

# **Algonquin Treaty Negotiation Funding Trust**



## **Financial Statements**

**For the year ended 31 March 2021**

**Baker Tilly Ottawa LLP**  
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## **Independent Auditor's Report**

### **To the Members of Algonquin Treaty Negotiation Funding Trust**

#### *Opinion*

We have audited the financial statements of Algonquin Treaty Negotiation Funding Trust (the "Trust") which comprise the balance sheet as at March 31, 2021, and the statements of revenue and expenses, deficit and cash flows for the year 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 Trust as at March 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Private Enterprises.

#### *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 Trust 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 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.

In preparing the financial statements, management is responsible for assessing the Trust'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 Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust'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 Trust'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 Trust'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 Trust 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  
July 15, 2021  
Ottawa, Ontario

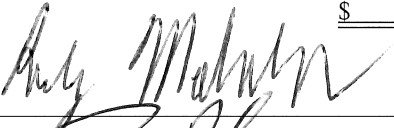

Algonquin Treaty Negotiation Funding Trust

Balance Sheet

As at 31 March 2021  
(with 2020 figures for comparison)

			<u>2021</u>	<u>2020</u>
<u>ASSETS</u>				
Current:				
Cash in trust account			\$ 1,380,993	\$ 2,206,584
Accounts receivable			-	711
Due from related parties (Note 4)			<u>300,101</u>	<u>247,160</u>
			<u>\$ 1,681,094</u>	<u>\$ 2,454,455</u>
Capital assets:	<u>Cost</u>	<u>Accumulated Amortization</u>		
Equipment	<u>\$ 29,911</u>	<u>\$ 11,296</u>	\$ 18,615	\$ 23,929
			<u>\$ 1,699,709</u>	<u>\$ 2,478,384</u>
<u>LIABILITIES AND SURPLUS</u>				
Current liabilities:				
Accounts payable and accrued liabilities			\$ 789,918	\$ 673,138
Deferred revenue (Note 5)			<u>472,360</u>	<u>214,888</u>
			\$ 1,262,278	\$ 888,026
Surplus (Note 7)			<u>437,431</u>	<u>1,590,358</u>
			<u>\$ 1,699,709</u>	<u>\$ 2,478,384</u>

Approved on behalf of the Trust:

(See accompanying notes)

Algonquin Treaty Negotiation Funding Trust

Statement of Surplus (Deficit)

For the year ended 31 March 2021  
(with 2020 figures for comparison)

	<u>2021</u>	<u>2020</u>
Surplus (deficit) at the beginning of the year	\$ 1,590,358	\$ (27,307,344)
Net income (loss) for the year	(1,106,832)	28,922,762
Repayment of prior year's Provincial surplus	<u>(46,095)</u>	<u>(25,060)</u>
Surplus at the end of the year	<u>\$ 437,431</u>	<u>\$ 1,590,358</u>

(See accompanying notes)

Algonquin Treaty Negotiation Funding Trust

Consolidated Statement of Revenue and Expenses

For the year ended 31 March 2021

(with 2021 budget and 2020 actual figures for comparison)

	2021 <u>Budget</u> (unaudited)	2021 <u>Actual</u>	2020 <u>Actual</u>
Revenue:			
Minister of Indian Affairs and Northern Development and Minister of Indigenous Services	\$ 2,908,343	\$ 2,650,871	\$ 4,261,869
Ministry of Aboriginal Affairs	<u>2,155,000</u>	<u>2,155,000</u>	<u>2,225,963</u>
	<u>\$ 5,063,343</u>	<u>\$ 4,805,871</u>	<u>\$ 6,487,832</u>
Expenses:			
Accommodations, meals and travel	\$ 5,000	\$ 2,878	\$ 252,745
Amortization	-	5,314	5,982
ANR - alternates	30,750	12,254	18,636
- office support	717,350	715,413	730,778
- payroll costs	37,417	31,739	-
Appeals	72,135	71,887	-
Auditors	17,000	17,000	16,000
Capacity building	52,500	43,170	62,688
Community constitution	244,803	142,848	-
Community meetings	2,000	2,771	9,204
Consultation office lease	145,417	141,307	140,579
Consultation office overhead	115,000	123,411	118,456
Contracted services	1,624,414	1,610,492	1,428,115
Elders/youth/community members	143,500	113,502	133,905
Election	50,000	-	-
Enrolment maintenance	24,000	24,000	40,006
Enrolment research and beneficiary criteria	921,097	913,160	514,210
Harvest management	159,033	158,582	158,444
Interim measures agreement review	50,000	49,774	75,633
Judicial proceeding	20,000	29,382	22,122
Land acquisition research	-	-	1,594
Land selection	3,500	3,308	11,202
Nation building	257,472	-	108,371
Newsletters	103,000	50,545	59,403
Wages and benefits	<u>1,727,234</u>	<u>1,649,966</u>	<u>1,589,410</u>
	<u>\$ 6,522,622</u>	<u>\$ 5,912,703</u>	<u>\$ 5,497,483</u>
Income (loss) before loan forgiveness	\$ (1,459,279)	\$ (1,106,832)	\$ 990,349
Loan forgiveness	<u>-</u>	<u>-</u>	<u>27,932,413</u>
Net income (loss) for the year	<u>\$ (1,459,279)</u>	<u>\$ (1,106,832)</u>	<u>\$ 28,922,762</u>

