$ 118,469        | \$ 202,302        |
| Scotiabank loan, repayable in monthly installments of \$5,953 including interest calculated at a rate of 5.45%, maturing on December 17, 2027, secured by a vehicle with net book value \$84,117 (2025 - \$120,167) | 118,971           | 182,040           |
| Scotiabank loan, repayable in monthly installments of \$6,263 including interest calculated at a rate of 5.33%, maturing on February 6, 2027, secured by a vehicle with net book value \$72,915 (2025 - \$104,464)  | 67,089            | 136,641           |
| Scotiabank loan, repayable in monthly installments of \$3,591 including interest calculated at a rate of 5.68%, maturing on November 21, 2027, secured by a vehicle with net book value \$50,470 (2025 - \$72,100)  | 68,379            | 106,414           |
| Scotiabank loan, repayable in monthly installments of 2,239 including interest calculated at a rate of 5.34%, maturing on September 15, 2027, secured by a vehicle with net book value \$32,489 (2025 - \$46,413)   | 38,641            | 62,738            |
|                                                                                                                                                                                                                     | <u>411,549</u>    | <u>690,135</u>    |
| Current portion                                                                                                                                                                                                     | 296,645           | 278,561           |
| Long-term portion of debt                                                                                                                                                                                           | <u>\$ 114,904</u> | <u>\$ 411,574</u> |

Principal repayments on long-term debt over the next two years are as follows:

|      |                   |
|------|-------------------|
| 2027 | \$ 296,645        |
| 2028 | 114,904           |
|      | <u>\$ 411,549</u> |

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

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**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.

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.

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**8. Employee Benefits**

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 \$276,382 (2025 - \$247,008).

The Authority remits employee benefits on behalf of employees and as of March 31, 2026, all remittances for employee benefits are up to date.

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**9. Financial Instruments**

**Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Authority is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Authority's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts and contributions receivable. The majority of the Authority's receivables are from government sources and the Authority works to ensure it meets all eligibility criteria in order to qualify to receive the funding. There is no provision for doubtful accounts as at March 31, 2026 (2025 - \$nil).

The Authority is also exposed to credit risk arising from all of its bank accounts being held at one financial institution.

The risk has increased from the prior year due to the increase in accounts receivable.

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

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**9. Financial Instruments (continued)**

**Liquidity risk**

Liquidity risk is the risk that the Authority will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Authority will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Authority is exposed to this risk mainly in respect of its accounts payable.

The Authority's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions.

The risk is unchanged from the prior year.



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