

# **AOO Realty (Rockcliffe) Inc.**



## **Financial Statements**

**For the year ended 31 March 2018**





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## Independent Auditor's Report

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### To the Shareholder of AOO Realty (Rockcliffe) Inc.

We have audited the accompanying financial statements of AOO Realty (Rockcliffe) Inc., which comprise the balance sheet as at March 31, 2018, and the statements of retained earnings, income 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

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 (Rockcliffe) Inc. as at March 31, 2018, and the results of operations and cash flows for the year then ended in accordance with Canadian Accounting Standards for Private Enterprises.

*Collins Barrow Ottawa LLP*

Chartered Professional Accountants, Licensed Public Accountants  
July 12, 2018  
Ottawa, Ontario



AOO Realty (Rockcliffe) Inc.

Balance Sheet

As at 31 March 2018  
(with 2017 figures for comparison)

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Current:		
Cash	\$ 100,325	\$ 1,223,296
Due from related party (Note 4)	-	23,267
Government remittances receivable	488	96
Investments	<u>1,140,922</u>	<u>-</u>
	<u>\$ 1,241,735</u>	<u>\$ 1,246,659</u>
 <u>LIABILITIES AND SHAREHOLDER'S EQUITY</u>		
Current liabilities:		
Due to related party (Note 4)	\$ 7,292	\$ -
Income taxes payable	<u>7,021</u>	<u>26,210</u>
	<u>14,313</u>	<u>26,210</u>
Long term liability:		
Due to Canada Lands Corporation (Note 5)	<u>1,071,909</u>	<u>1,071,909</u>
Shareholder's equity:		
Capital stock:		
Authorized - unlimited number of common shares	10	10
Issued - 100 common shares	<u>155,503</u>	<u>148,530</u>
Retained earnings	<u>155,513</u>	<u>148,540</u>
	<u>\$ 1,241,735</u>	<u>\$ 1,246,659</u>

Approved on behalf of the Board:

  
  

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(See accompanying notes)



AOO Realty (Rockcliffe) Inc.

Statement of Retained Earnings

For the year ended 31 March 2018

(with figures for the nine months ended 31 March 2017 for comparison)

	<u>2018</u>	<u>2017</u>
Balance at the beginning of the year	\$ 148,530	\$ -
Net income for the year	<u>6,973</u>	<u>148,530</u>
Balance at the end of the year	<u>\$ 155,503</u>	<u>\$ 148,530</u>

(See accompanying notes)



AOO Realty (Rockcliffe) Inc.

Statement of Income

For the year ended 31 March 2018

(with figures for the nine months ended 31 March 2017 for comparison)

	<u>2018</u>	<u>2017</u>
Revenue:		
Sale of land rights	\$ -	\$ 1,241,154
Interest income	<u>17,862</u>	<u>6,282</u>
	<u>17,862</u>	<u>1,247,436</u>
Expenses:		
Interest and bank charges	6	-
Professional fees	3,750	787
Purchase of land rights	<u>-</u>	<u>1,071,909</u>
	<u>3,756</u>	<u>\$ 1,072,696</u>
Income before income taxes	14,106	174,740
Income taxes (Note 6)	<u>7,133</u>	<u>26,210</u>
Net income for the year	<u>\$ 6,973</u>	<u>\$ 148,530</u>



AOO Realty (Rockcliffe) Inc.

Statement of Cash Flows

For the year ended 31 March 2018

(with figures for the nine months ended 31 March 2017 for comparison)

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Net income for the year	\$ 6,973	\$ 148,530
Net change in non cash working capital balances related to operations:		
- decrease (increase) in government remittances receivable	(392)	(96)
- increase (decrease) in income taxes payable	<u>(19,189)</u>	<u>26,210</u>
Cash flows from (used for) operating activities	<u>(12,608)</u>	<u>174,644</u>
Cash flows used for investing activities:		
Decrease (increase) in investments	<u>(1,140,922)</u>	<u>-</u>
Cash flows from financing activities:		
Proceeds from Algonquins of Ontario Opportunities Trust loan	-	1,071,909
Shares issued	-	10
Advances to related party	-	(23,267)
Advances from related party	<u>30,559</u>	<u>-</u>
Cash flows from financing activities	<u>30,559</u>	<u>1,048,652</u>
Net increase (decrease) in cash and cash equivalents during the year	(1,122,971)	1,223,296
Cash and cash equivalents at the beginning of the year	<u>1,223,296</u>	<u>-</u>
Cash and cash equivalents at the end of the year	<u>\$ 100,325</u>	<u>\$ 1,223,296</u>

(See accompanying notes)



AOO Realty (Rockcliffe) Inc.

Notes to the Financial Statements

For the year ended 31 March 2018

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 in bank due no greater than three months from the date of acquisition or that are cashable on demand.

e) Financial instruments:

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

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 2018.

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.



AOO Realty (Rockcliffe) Inc.

Notes to the Financial Statements

For the year ended 31 March 2018

3. FINANCIAL INSTRUMENTS (Continued)

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 to or 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 year 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.

7. INVESTMENTS

Investments consist of two guaranteed investment certificates with a cost of \$ 800,000 with an interest rate of 1.7% maturing May 2018 and of \$325,429 with an interest rate of 2% maturing in October 2018.