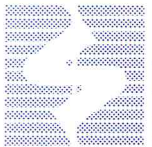


**LE CONSEIL ATLANTIQUE DU CANADA
THE ATLANTIC COUNCIL OF CANADA
FINANCIAL STATEMENTS**

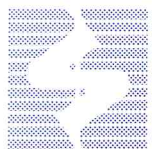
DECEMBER 31, 2010

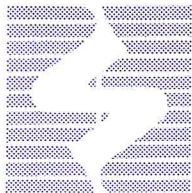


Henry Salomons, B.A., C.A.
Chartered Accountant

LE CONSEIL ATLANTIQUE DU CANADA - THE ATLANTIC COUNCIL OF CANADA
TABLE OF CONTENTS
AS AT DECEMBER 31, 2010

Audit Report	1
Statement of Financial Position	2
Statement of Receipts and Expenditures	3
Notes to Financial Statements	4-7





Henry Salomons, B.A., C.A.
Chartered Accountant

AUDIT REPORT

To Le Conseil Atlantique du Canada - Atlantic Council of Canada:

I have audited the statement of financial position of Le Conseil Atlantique du Canada - Atlantic Council of Canada as at December 31, 2010 and the statements of fund operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as outlined in the following paragraph, I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Council derives revenues from donations and member fees, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to donation and member fee revenue, excess of revenue over expenses for the year, assets and net assets.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of donation and member fee revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Council as at December 31, 2010 and the results of its operations and changes in net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

BEAMSVILLE, Canada
May 2, 2011

HENRY SALOMONS
CHARTERED ACCOUNTANT
LICENSED PUBLIC ACCOUNTANT #13867

LE CONSEIL ATLANTIQUE DU CANADA - THE ATLANTIC COUNCIL OF CANADA
 STATEMENT OF FINANCIAL POSITION
 AS AT DECEMBER 31, 2010

	2010	2009
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents (Note 6)	58,878	42,343
Accounts receivable	15,066	5,345
GST refundable	6,903	2,160
Inventory	7,609	6,691
	<u>88,456</u>	<u>56,539</u>
Capital Assets		
Capital assets (Note 3)	22,539	22,539
Less: accumulated amortization	20,232	19,104
	<u>2,307</u>	<u>3,435</u>
	<u><u>90,763</u></u>	<u><u>59,974</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	36,797	17,196
Deferred revenue (Note 4)	40,250	12,875
	<u>77,047</u>	<u>30,071</u>
Net Assets		
Invested in capital assets	5,862	3,435
Unrestricted	7,854	26,468
	<u>13,716</u>	<u>29,903</u>
	<u><u>90,763</u></u>	<u><u>59,974</u></u>

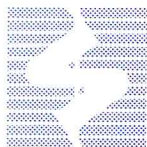
The attached notes to the financial statements are an integral part of these statements

Approved:


 _____ Director

 _____ Director

Page 2

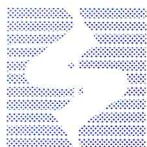


Henry Salomons, B.A., C.A.
 Chartered Accountant

LE CONSEIL ATLANTIQUE DU CANADA - THE ATLANTIC COUNCIL OF CANADA
 STATEMENT OF RECEIPTS AND EXPENDITURES
 FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009
	\$	\$
Receipts		
Programs		
Intern program	70,700	104,000
Fees/grants - conferences and meetings	19,447	21,625
- YATA & ATA travel	601	2,905
- NATO tour fees	12,000	51,810
Events revenue	49,011	59,822
Canadian Business Councils (Turkish & Albanian)	49,362	42,111
	<u>201,121</u>	<u>282,273</u>
General		
Member fees and donations (Note 5)	57,142	34,174
Sundry and interest revenue	79	516
	<u>57,221</u>	<u>34,690</u>
	<u>258,342</u>	<u>316,963</u>
Expenditures		
Programs		
Intern program	54,041	77,000
Conferences and meetings	20,579	17,074
Travel - YATA & ATA	3,215	11,286
- NATO	22,933	39,916
Events and expenses	43,651	44,651
Canadian Business Councils (Turkish & Albanian)	43,499	38,356
	<u>187,918</u>	<u>228,283</u>
General Membership and Administration		
Operating expenses	24,101	25,121
Staffing services	41,934	45,448
Communications	5,719	3,887
	<u>71,754</u>	<u>74,456</u>
Atlantic Treaty Association		
Annual general assembly	9,413	6,849
Association fees	5,445	7,145
	<u>14,858</u>	<u>13,994</u>
	<u>274,530</u>	<u>316,733</u>
Net excess of receipts over expenditures	(16,188)	230
Net assets, beginning of year	<u>29,903</u>	<u>29,673</u>
Net assets, end of year	<u>13,715</u>	<u>29,903</u>

