

AOO Property Preservation Inc.



Financial Statements

For the seven month period ended 31 December 2019

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Independent Auditor's Report

**To the Shareholder of the
AOO Property Preservation Inc.**

Opinion

We have audited the financial statements of AOO Property Preservation Inc. (the "Company") which comprise the balance sheet as at December 31, 2019, and the statements of operations and deficit, and cash flows for the period 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 Company as at December 31, 2019, and its results of operations and its cash flows for the period 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 Company 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.

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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Company'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 Company'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 Company 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.

Baker Tilly Ottawa LLP

Chartered Professional Accountants, Licensed Public Accountants
March 17, 2020
Ottawa, Ontario

AOO Property Preservation Inc.

Statement of Financial Position

As at 31 December 2019

ASSETS

Investments (Note 4) \$ 21

LIABILITIES AND NET ASSETS (LIABILITIES)

Current liabilities:

Accounts payable	\$ 3,000
Due to Algonquins of Ontario Opportunities Trust (Note 5)	21
Due to Algonquin Treaty Negotiation Funding Trust (Note 5)	<u>6,625</u>
	\$ <u>9,646</u>

Net assets (liabilities)	\$ <u>(9,625)</u>
	\$ <u>21</u>

Approved on behalf of the Board:



(See accompanying notes)

AOO Property Preservation Inc.

Statement of Operations and Changes in Net Assets (Liabilities)

For the seven month period ended 31 December 2019

Expenditures:	
Professional fees	\$ <u>9,625</u>
Excess (deficiency) of income over expenditures for the period	\$ (9,625)
Net assets (liabilities) at the beginning of the period	<u>-</u>
Net assets (liabilities) at the end of the period	\$ <u><u>(9,625)</u></u>

(See accompanying notes)

AOO Property Preservation Inc.

Statement of Cash Flows

For the seven month period ended 31 December 2019

Cash flows from operating activities:	
Excess (deficiency) of income over expenditures for the period	\$ <u>(9,625)</u>
Net change in non cash working capital balances related to operations:	
- increase (decrease) in accounts payable	\$ <u>3,000</u>
Cash flows used for operating activities	\$ <u>(6,625)</u>
Cash flows from financing activities:	
Increase (decrease) in due to Algonquin Treaty Negotiation Funding Trust	\$ <u>6,625</u>
Net increase (decrease) in cash during the period	\$ -
Cash at the beginning of the period	<u>-</u>
Cash at the end of the period	\$ <u><u>-</u></u>

(See accompanying notes)

AOO Property Preservation Inc.

Notes to the Financial Statements

For the seven month period ended 31 December 2019

1. NATURE OF THE BUSINESS

The company was incorporated on 31 May 2019, under the laws of Ontario and was established to own and preserve assets for the benefit of the Algonquins of Ontario and their constituent communities. The company is a not-for-profit organization that is exempt from income taxes under section 149.1 of the Canadian Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) which are part of Canadian generally accepted accounting principles and include the following significant accounting policies.

a) Investments:

The investments in AOO Energy (Denbigh) Corp., AOO Realty (Carlsbad) Inc. and Algonquin Opportunity (No.3) Corporation are recorded at cost.

b) Revenue recognition:

Investment income is recorded on the accrual basis of accounting.

The deferred method of accounting for contributions and grants is applied. Under this method restricted contributions and grants are deferred and recognized as revenue when expenses are incurred. Unrestricted contributions and grants are recognized as received or receivable if the amount to be received is reasonably estimable and collection reasonably assured.

c) Use of estimates:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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.

d) Financial instruments:

The company's financial instrument consists of investments, accounts payable, due to Algonquins of Ontario Opportunities Trust and due to Algonquin Treaty Negotiation Funding Trust. The carrying amount approximates their fair values, 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 December 2019.

AOO Property Preservation Inc.

Notes to the Financial Statements

For the seven month period ended 31 December 2019

3. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with the financial liabilities. The company is exposed to this risk mainly in respect of its accounts payable, due to Algonquins of Ontario Opportunities Trust and due to Algonquin Treaty Negotiation Funding Trust.

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 entity is of the opinion it has low risk to these types of market risks due to the level of the financial instruments.

4. INVESTMENTS

The company is the holder of 100 common units of Algonquin Opportunity (No.3) Corporation, 100 common units of AOO Energy (Denbigh) Corp. and 100 common units of AOO Realty (Carlsbad) Inc.

Investments consist of (at cost):	<u>2019</u>
Algonquin Opportunity (No.3) Corporation (100 units)	\$ 10
AOO Energy (Denbigh) Corp. (100 units)	10
AOO Realty (Carlsbad) Inc. (100 units)	<u>1</u>
	<u>\$ 21</u>

5. RELATED PARTIES

The Algonquin Treaty Negotiation Funding Trust and Algonquins of Ontario Opportunities Trust are controlled by the Algonquin Negotiations Representative in their representative capacity for the benefit of the Algonquins of Ontario. The Algonquins of Ontario Opportunities Trust controls the operations of AOO Property Preservation Inc.

The amount owing to Algonquin Treaty Negotiation Funding Trust is interest free and has no specific repayment terms. The amount arises from expenses paid for by the Algonquin Treaty Negotiation Funding Trust on behalf of the company and consists of 2019 - \$ 6,625 (2018 - \$ Nil).

The amount due to Algonquins of Ontario Opportunities Trust is interest free and has no specific repayment terms.

All transactions with related parties were in the normal course of operations and are measured at the exchange amount which is the amount of considerations established and agreed to by related parties.