

Algonquin Opportunity (No. 2) Corporation

Financial Statements

For the year ended 31 March 2013

Wilfred J. Lamb
CHARTERED PROFESSIONAL ACCOUNTANT

11 Humphrey Way
Kanata, On K2L 2S9

Tel (613) 836-6618

INDEPENDENT AUDITOR'S REPORT

The Shareholders,
Algonquin Opportunity (No. 2) Corporation.

I have audited the accompanying financial statements of Algonquin Opportunity (No. 2) Corporation, which comprise the balance sheet as at 31 March 2013, and the statements of deficit, operations and cash flows for the year 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian auditing standards. Those standards require that I 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 judgment, 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Algonquin Opportunity (No. 2) Corporation as at 31 March 2013, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

KANATA, Ontario.
10 July 2013.


Wilfred Lamb
CPA, CA, LPA.

Algonquin Opportunity (No. 2) Corporation

Balance Sheet

As at 31 March 2013

(with 2012 figures for comparison)

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Current:		
Cash on hand and in bank	\$ 59,606	\$ 28,721
Government remittances receivable	163	
	<u>\$ 59,769</u>	<u>\$ 28,721</u>
Long term:		
Due from Algonquins of Ontario Opportunities Trust	\$ -	\$ 10
Due from Algonquin Treaty Negotiation Funding Trust		4,733
	<u>\$ -</u>	<u>\$ 4,743</u>
	<u>\$ 59,769</u>	<u>\$ 33,464</u>
 <u>LIABILITIES AND SHAREHOLDERS' DEFICIT</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 15,694	\$ 27,179
Deferred revenue (Note 7)	24,568	
Due to Algonquin Treaty Negotiation Funding Trust (Note 5)	19,818	
Government remittances payable		6,596
	<u>\$ 60,080</u>	<u>\$ 33,775</u>
Shareholders' deficit:		
Capital:		
Common shares:		
Authorized - unlimited common shares		
100 common shares (Note 5)	\$ 10	\$ 10
Deficit	<u>(321)</u>	<u>(321)</u>
	<u>\$ (311)</u>	<u>\$ (311)</u>
	<u>\$ 59,769</u>	<u>\$ 33,464</u>

Approved on behalf of the Board:

(See accompanying notes)

Algonquin Opportunity (No. 2) Corporation

Statement of Deficit

For the year ended 31 March 2013
(with 2012 figures for comparison)

	<u>2013</u>	<u>2012</u>
Balance at the beginning of the year	\$ (321)	\$ -
Net income (loss) for the year	<u>-</u>	<u>(321)</u>
Balance at the end of the year	<u><u>\$ (321)</u></u>	<u><u>\$ (321)</u></u>

(See accompanying notes)

Algonquin Opportunity (No. 2) Corporation

Statement of Operations

For the year ended 31 March 2013
(with 2012 figures for comparison)

	<u>2013</u>	<u>2012</u>
Negotiation Operations - Algonquin Treaty Negotiation Funding Trust	\$ <u>321,588</u>	\$ <u>307,926</u>
Expenses:		
Advertising		\$ 2,587
Office	\$ 8,439	15,097
Consulting		2,108
Disbursements		5,056
Interest and bank charges	716	767
Meals and entertainment	5,403	15,866
Rent	105,240	104,582
Telephone	1,081	3,307
Salary	193,475	145,234
Supplies	11	7,333
Travel	<u>7,223</u>	<u>6,310</u>
	\$ <u>321,588</u>	\$ <u>308,247</u>
Operating income (loss) from Negotiation Operations	\$ <u>-</u>	\$ <u>(321)</u>
 New Relationship Funding - Core Funding	 \$ <u>80,000</u>	 \$ <u>80,000</u>
Expenses:		
Administration	\$ 7,500	\$ 7,500
Community outreach	29,119	32,897
Office equipment	7,172	8,180
Professional fees		10,493
Salaries	31,990	9,040
Travel	<u>4,219</u>	<u>11,890</u>
	\$ <u>80,000</u>	\$ <u>80,000</u>
Operating income from New Relationship - Core Funding	\$ <u>-</u>	\$ <u>-</u>
 New Relationship Funding - Enhanced Funding	 \$ <u>50,000</u>	 \$ <u>-</u>
Expenses:		
Administration	\$ 4,750	\$ -
Community outreach	12,054	
Office equipment	14,817	
Professional fees	11,798	
Salaries	5,854	
Travel	<u>727</u>	
	\$ <u>50,000</u>	\$ <u>-</u>
Operating income from New Relationship Funding - Enhanced Funding	\$ <u>-</u>	\$ <u>-</u>

Continued ...

