

Algonquin Treaty Negotiation Funding Trust

Financial Statements

For the year ended 31 March 2013

Wilfred J. Lamb
CHARTERED PROFESSIONAL ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

To the members of,
Algonquin Treaty Negotiation Funding Trust.

I have audited the accompanying financial statements of the Algonquin Treaty Negotiation Funding Trust, which comprise the balance sheet as at 31 March 2013, and the statements of revenue and expenses for the Workplan, Negotiation Preparedness Initiative, Gathering Strength - Reorientation of Self Government, Consultation Program, Enrolment, Agreement in Principal Ratification Process and Other Funding 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 the Algonquin Treaty Negotiation Funding Trust as at 31 March 2013 and the results of its operations 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 Treaty Negotiation Funding Trust

Balance Sheet

As at 31 March 2013
(with 2012 figures for comparison)

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Current:		
Cash in trust account	\$ 849,337	\$ 1,016,524
Funding receivables	265,000	106,172
Due from Algonquin Opportunity (No. 1) Corporation (Note 4)	23,642	23,942
Due from Algonquin Opportunity (No. 2) Corporation (Note 4)	<u>19,818</u>	<u></u>
	<u>\$ 1,157,797</u>	<u>\$ 1,146,638</u>
<u>LIABILITIES AND DEFICIT</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 692,445	\$ 844,522
Due to Indian and Northern Affairs Canada	245,324	178,039
Due to Province of Ontario		57,727
Deferred revenue (Note 5)	220,028	61,617
Due to Algonquin Opportunity (No. 2) Corporation (Note 4)	<u></u>	<u>4,733</u>
	\$ 1,157,797	\$ 1,146,638
Long term liability:		
Loan payable (Note 6)	<u>16,038,805</u>	<u>13,774,549</u>
	<u>\$ 17,196,602</u>	<u>\$ 14,921,187</u>
Deficit:		
Deficit at the beginning of the year	\$ (13,774,549)	\$ (11,752,588)
Deficiency of revenue over expenses for the year	<u>(2,264,256)</u>	<u>(2,021,961)</u>
Deficit at the end of the year	<u>\$ (16,038,805)</u>	<u>\$ (13,774,549)</u>
	<u>\$ 1,157,797</u>	<u>\$ 1,146,638</u>

(See accompanying notes)

Algonquin Treaty Negotiation Funding Trust

Workplan

Statement of Revenue and Expenses

For the year ended 31 March 2013

(with 2013 budget and 2012 actual figures for comparison)

	<u>2013 Budget</u>	<u>2013 Actual</u>	<u>2012 Actual</u>
Revenue:			
Ministry of Natural Resources	\$ -	\$ 4,995	\$ -
Expenses:			
Accounting and reporting	\$ 50,000	\$ 50,000	\$ 49,529
Accommodations and meals	151,886	70,847	74,077
Administrative support	200,000	237,223	182,393
Audit	7,100	7,100	7,100
ANR office - overhead	182,250	176,550	198,489
Consultation salaries	10,000		
Capacity building	70,000	49,364	
Consultants	118,364	57,598	54,958
Elders	150,000	127,742	
Executive director	12,200	6,269	9,537
Legal	161,518	134,377	119,887
Newsletters	22,552	17,620	
Principal negotiator and senior legal counsel	473,310	423,236	407,642
Remuneration	790,400	790,400	790,400
Travel - meetings	110,000	120,925	127,949
	<u>\$ 2,509,580</u>	<u>\$ 2,269,251</u>	<u>\$ 2,021,961</u>
Deficiency of revenue over expenses for the year	<u>\$ (2,509,580)</u>	<u>\$ (2,264,256)</u>	<u>\$ (2,021,961)</u>

(See accompanying notes)

Algonquin Treaty Negotiation Funding Trust

Negotiation Preparedness Initiative

Statement of Revenue and Expenses

For the year ended 31 March 2013

(with 2013 budget and 2012 actual figures for comparison)

	<u>2013 Budget</u>	<u>2013 Actual</u>	<u>2012 Actual</u>
Revenue:			
Indian and Northern Affairs Canada	\$ <u>521,000</u>	\$ <u>521,000</u>	\$ <u>670,000</u>
Expenses:			
Accounting and reporting services			\$ 38,500
Archaeologist	\$ 15,000	\$ 12,473	5,338
Audit	1,500	1,500	1,500
Consultants	190,000	196,940	234,041
Consultation office - overhead	56,710	61,617	53,201
- rent	100,000	100,000	99,257
- salaries	48,290	45,243	47,400
- training			10,000
Community meetings	25,000	18,727	6,168
Elders			75,000
Election process			20,000
Legal	64,500	64,500	62,500
Principal negotiator and senior legal counsel	15,000	20,000	
Rockcliffe Development	<u>5,000</u>	<u></u>	<u>17,095</u>
	\$ <u>521,000</u>	\$ <u>521,000</u>	\$ <u>670,000</u>
Excess of revenue over expenses for the year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

