Algonquin Opportunity (No.3) Corporation

Financial Statements

For the year ended 31 December 2023

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Independent Auditor's Report

To the Shareholder of the
Algonquin Opportunity (No. 3) Corporation

Opinion

We have audited the financial statements of Algonquin Opportunity (No. 3) Corporation (the "company") which comprise the balance sheet as at 31 December 2023, and the statements of operations and surplus (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 company as at 31 December 2023, 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 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 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 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 20, 2025
Ottawa, Ontario

Algonquin Opportunity (No. 3) Corporation

Balance Sheet

As at 31 December 2023
(with 2022 figures for comparison)

	2023	2022
ASSETS		
Current:		
Cash	$ 809	$ 944
Short term investments (Note 5)	2,834,782	2,357,869
Accounts receivable	438	45,858
Due from Algonquin Opportunity (No. 2) Corporation (Note 4)	68,342	-
Accrued interest	64,397	34,451
Due from Algonquin Treaty Negotiation Funding Trust (Note 4)	-	430,563
	$ 2,968,768	$ 2,869,685
LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	$ 70,121	$ 6,000
Due to Algonquin Opportunity (No. 2) Corporation (Note 4)	-	28,488
Due to Algonquins of Ontario Opportunities Trust (Note 4)	2,681,121	2,681,121
Due to Algonquin Treaty Negotiation Funding Trust (Note 4)	2,406	-
HST payable	7,261	4,351
Income taxes payable	29,508	21,623
	$ 2,790,417	$ 2,741,583
Shareholder's equity (deficit):		
Capital stock:		
Authorized - unlimited number of common shares		
Issued - 100 common shares	$ 10	$ 10
Surplus (deficit)	178,341	128,092
	$ 178,351	$ 128,102
	$ 2,968,768	$ 2,869,685

Approved on behalf of the Board: Randy Malcolm
Randy Malcolm (Jun 6, 2025 11:04 EDT)

(See accompanying notes)

Algonquin Opportunity (No. 3) Corporation

Statement of Operations and Surplus (Deficit)

For the year ended 31 December 2023
(with 2022 figures for comparison)

	2023	2022
Revenue:		
Scholarship funding	$ 60,480	$ 40,320
Investment income	110,720	51,580
	$ 171,200	$ 91,900
Expenses:		
Bank charges	$ 1,109	$ 421
Professional fees	8,125	6,850
Taggart Parkes Student Awards	60,480	40,320
	$ 69,714	$ 47,591
Income (loss) before income taxes	$ 101,486	$ 44,309
Income taxes (Note 6)	51,237	22,439
Net income (loss) for the year	$ 50,249	$ 21,870
Surplus (deficit) at the beginning of the year	128,092	106,222
Surplus (deficit) at the end of the year	$ 178,341	$ 128,092

(See accompanying notes)

Algonquin Opportunity (No. 3) Corporation

Statement of Cash Flows

For the year ended 31 December 2023
(with 2022 figures for comparison)

	2023	2022
Cash flows from operating activities:		
Net income (loss) for the year	$ 50,249	$ 21,870
Net change in non cash working capital balances related to operations:		
- Decrease (increase) in accrued interest	(29,946)	(34,348)
- Decrease (increase) in accounts receivable	45,420	(45,858)
- Increase (decrease) in accounts payable	64,121	-
- Increase (decrease) in HST payable	2,910	(5,346)
- Increase (decrease) in income taxes payable	7,885	(3,640)
Cash flows from (used for) operating activities	$ 140,639	$ (67,322)
Cash flows from (used for) investing activities:		
Decrease (increase) in short term investments	$ (476,913)	$ (2,259,286)
Cash flows from financing activities:		
- Increase (decrease) in due to Algonquin Opportunity (No. 2) Corporation	$ (28,488)	$ 26,500
- Increase (decrease) in due to Algonquin Treaty Negotiation Funding Trust	2,406	(11,680)
- Decrease (increase) in due from Algonquins Treaty Negotiation Funding Trust	430,563	(430,563)
- Decrease (increase) in due from Algonquin Opportunity (No. 2) Corporation	(68,342)	-
Cash flows from (used for) financing activities	$ 336,139	$ (415,743)
Net increase (decrease) in cash and cash equivalents during the year	$ (135)	$ (2,742,351)
Cash and cash equivalents at the beginning of the year	944	2,743,295
Cash and cash equivalents at the end of the year	$ 809	$ 944

(See accompanying notes)

Algonquin Opportunity (No. 3) Corporation

Notes to the Financial Statements

For the year ended 31 December 2023

1. NATURE OF THE BUSINESS

The company was incorporated on 24 August 2015, 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.