Algonquin Treaty Negotiation Funding Trust

Comprehensive Claims and Treaties

Statement of Revenue and Expenses

For the year ended 31 March 2021

(with 2021 budget and 2020 actual figures for comparison)

	2021 <u>Budget</u> (unaudited)	2021 <u>Actual</u>	2020 <u>Actual</u>
Revenue:			
Minister of Indian Affairs and Northern Development and Minister of Indigenous Services	\$ 2,439,471	\$ 2,439,471	\$ 2,218,493
Expenses:			
Accommodations, meals and travel	\$ 5,000	\$ 2,878	\$ 252,744
ANR - administrative office support	253,729	253,729	193,158
- community travel	-	-	19,013
- office overhead support	-	-	129,446
Audit	5,000	5,000	-
Community constitution	161,045	59,165	-
Contracted services	517,500	516,810	502,499
Consultation office lease	145,417	141,307	-
Consultation office overhead	115,000	123,411	-
Elders/youth/community members	80,000	50,002	-
Election	50,000	-	-
Enrolment management and research	24,000	24,000	-
Newsletters	51,500	-	-
Wages and benefits	1,031,280	1,031,280	1,011,063
	<u>\$ 2,439,471</u>	<u>\$ 2,207,582</u>	<u>\$ 2,107,923</u>
Income before loan forgiveness	\$ -	\$ 231,889	\$ 110,570
Loan forgiveness	-	-	27,932,413
Net income for the year	<u>\$ -</u>	<u>\$ 231,889</u>	<u>\$ 28,042,983</u>

(See accompanying notes)

Algonquin Treaty Negotiation Funding Trust

Negotiation Preparedness Initiative

Statement of Revenue and Expenses

For the year ended 31 March 2021

(with 2021 budget and 2020 actual figures for comparison)

	2021 <u>Budget</u> (unaudited)	2021 <u>Actual</u>	2020 <u>Actual</u>
Revenue:			
Minister of Indian Affairs and Northern Development and Minister of Indigenous Services	\$ 125,000	\$ 125,000	\$ 435,005
Expenses:			
Audit	\$ -	\$ -	\$ 16,000
Contracted services	125,000	125,000	111,695
Elders/youth/community members	-	-	41,593
Enrolment management and research	-	-	40,006
	<u>\$ 125,000</u>	<u>\$ 125,000</u>	<u>\$ 209,294</u>
Net income for the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 225,711</u>

(See accompanying notes)



Algonquin Treaty Negotiation Funding Trust  
Ministry Support for Algonquin Negotiation Funding  
Statement of Revenue and Expenses  
For the year ended 31 March 2021  
(with 2021 budget and 2020 actual figures for comparison)

	2021 <u>Budget</u> (unaudited)	2021 <u>Actual</u>	2020 <u>Actual</u>
Revenue:			
Ministry of Aboriginal Affairs	\$ 2,155,000	\$ 2,155,000	\$ 2,225,963
Expenses:			
ANR - alternates	\$ 30,750	\$ 12,254	\$ 18,636
- office support	124,971	94,970	217,160
- office overhead support	252,250	280,314	74,510
- payroll costs	37,417	31,739	-
Appeals	60,260	60,012	-
Audit	12,000	12,000	-
Capacity building	52,500	43,170	62,688
Community constitution	83,758	83,683	-
Community meetings	2,000	2,771	9,204
Contracted services	558,830	558,830	622,388
Elders/youth/community members	63,500	63,500	92,312
Enrolment research and beneficiary criteria	315,000	315,000	315,000
Harvest management	159,033	158,582	158,444
Interim measures agreement review	50,000	49,774	75,633
Judicial proceeding	20,000	29,382	22,122
Newsletters	51,500	50,545	59,403
Wages and benefits	281,231	253,327	452,370
	<u>\$ 2,155,000</u>	<u>\$ 2,099,853</u>	<u>\$ 2,179,870</u>
Net income for the year	<u>\$ -</u>	<u>\$ 55,147</u>	<u>\$ 46,093</u>

(See accompanying notes)