(See accompanying notes)

Algonquin Treaty Negotiation Funding Trust
Gathering Strength - Re-Orientation of Self Government
Statement of Revenue and Expenses
For the year ended 31 March 2013
(with 2013 budget and 2012 actual figures for comparison)

	<u>2013</u> <u>Budget</u>	<u>2013</u> <u>Actual</u>	<u>2012</u> <u>Actual</u>
Revenue:			
Indian and Northern Affairs Canada	\$ 200,000	\$ 200,000	\$ 293,306
Expenses:			
Accounting and reporting services	\$ 70,800	\$ 70,800	\$ 47,273
Audit	1,000	1,000	1,000
Capacity building			64,324
Consultants			14,727
Communications	5,000	5,650	
Community meetings	17,500	8,834	9,103
Elders			73,986
Enrolment	38,000	33,105	
Legal			7,923
Nation Gathering	5,000	9,346	20,824
Newsletters	40,500	40,500	44,146
Principal negotiator and senior legal counsel	<u>22,200</u>	<u>30,765</u>	<u>10,000</u>
	\$ 200,000	\$ 200,000	\$ 293,306
Excess of revenue over expenses for the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(See accompanying notes)

Algonquin Treaty Negotiation Funding Trust

Consultation Program

Statement of Revenue and Expenses

For the year ended 31 March 2013

(with 2013 budget and 2012 actual figures for comparison)

	2013 <u>Budget</u>	2013 <u>Actual</u>	2012 <u>Actual</u>
Revenue:			
Ministry of Aboriginal Affairs	\$ 1,482,008	\$ 1,482,008	\$ 1,167,842
Expenses:			
Accounting and reporting services	\$ 134,686	\$ 134,686	\$ 92,000
Accommodations and meals	49,264	49,264	22,500
Administrative support	49,600	49,600	54,293
Archaeologist	6,375	6,375	10,000
Audit	2,400	2,400	2,000
Biologist	86,850	78,428	51,016
Consultants	213,066	225,029	139,253
Consultation office - overhead	8,290	14,819	19,178
- rent	18,921	18,921	103,388
- office salaries	4,425	4,425	4,426
- training			16,804
- consultation salaries	10,000	6,454	
Election process			34,898
Elders	70,000	70,000	50,000
Enrolment			33,994
Executive director	103,738	103,738	92,800
Forestry specialist			65,495
Legal	279,233	279,233	137,830
Newsletters	73,500	73,500	
Office expenses	35,000	35,000	
Office rent	90,000	83,476	
Principal negotiator and senior legal counsel	124,760	124,760	124,476
Remuneration	57,600	57,600	57,600
Travel	41,800	64,300	35,723
Community meetings	22,500		20,168
	<u>\$ 1,482,008</u>	<u>\$ 1,482,008</u>	<u>\$ 1,167,842</u>
Excess of revenue over expenses for the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(See accompanying notes)

Algonquin Treaty Negotiation Funding Trust

Enrolment

Statement of Revenue and Expenses

For the year ended 31 March 2013

(with 2013 budget and 2012 actual figures for comparison)

	<u>2013 Budget</u>	<u>2013 Actual</u>	<u>2012 Actual</u>
Revenue:			
Indian and Northern Affairs Canada	\$ <u>40,000</u>	\$ <u>40,000</u>	\$ <u>60,000</u>
Expenses:			
Professional fees	\$ <u>40,000</u>	\$ <u>40,000</u>	\$ <u>60,000</u>
Excess of revenue over expenses for the year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

(See accompanying notes)

Algonquin Treaty Negotiation Funding Trust
Agreement In Principal Ratification Process
Statement of Revenue and Expenses
For the year ended 31 March 2013
(with 2013 budget and 2012 actual figures for comparison)

	<u>2013</u> <u>Budget</u>	<u>2013</u> <u>Actual</u>	<u>2012</u> <u>Actual</u>
Revenue:			
Ministry of Aboriginal Affairs	\$ 737,729	\$ 511,588	\$ 445,374
Expenses:			
Ratification Process:			
Ratification officers	\$ 50,000		
Material	50,000		
Liaison support	49,260	\$ 43,076	\$ 65,909
Polling station	5,000		
Professional services	116,123	127,543	139,423
Security	9,000		
Vote manager	62,150		
Vote manager travel	20,000		
Communications:			
External communications	68,082		11,933
Mail outs	21,579	13,014	11,456
Administration:			
Administration	48,515	33,260	29,356
Ratification committee chair	33,075	15,300	24,975
Clerical	20,000		20,199
Ratification committee members	57,663	11,269	13,076
Debriefing	5,000		
Office overhead	16,667	3,496	8,153
Other	5,000		884
Review committee process	90,616	259,325	118,139
Travel and meals	9,999	5,305	1,871
	<u>\$ 737,729</u>	<u>\$ 511,588</u>	<u>\$ 445,374</u>
Excess of revenue over expenses for the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(See accompanying notes)