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



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 and is entitled to issue charitable receipts and is exempt from paying Canadian income taxes.

2 Significant Accounting Policies

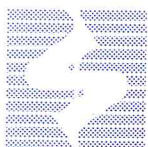
The accounting policies of the Council are in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of the preceding year, except that certain revenue and expenses have been recategorized to more appropriately describe the operations of the organization. Prior year comparisons have been aligned with these recategorizations. Outlined below are those policies considered particularly significant:

Capital Assets

All capital assets are carried at cost.

Amortization is recorded over the useful life of the assets at the following annual rates and methods.

Computer hardware	- 30%	straight line balance
Computer software	-100%	straight line balance
Furniture and fixtures	- 20%	straight line balance



LE CONSEIL ATLANTIQUE DU CANADA - THE ATLANTIC COUNCIL OF CANADA
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2010

Revenue and expenses

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 revenue and expenses 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.

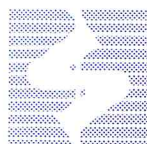
These financial statements do not include goods and services that are donated to the Council, the value of which is not readily determinable.

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they became known.

3 Capital Assets

	Cost	Accumulated Amortization	2010 Net Book Value	2009 Net Book Value
	\$	\$	\$	\$
Computer hardware	17,840	16,406	1,434	2,343
Computer software	2,329	2,329	-	-
Furniture and fixtures	2,370	1,497	873	1,092
	<u>22,539</u>	<u>20,232</u>	<u>2,307</u>	<u>3,435</u>



LE CONSEIL ATLANTIQUE DU CANADA - THE ATLANTIC COUNCIL OF CANADA
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2010

4 Deferred Revenue

Deferred revenue is composed of the following:

	2010	2009
	\$	\$
Corporate internship	36,900	12,000
Memberships	3,350	875
Deferred revenue, end of year	<u>40,250</u>	<u>12,875</u>

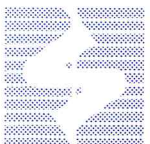
Continuity of deferred revenue for the year is as follows:

Deferred revenue, beginning of year	12,875	14,100
Add cash received from grants and fees in year	151,759	238,937
Less grants and fees recognized in year	<u>(124,384)</u>	<u>(240,162)</u>
Deferred revenue, end of year	<u>40,250</u>	<u>12,875</u>

5 Member Fees and Donations

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

	2010	2009
	\$	\$
Individuals, students and charities	44,485	25,115
Corporate	4,450	-
Director	8,207	7,559
Foundations	<u>-</u>	<u>1,500</u>
	<u>57,142</u>	<u>34,174</u>



6 Cash Flow Information

The Directors have decided not to prepare a cash flow statement, as no additional useful information would be provided.

Following are some additional information:

	2010	2009
	\$	\$
Cash and cash equivalents consist of cash on hand and balances with banks.		
Cash in bank	37,321	20,860
GIC, Scotiabank, 4.00%, due October 2, 2011	21,558	21,483
	<u>58,879</u>	<u>42,343</u>
Capital additions	<u>-</u>	<u>-</u>
Amortization	<u>1,128</u>	<u>1,277</u>
Interest expense	<u>-</u>	<u>-</u>

7 Related Party Transactions

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.