Algonquin Treaty Negotiation Funding Trust

Other Expenditures

Statement of Revenue and Expenses

For the year ended 31 March 2021

(with 2021 budget and 2020 actual figures for comparison)

	2021 <u>Budget</u> (unaudited)	2021 <u>Actual</u>	2020 <u>Actual</u>
Revenue	\$ -	\$ -	\$ -
Expenses:			
Amortization	\$ -	\$ 5,314	\$ 5,982
Contracted services	180,000	166,768	191,534
Land acquisition research	-	-	1,594
Land verification	-	-	11,202
Wages and benefits	-	-	64,194
	<u>\$ 180,000</u>	<u>\$ 172,082</u>	<u>\$ 274,506</u>
Net loss for the year	<u><u>\$ (180,000)</u></u>	<u><u>\$ (172,082)</u></u>	<u><u>\$ (274,506)</u></u>

(See accompanying notes)

Algonquin Treaty Negotiation Funding Trust

Governance Capacity Development

Statement of Revenue and Expenses

For the year ended 31 March 2021

(with 2021 budget and 2020 actual figures for comparison)

	2021 <u>Budget</u> (unaudited)	2021 <u>Actual</u>	2020 <u>Actual</u>
Revenue:			
Minister of Indian Affairs and Northern Development and Minister of Indigenous Services	\$ <u>86,400</u>	\$ <u>86,400</u>	\$ <u>1,500,000</u>
Expenses:			
ANR - office lease	\$ 86,400	\$ 86,400	\$ 97,492
Consultation office lease	-	-	140,579
Consultation office overhead	-	-	118,456
Enrolment research and beneficiary criteria	-	-	199,210
Wages and benefits	<u>-</u>	<u>-</u>	<u>61,784</u>
	\$ <u>86,400</u>	\$ <u>86,400</u>	\$ <u>617,521</u>
Net income for the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 882,479</u>

(See accompanying notes)

Algonquin Treaty Negotiation Funding Trust

Nation Building

Statement of Revenue and Expenses

For the year ended 31 March 2021

(with 2021 budget and 2020 actual figures for comparison)

	2021 <u>Budget</u> (unaudited)	2021 <u>Actual</u>	2020 <u>Actual</u>
Revenue:			
Minister of Indian Affairs and Northern Development and Minister of Indigenous Services	\$ 257,472	\$ 257,472	\$ 108,371
Less amount transferred to deferred revenue	<u>-</u>	<u>257,472</u>	<u>-</u>
	<u>\$ 257,472</u>	<u>\$ -</u>	<u>\$ 108,371</u>
Expenses:			
Program expenses	<u>\$ 257,472</u>	<u>\$ -</u>	<u>\$ 108,371</u>
Net income for the year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(See accompanying notes)

Algonquin Treaty Negotiation Funding Trust

Federal Government Surplus Carryover

Statement of Revenue and Expenses

For the year ended 31 March 2021  
(with 2021 budget figures for comparison)

	2021 <u>Budget</u> (unaudited)	2021 <u>Actual</u>	2020 <u>Actual</u>
Revenue	\$ -	\$ -	\$ -
Expenses:			
Appeals	\$ 11,875	\$ 11,875	\$ -
Contracted services	243,084	243,084	-
Enrolment research and beneficiary criteria	606,097	598,160	-
Land selection	3,500	3,308	-
Wages and benefits	<u>414,723</u>	<u>365,359</u>	<u>-</u>
	\$ <u>1,279,279</u>	\$ <u>1,221,786</u>	\$ -
Net loss for the year	\$ <u><u>(1,279,279)</u></u>	\$ <u><u>(1,221,786)</u></u>	\$ <u><u>-</u></u>

(See accompanying notes)

Algonquin Treaty Negotiation Funding Trust

Statement of Cash Flows

For the year ended 31 March 2021  
(with 2020 figures for comparison)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Net income (loss) for the year	\$ (1,106,832)	\$ 28,922,762
Repayment of prior year's Provincial surplus	(46,095)	(25,060)
Add amortization which does not involve cash	<u>5,314</u>	<u>5,982</u>
	<u>\$ (1,147,613)</u>	<u>\$ 28,903,684</u>
Net change in non cash working capital balances related to operations:		
Decrease (increase) in accounts receivable	\$ 711	\$ -
Decrease (increase) in due from related parties	(52,941)	(49,276)
Increase (decrease) in accounts payable and accrued liabilities	116,780	(15,813)
Increase (decrease) in deferred revenue	<u>257,472</u>	<u>(140,936)</u>
	<u>\$ 322,022</u>	<u>\$ (206,025)</u>
Cash flows from (used for) operating activities	<u>\$ (825,591)</u>	<u>\$ 28,697,659</u>
Cash flows used for financing activities:		
Loan payable forgiven	<u>\$ -</u>	<u>\$ (27,932,413)</u>
Net increase (decrease) in cash in trust account during the year	\$ (825,591)	\$ 765,246
Cash in trust account at the beginning of the year	<u>2,206,584</u>	<u>1,441,338</u>
Cash in trust account at the end of the year	<u><u>\$ 1,380,993</u></u>	<u><u>\$ 2,206,584</u></u>