Algonquin Treaty Negotiation Funding Trust

Other Funding

Statement of Revenue and Expenses

For the year ended 31 March 2013

(with 2013 budget and 2012 actual figures for comparison)

	<u>2013 Budget</u>	<u>2013 Actual</u>	<u>2012 Actual</u>
Revenue:			
Ministry of Natural Resources	\$ <u>75,000</u>	\$ <u>75,000</u>	\$ <u>80,000</u>
Expenses:			
Algonquin Harvest	\$ <u>75,000</u>	\$ <u>75,000</u>	\$ <u>80,000</u>
Excess of expenses over revenue for the year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

(See accompanying notes)

Algonquin Treaty Negotiation Funding Trust

Notes to the Financial Statements

For the year ended 31 March 2013

1. NATURE OF THE TRUST

The Algonquin Treaty Negotiation Funding Trust was created 20 December 2005. The objective of the Trust is to facilitate the negotiations for claim agreements with the Crown. The Trust is overseen by sixteen elected individuals from ten Algonquin communities, three of whom are appointed as trustees.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for private enterprises and include the following significant accounting policies:

a) Basis of accounting:

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

b) Use of estimates:

The preparation of financial statements in accordance with Canadian accounting standards for private enterprises requires the Trust's management to make estimates that affect the reported amounts of assets and liabilities as 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.

3. FINANCIAL INSTRUMENTS

Where not disclosed, the carrying amount of the Trust's financial instruments, being cash in trust account, funding receivables, due from Algonquin Opportunity (No. 1) Corporation, due from Algonquin Opportunity (No. 2) Corporation, accounts payable and accrued liabilities, due to Algonquin Opportunity (No. 2) Corporation, due to Indian and Northern Affairs Canada, due to Province of Ontario and loan payable, approximates their fair values, except where fair values are not readily obtainable. Unless otherwise noted, it is management's opinion that the Trust 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 Trust'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 Trust is exposed to this risk mainly in respect of its accounts payable and due to Algonquin Opportunity (No. 2) 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 Trust's main credit risks relate to the amounts due from Algonquin Opportunity (No. 1) Corporation. The Trust provides credit in the normal course of its operations.

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 Trust is not exposed to any significant market risks.

Algonquin Treaty Negotiation Funding Trust

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 Trust is not exposed to any significant interest risks.

4. RELATED PARTY TRANSACTIONS

The Algonquin Treaty Negotiation Funding Trust provided funding to cover costs of assisting the operations of the Algonquin Treaty Negotiation Funding Trust operating within Algonquin Opportunity (No. 2) Corporation. The total funding provided for in 2013 was \$ 329,046 (2012 - \$ 355,354).

The Algonquin Treaty Negotiation Funding Trust provided working capital to operations of Algonquin Opportunity (No. 1) Corporation.

The amounts due from both Corporations are interest free and have no specific repayment terms. The results of Algonquin Opportunity (No. 2) Corporation are consolidated with the Algonquin Treaty Negotiation Funding Trust for reporting purposes under the funding program.

Algonquin Opportunity (No. 2) Corporation and Algonquin Opportunity (No. 1) Corporation are 100% owned by the Algonquins of Ontario Opportunities Trust which is controlled by the members of the Algonquin Treaty Negotiation Funding Trust.

5. DEFERRED REVENUE

The Trust has received funding in advance to be applied to expenditures of subsequent years as follows:

	<u>2013</u>	<u>2012</u>
Native values	\$ 18,517	\$ 18,517
Forestry	9,000	9,000
Ratification	153,411	
Nation Gathering	<u>39,100</u>	<u>34,100</u>
	<u>\$ 220,028</u>	<u>\$ 61,617</u>

6. LOAN PAYABLE

Loan payable represents advances from the Indian and Northern Affairs Canada for the purpose of financing costs incurred in the negotiations of claim agreements. The loans are to be deemed advances on an eventual claim settlement.

Total advances in the year amounted to \$ 2,264,256. Loans will be interest free until the earliest of:

- 1) The date such advances become due;
- 2) The actual claims settlement date;
- 3) The date of demand by the Minister in event of a default having occurred.

Interest rates on advances bear interest rates equal to rates payable by Crown Corporations on loans from the consolidated revenue fund for a term of years equal to the term of years between the cheque issue date for the advance and the due date of the advance.

	<u>2013</u>	<u>2012</u>
Balance at the beginning of the year	\$ 13,774,549	\$ 11,752,588
Advances in current year on Workplan	<u>2,264,256</u>	<u>2,021,961</u>
Balance at the end of the year	<u>\$ 16,038,805</u>	<u>\$ 13,774,549</u>