Algonquin Opportunity (No. 2) Corporation

Statement of Operations - Continued

For the year ended 31 March 2013
(with 2012 figures for comparison)

	<u>2013</u>	<u>2012</u>
Enrolment and Ratification Operations - Algonquin Treaty Negotiation Funding Trust	\$ <u>7,458</u>	\$ <u>47,428</u>
Expenses:		
Equipment	\$ 1,100	\$ 3,970
External communications		1,107
Mail outs	6,358	19,591
Other expense		247
Salary		22,284
Travel		229
	\$ <u>7,458</u>	\$ <u>47,428</u>
Operating income from Enrolment and Ratification Operations	\$ <u>-</u>	\$ <u>-</u>
Net income (loss) for the year	\$ <u>-</u>	\$ <u>(321)</u>

(See accompanying notes)

Algonquin Opportunity (No. 2) Corporation

Statement of Cash Flows

For the year ended 31 March 2013
(with 2012 figures for comparison)

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Net income (loss) for the year	\$ -	\$ (321)
Net change in non cash working capital balances related to operations:		
- decrease (increase) in due from Algonquins of Ontario Opportunities Trust	10	
- decrease (increase) in due from Algonquin Treaty Negotiation Funding Trust	4,733	(4,733)
- decrease (increase) in prepaid expenses		1,100
- decrease (increase) in government remittances receivable	(163)	
- increase (decrease) in accounts payable and accrued liabilities	(11,485)	13,496
- increase (decrease) in deferred revenue	24,568	
- increase (decrease) in due to Algonquin Treaty Negotiation Funding Trust	19,818	(22,439)
- increase (decrease) in government remittances payable	<u>(6,596)</u>	<u>3,632</u>
Net increase (decrease) in cash and cash equivalents during the year	\$ 30,885	\$ (9,265)
Cash and cash equivalents at the beginning of the year	<u>28,721</u>	<u>37,986</u>
Cash and cash equivalents at the end of the year	<u>\$ 59,606</u>	<u>\$ 28,721</u>

(See accompanying notes)

Algonquin Opportunity (No. 2) Corporation

Notes to the Financial Statements

For the year ended 31 March 2013

1. NATURE OF THE BUSINESS

The company was incorporated 26 March 2009 under the laws of Ontario and its operations consist of assisting in the Algonquins of Ontario treaty settlement.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition:

Provincial funding and transfers from Algonquin Treaty Negotiation Funding Trust are recognized at the time expenses are incurred.

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 could differ from management's best estimates as additional information becomes available in the future.

c) Income taxes:

The company applies the future income taxes method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on the difference between the carrying amounts of existing assets and liabilities and their respective tax basis. Any change in the net amount of future income tax assets and liabilities is included in income. Future income tax assets and liabilities are determined based on enacted or substantively enacted tax rates and laws which are expected to apply to taxable income for the years in which the assets and liabilities will be recovered. Future income tax assets are recognized when it is more likely than not that they will be realized.

3. FINANCIAL INSTRUMENTS

Where not disclosed, the carrying amount of the company's financial instruments, being cash on hand and in bank, accounts payable and accrued liabilities and due to Algonquin Treaty Negotiation Funding Trust, approximates their fair values, except where fair values are not readily obtainable. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

Risks and concentrations:

The following analysis provides a measure of the company's risk exposure at the balance sheet date, 31 March 2013.

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 its accounts payable.

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 not exposed to any significant market risks.

Algonquin Opportunity (No. 2) Corporation

Notes to the Financial Statements

For the year ended 31 March 2013

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 not exposed to any significant interest rate risks.

4. ECONOMIC DEPENDENCE

The company is dependent on the Government of Ontario and the Algonquin Treaty Negotiation Funding Trust for 100% of its revenue.

5. RELATED PARTY TRANSACTIONS

Algonquin Opportunity (No. 2) Corporation is 100% owned by Algonquins of Ontario Opportunities Trust. The amount due from Algonquins of Ontario Opportunities Trust is interest free and has no specific repayment terms.

The Algonquin Treaty Negotiation Funding Trust provides funding to cover costs of assisting the operations of the Algonquin Treaty Negotiation Funding Trust operating within Algonquin Opportunity (No. 2) Corporation.

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

6. CONSOLIDATION

The results are consolidated with Algonquin Treaty Negotiation Funding Trust for reporting purposes under the funding programs.

7. DEFERRED REVENUE

Deferred revenue relates to funds received for work not yet commenced at year end.

	<u>2013</u>	<u>2012</u>
Balance at the beginning of the year	\$ -	\$ -
Additions during the year	<u>24,568</u>	<u> </u>
Balance at the end of the year	<u>\$ 24,568</u>	<u>\$ -</u>

8. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.