

AOO Realty (Rockliffe) Inc.



Financial Statements **For the nine months ended 31 March 2017**



Independent Auditor's Report

To the Shareholder of AOO Realty (Rockliffe) Inc.

We have audited the accompanying financial statements of AOO Realty (Rockliffe) Inc., which comprise the balance sheet as at March 31, 2017, and the statements of retained earnings, income and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Private Enterprises, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian Generally Accepted Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of AOO Realty (Rockliffe) Inc. as at March 31, 2017, and the results of operations and cash flows for the period then ended in accordance with Canadian Accounting Standards for Private Enterprises.

Collins Barrow Ottawa LLP

Chartered Professional Accountants, Licensed Public Accountants
July 20, 2017
Ottawa, Ontario

AOO Realty (Rockcliffe) Inc.

Balance Sheet

As at 31 March 2017

ASSETS

Current:	
Cash	\$ 1,223,296
Due from related party (Note 4)	23,267
Government remittances receivable	<u>96</u>
	\$ <u>1,246,659</u>

LIABILITY AND SHAREHOLDER'S EQUITY

Current liability:	
Income taxes payable	\$ <u>26,210</u>
Long term liability:	
Due to Canada Lands Corporation (Note 5)	\$ <u>1,071,909</u>
Shareholder's equity:	
Capital stock:	
Authorized - unlimited number of common shares	
Issued - 100 common shares	\$ 10
Retained earnings	<u>148,530</u>
	\$ <u>148,540</u>
	\$ <u>1,246,659</u>

Approved on behalf of the Board:



(See accompanying notes)

AOO Realty (Rockcliffe) Inc.

Statement of Retained Earnings

For the nine months ended 31 March 2017

Balance at the beginning of the period	\$ -
Net income for the period	<u>148,530</u>
Balance at the end of the period	<u><u>\$ 148,530</u></u>

(See accompanying notes)

AOO Realty (Rockcliffe) Inc.

Statement of Income

For the nine months ended 31 March 2017

Revenue:	
Sale of land rights	\$ 1,241,154
Interest income	<u>6,282</u>
	\$ <u>1,247,436</u>
Expenses:	
Professional fees	\$ 787
Purchase of land rights	<u>1,071,909</u>
	\$ <u>1,072,696</u>
Income before income taxes	\$ 174,740
Income taxes	<u>26,210</u>
Net income for the period	\$ <u><u>148,530</u></u>

AOO Realty (Rockcliffe) Inc.

Statement of Cash Flows

For the nine months ended 31 March 2017

Cash flows from operating activities:	
Net income for the period	\$ <u>148,530</u>
Net change in non cash working capital balances related to operations:	
- Increase in government remittances receivable	\$ (96)
- Increase in income taxes payable	<u>26,210</u>
Cash flows from operating activities	\$ <u>26,114</u>
Cash flows from financing activities:	
Proceeds from Algonquins of Ontario Opportunities Trust loan	\$ 1,071,909
Shares issued	10
Advances to related party	<u>(23,267)</u>
Cash flows from financing activities	\$ <u>1,048,652</u>
Net increase in cash and cash equivalents during the period	\$ 1,223,296
Cash and cash equivalents at the beginning of the period	<u>-</u>
Cash and cash equivalents at the end of the period	\$ <u><u>1,223,296</u></u>

(See accompanying notes)

AOO Realty (Rockcliffe) Inc.

Notes to the Financial Statements

For the nine months ended 31 March 2017

1. NATURE OF THE BUSINESS

The company was incorporated on 23 June 2016, under the laws of Ontario and its operations consist of pursuing economic development opportunities.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation:

These financial statements have been prepared in accordance with Canadian accounting standards for private enterprises which are part of Canadian generally accepted accounting principles and include the following significant accounting policies.

a) Revenue recognition:

Revenue, including investment income, is recorded on the accrual basis of accounting. Sales of rights are recorded at the closing date as per the agreement.

b) Use of estimates:

The preparation of financial statements in accordance with Canadian Accounting Standards for Private Enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from management's best estimates as additional information becomes available in the future.

c) Income taxes:

The company uses the income taxes payable method of accounting for income taxes. Under this method, the company reports as an expense (income) of the period only the cost (benefit) of current income taxes determined in accordance with the rate established by taxation authorities.

d) Cash and cash equivalents:

Cash and cash equivalents are comprised of cash on hand and cash in the bank.

e) Financial instruments:

The company's financial instruments consist of cash, amount due from associated company and an amount due to Canada Lands Corporation. The carrying amount approximates their fair value, except where fair values are not readily obtainable.

AOO Realty (Rockcliffe) Inc.

Notes to the Financial Statements
(unaudited - see notice to reader)

For the nine months ended 31 March 2017

3. FINANCIAL INSTRUMENTS

Risks and concentrations:

The company is exposed to various risks through financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the company's risk exposure at the balance sheet date, 31 March, 2017.

Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with the financial liabilities. The enterprise is exposed to this risk mainly in respect of the amount due to Canada Lands Corporation.

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 company is not exposed to any significant credit risk.

Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk; currency risk, interest rate risk and other price risk. The company is mainly exposed to interest rate risk.

Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is exposed to interest rate risk on its bank account.

4. RELATED PARTY

The amount due from Algonquin Treaty Negotiation Funding Trust is interest free and has no specific terms or repayment.

5. DUE TO CANADA LANDS CORPORATION

The amount due to Canada Lands Corporation is interest free. It is due to be paid if a treaty is reached within the ten years ending 26 July 2026 . If no treaty is reached, the debt is forgiven.

6. INCOME TAXES

Income taxes are accounted for by the taxes payable method. Under the taxes payable method, only current income tax assets and liabilities are recognized. Currently there are no differences between the income tax expense and the applicable statutory income tax rate.