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

e) Financial instruments:
Financial instruments are financial assets or liabilities of the company where, in general, the company has the right to receive cash or another financial asset from another party or the company has the obligation to pay another party cash or other financial assets.

Measurement of arm's length financial instruments

The company initially measures its arm’s length financial instruments at fair value.

The company subsequently measures arm’s length financial instruments at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Arm's length financial assets and financial liabilities measured at amortized cost include cash, short-term investments, accounts receivable, and accounts payable.

There are no arm's length financial assets or financial liabilities measured at fair value.

Measurement of related party financial instruments

The company initially measures its related party financial assets at fair value, cost or the exchange amount and its related party financial liabilities at cost or the exchange amount. The company subsequently measures related party financial assets and financial liabilities quoted in an active market at fair value. All other related party financial assets and financial liabilities are subsequently measured at cost or the exchange amount.

When the related party financial instrument has repayment terms, cost is determined using the undiscounted cash flows of the instrument, excluding interest and dividend payments, less any impairment losses previously recognized. If the related party financial instrument does not have repayment terms, cost is determined using the exchange amount. The exchange amount is the amount of consideration paid or received as established and agreed to by the related parties.

Related party financial assets and financial liabilities measured at the exchange amount are amounts due from/to related parties.

Impairment

Financial assets measured at cost or amortized cost are tested for impairment, at the end of each year, to determine whether there are indicators that the asset may be impaired. The amount of the write-down, if any, is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost. The amount of the reversal is recognized in net income.

Transaction costs

The company recognizes its transaction costs in net income in the period incurred. However, arm's length financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance, or assumption.

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, December 31, 2023.

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, due to Algonquins of Ontario Opportunities Trust and due to Algonquin Opportunity (No.2) Corporation.

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 short term investments. Fixed income investments subject the company to a fair value risk.

4. RELATED PARTIES

The Algonquin Treaty Negotiation Funding Trust and Algonquin Opportunity (No. 2) Corporation are related by common control through the Algonquins of Ontario Opportunities Trust which controls the company that owns 100% of the shares of the company.

The amounts due from due to Algonquin Treaty Negotiation Funding Trust and Algonquin Opportunity (No. 2) Corporation are interest free and have no specific repayment terms. The amount arises from expenses paid for on behalf of the company and advances to (from) the Algonquin Treaty Negotiation Funding Trust that consists of 2023 - $(2,406) (2022 - $430,563) and by Algonquin Opportunity (No. 2) Corporation that consists of 2023 - $68,342 (2022 - (28,488)).

Algonquins of Ontario Opportunities Funding Trust owns 100% of the shares of Algonquin Property Preservation Inc., which controls the corporation. The amount due to the trust is interest free and has no specific repayment terms. The amount arises from the funds loaned by the trust on behalf of the company consists of 2023 - $2,681,121 (2022 - $2,681,121)

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

5. INVESTMENTS

Investments consist of Guaranteed Investment Certificates as follows:	2023	2022
Current:		
Bank of Nova Scotia, non-redeemable, 3.1% matured 30 May 2023	$ -	$ 85,638
Bank of Nova Scotia, non-redeemable, 3.1% matured 30 May 2023	-	402,499
Bank of Nova Scotia, non-redeemable, 3.1% matured 30 May 2023	-	1,358,291
Bank of Nova Scotia, cashable, 3.75% matured 21 Dec 2023	-	511,441
Bank of Nova Scotia, cashable, 4.5% matures 12 August 2024	452,916	-
Bank of Nova Scotia, cashable, 4.5% matures 12 August 2024	474,996	-
Bank of Nova Scotia, cashable, 4.5% matures 12 August 2024	403,600	-
Bank of Nova Scotia, non-redeemable, 4.6% matures 1 July 2024	88,293	-
Bank of Nova Scotia, non-redeemable, 4.6% matures 1 July 2024	1,000,000	-
Bank of Nova Scotia, non-redeemable, 4.6% matures 1 July 2024	414,977	
	$ 2,834,782	$ 2,357,869

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.

	2023	2022
Income (loss) before income taxes	$ 101,486	$ 44,309
Expected income taxes at the combined tax rate of 50.16% (2022 - 50.16%)	$ 50,908	$ 22,228
Interest added back	329	211
Income tax expense for the year	$ 51,237	$ 22,439