

**LE CONSEIL ATLANTIQUE DU CANADA
THE ATLANTIC COUNCIL OF CANADA
FINANCIAL STATEMENTS**

DECEMBER 31, 2013



**Henry Salomons, CPA
Professional Corporation**

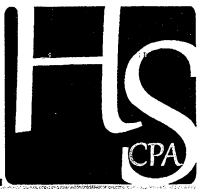
Chartered Professional Accountant

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LE CONSEIL ATLANTIQUE DU CANADA - THE ATLANTIC COUNCIL OF CANADA
TABLE OF CONTENTS
DECEMBER 31, 2013

<u>INDEX</u>	<u>Page</u>
Audit Report	1 - 2
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10





INDEPENDENT AUDITOR'S REPORT

To the Directors of Le Conseil Atlantique du Canada – The Atlantic Council of Canada

We have audited the accompanying financial statements of Le Conseil Atlantique du Canada – The Atlantic Council of Canada, which comprise the statement of financial position as at December 31, 2013, the statement of operations and change in net assets, and the statement of 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 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.

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 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 obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Le Conseil Atlantique du Canada – The Atlantic Council of Canada derives revenue from donations and member fees, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Le Conseil Atlantique du Canada – The Atlantic Council of Canada. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenditures, and cash flows from operations for the year ended December 31, 2013, and financial position and net assets as at December 31, 2013.

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Le Conseil Atlantique du Canada – Atlantic Council of Canada as at December 31, 2013 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**BEAMSVILLE, Canada
September 4, 2014**



**HENRY SALOMONS, CPA
PROFESSIONAL CORPORATION**




LE CONSEIL ATLANTIQUE DU CANADA - THE ATLANTIC COUNCIL OF CANADA
 STATEMENT OF FINANCIAL POSITION
 AS AT DECEMBER 31, 2013

	2013	2012
	\$	\$
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	26,443	37,835
Accounts receivable	9,499	6,019
HST refundable	6,481	4,036
Inventory	4,066	6,076
Prepaid expenses	3,150	-
	<u>49,639</u>	<u>53,966</u>
Capital assets (Note 3)	<u>703</u>	<u>925</u>
	<u><u>50,342</u></u>	<u><u>54,891</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable (Note 5)	<u>53,166</u>	<u>49,358</u>
Net assets		
Invested in capital assets	703	925
Unrestricted	(11,176)	4,608
ACC trust (Note 6)	7,649	-
	<u>(2,824)</u>	<u>5,533</u>
	<u><u>50,342</u></u>	<u><u>54,891</u></u>

The attached notes to the financial statements are an integral part of these statements

Approved:

 Director

 Director



LE CONSEIL ATLANTIQUE DU CANADA - THE ATLANTIC COUNCIL OF CANADA
 STATEMENT OF OPERATIONS
 FOR THE YEAR ENDED DECEMBER 31, 2013

	2013 \$	2012 \$
Receipts		
Programs		
Canadian Business Councils (Turkish & Albanian)	52,228	68,028
Events revenue	34,510	28,498
Fees/grants - conferences and meetings	5,169	11,129
- YATA & ATA travel	-	155
- NATO tour fees	9,750	26,594
Intern program	-	23,333
	<u>101,657</u>	<u>157,737</u>
General		
Member fees and donations (Note 4)	64,993	69,647
Specified donations - Atlantic Council Trust (Note 6)	11,000	-
Sundry and interest revenue	9,299	7,263
	<u>85,292</u>	<u>76,910</u>
	<u>186,949</u>	<u>234,647</u>
Expenditures		
Programs		
Canadian Business Councils (Turkish & Albanian)	50,535	52,116
Conferences and meetings	16,766	15,939
Events and expenses	33,930	7,645
Intern program	-	6,000
Travel - YATA & ATA	-	4,505
- NATO	1,849	28,178
	<u>103,080</u>	<u>114,383</u>
General membership and administration		
Communications	5,560	6,859
Moving expenses	6,541	-
Operating expenses	21,700	25,118
Operating expenses - Atlantic Council Trust (Note 6)	72	-
Staffing services	45,247	51,668
	<u>79,120</u>	<u>83,645</u>
Atlantic Treaty Association		
Annual general assembly	6,346	10,704
Association fees	6,760	6,131
	<u>13,106</u>	<u>16,835</u>
	<u>195,306</u>	<u>214,863</u>
Net excess of receipts over expenditures	<u>(8,357)</u>	<u>19,784</u>

The attached notes to the financial statements are an integral part of these statements

LE CONSEIL ATLANTIQUE DU CANADA - THE ATLANTIC COUNCIL OF CANADA
 STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Invested in Capital Assets \$	Unrestricted \$	ACC Trust \$	2013 Net Assets \$	2012 Net Assets \$
Balance, beginning of the year	925	4,608	-	5,533	(14,251)
Excess of receipts over expenditures	-	(19,285)	10,928	(8,357)	19,784
Allocation to general fund (Note 6)	-	3,279	(3,279)	-	-
Interfund transfer	(222)	222	-	-	-
Balance, end of the year	<u>703</u>	<u>(11,176)</u>	<u>7,649</u>	<u>(2,824)</u>	<u>5,533</u>

The attached notes to the financial statements are an integral part of these statements