(See accompanying notes)

# Algonquin Treaty Negotiation Funding Trust

## Notes to the Financial Statements

For the year ended 31 March 2021

### 1. NATURE OF THE TRUST

The Algonquin Treaty Negotiation Funding Trust was created on 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 which are part of Canadian generally accepted accounting principles and include the following significant accounting policies:

a) Basis of accounting:

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

b) Equipment:

Equipment is accounted for at cost and amortized on the basis of their useful life using the following methods and rates:

Computers	5 years - straight-line basis
Office equipment	20% - declining balance basis

Additions during the year are not amortized until year following purchase.

c) 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.

d) Cash and cash equivalents:

Cash and cash equivalents are comprised of cash in trust account and investments due no greater than three months from the date of acquisition or that are cashable on demand.

e) Income taxes:

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

f) Revenue recognition:

Revenue is recognized on an accrual basis as expenditures are made against the approved line items from the funding agencies.

g) Financial instruments:

The Trust's financial instruments consist of cash in trust account, accounts receivable, due from related parties and accounts payable and accrued liabilities. The carrying amount approximates their fair value, except where fair values are not readily obtainable.

### 3. FINANCIAL INSTRUMENTS

Risks and concentrations:

The Trust is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the Trust's risk exposure at the balance sheet date, 31 March 2021.

Algonquin Treaty Negotiation Funding Trust

Notes to the Financial Statements

For the year ended 31 March 2021

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 Trust is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

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 accounts receivable and amounts due from related parties. 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.

4. RELATED PARTY TRANSACTIONS

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

AOO Energy (Denbigh) Corp., Algonquin Opportunity (No. 3) Corporation and AOO Realty (Carlsbad) Inc. are 100% owned by the AOO Property Preservation Inc. which is owned 100% by the Algonquins of Ontario Opportunities Trust and in turn is controlled by the members of the Algonquin Treaty Negotiation Funding Trust.

The Algonquin Treaty Negotiation Funding Trust provided funding to cover certain 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 2021 was \$ 818,948 (2020 - \$ 608,411). All transactions with related parties were in the normal course of business and recorded at exchange value.

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

Due from related parties consists of Algonquin Opportunity (No. 1) Corporation - \$ Nil (2020 - \$ 24,826), AOO Energy (Denbigh) Corp. \$ 15,078 (2020 - \$ 8,772), Algonquin Opportunity (No. 3) Corporation \$ 4,237 (2020 - \$ 9,000), AOO Realty (Rockcliffe) Inc. (\$ 942) (2020 - \$ 15,567), AOO Realty (Lebreton) Corp. \$ 63,028 (2020 - \$ 76,139), Algonquin Opportunity (No. 2) Corporation \$ 187,268 (2020 - \$ 97,375), Ontario Realty (Carlsbad) Inc. \$ 5,379 (2020 - \$ 2,825), AOO Property Preservation \$ 13,894 (2020 - \$ 9,831), Algonquins of Ontario Realty Corp. \$ 7,074 (2020 - \$ 2,825) and Algonquin of Ontario Opportunity Trust \$ 5,085 (2020 - \$ Nil).

5. DEFERRED REVENUE

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

	<u>2021</u>	<u>2020</u>
Balance at the beginning of the year	\$ 214,888	\$ 325,203
Additions (draw down) during the year	<u>257,472</u>	<u>(110,315)</u>
Balance at the end of the year	<u>\$ 472,360</u>	<u>\$ 214,888</u>



Algonquin Treaty Negotiation Funding Trust

Notes to the Financial Statements

For the year ended 31 March 2021

6. ECONOMIC DEPENDENCE

The Trust is dependent on the Government of Ontario and the Government of Canada for 100% of its revenue.

7. SURPLUS

The surplus of \$ 437,431 consists of \$ 55,147 repayable to the Ministry of Aboriginal Affairs, the outcome of unspent funds in the amount of \$ 57,493 under the Federal Surplus Carryover to be determined, with remainder available to finance operations in 2021 - 2022.

8. COMPARATIVE FIGURES

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

9. COVID-19

To help contain the spread of the COVID-19 virus and to protect the public, measures have been introduced at various levels of government. The virus and the measures introduced could have a material impact on future operations. The extent of the impact of the COVID-19 virus and the government's response cannot be reliably estimated at this time.