LE CONSEIL ATLANTIQUE DU CANADA - THE ATLANTIC COUNCIL OF CANADA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	2012
	\$	\$
Cash derived from (applied to):		
Operations:		
Excess of receipts over expenditures	(8,357)	19,784
Items not involving cash:		
Depreciation	222	298
Change in non-cash operating working capital:		
Accounts receivable	(3,480)	1,490
HST refundable	(2,445)	1,885
Inventory	2,010	950
Prepays	(3,150)	-
Accounts payable	3,808	(5,490)
Deferred revenue	-	(13,333)
	<u> </u>	<u> </u>
Net increase (decrease) in cash	(11,392)	5,584
Cash and cash equivalents, beginning of the year	<u>37,835</u>	<u>32,251</u>
Cash and cash equivalents, end of the year	<u><u>26,443</u></u>	<u><u>37,835</u></u>
Cash and cash equivalents consist of cash on hand and balances with banks.		
Cash in bank	9,542	16,072
GIC, Scotiabank, 0.90%, due April 22, 2014	16,901	21,763
	<u> </u>	<u> </u>
	<u><u>26,443</u></u>	<u><u>37,835</u></u>

The attached notes to the financial statements are an integral part of these statements



LE CONSEIL ATLANTIQUE DU CANADA - THE ATLANTIC COUNCIL OF CANADA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

1 . Status and Nature of Activities

Le Conseil Atlantique du Canada - The Atlantic Council of Canada (the "Council") is incorporated as a not-for-profit organization under the laws of Canada without share capital. The Council is actively involved in a program designed to create greater awareness of NATO in Canada and of Canada's role in NATO.

The Council is a Canadian registered charity. It is entitled to issue charitable receipts and is exempt from paying Canadian income taxes.

2 . Significant Accounting Policies

Financial Statement Presentation

These financial statements have been prepared in accordance with the accounting standards for not-for-profit organizations published by the Canadian Institute of Chartered Accountants.

The accounting policies of the Council are in accordance with Canadian generally accepted accounting principles followed by not-for-profit organizations. Outlined below are those policies considered to be significant.

Receipts and Expenditures

The Council follows the deferral method of revenue recognition. Under the deferral method, grants received in the year for expenses to be incurred in the following fiscal year are recorded as deferred revenue.

The accrual basis of accounting is used for reporting receipts and expenditures except for proceeds from donations and member fees which are accounted for as received. Conference revenue and related expenses are recognized in the year the conference occurs.

Government assistance related to current expenditures is recognized in the accounts as a revenue item in the current year. Assistance related to purchase of furniture and equipment is reflected in the accounts as revenue in the year the furniture and equipment is purchased.

These financial statements do not include goods and services that are donated to the Council, the value of which is not readily determinable.

LE CONSEIL ATLANTIQUE DU CANADA - THE ATLANTIC COUNCIL OF CANADA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

2 . Significant Accounting Policies (Continued)

Capital Assets

All capital assets are carried at cost. Depreciation is recorded over the useful life of the assets at the following annual rates.

Computer hardware	30%	diminishing balance
Computer software	100%	diminishing balance
Furniture and fixtures	20%	diminishing balance

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimate and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses for the year then ended. Actual results may differ from those estimates. Balances for which estimates were used are capital assets (depreciation) and accrued liabilities.

Financial Instruments

Cash and short term investments are classified as held-for-trading and are carried at fair market value. Payables and accruals have been classified as other liabilities and are carried at amortized cost.

Fair value is assumed to approximate the carrying amount because of the short term to maturity or market rates of return.

The Council does not believe that these instruments give rise to material credit, interest, market, or currency risks.

LE CONSEIL ATLANTIQUE DU CANADA - THE ATLANTIC COUNCIL OF CANADA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

3 . Capital Assets

	Cost	Accumulated Depreciation	2013 Net Book Value	2012 Net Book Value
	\$	\$	\$	\$
Computer hardware	17,840	17,583	257	367
Computer software	2,329	2,329	-	-
Furniture and fixtures	2,370	1,924	446	558
	<u>22,539</u>	<u>21,836</u>	<u>703</u>	<u>925</u>

4 . Member Fees and Donations

Member fees and donations received in the year are as follows:

	2013	2012
	\$	\$
Corporate	350	2,000
Director	9,750	7,100
Foundations	-	2,500
Individuals, students and charities	54,893	58,047
	<u>64,993</u>	<u>69,647</u>

5 . Related Party Transactions

Included in accounts payable is an amount owing to a Director of \$ 38,790 (2012 - \$34,500) for executive services. Various directors are actively involved in the Council. Charitable receipts are issued for measurable contributions and expenses donated back. No receipts are issued for volunteered time.

6 . ACC Trust

The establishment of the ACC Trust was approved by the Board of Directors in June 2012. The purpose of the trust is to provide consistent support for the activities of the Atlantic Council of Canada. Up to 30% of donations may be used by the Atlantic Council of Canada for operational services, in the year that the donation is received.

7 . Financial Instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to the financial instruments.

Credit risk

The Council is subject to credit risk through receivables. Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Council's management does not expect any financial loss on the December 31, 2013 receivable balance.

Liquidity risk

Liquidity risk is the risk that the Council may encounter difficulty in meeting its obligations associated with its financial liabilities as they become due. It is management's opinion that the Council is not exposed to significant liquidity risks arising from its financial instruments.