

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

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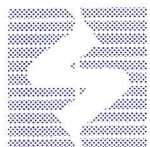
**LE CONSEIL ATLANTIQUE DU CANADA  
THE ATLANTIC COUNCIL OF CANADA  
FINANCIAL STATEMENTS**

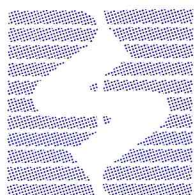
**DECEMBER 31, 2011**

**LE CONSEIL ATLANTIQUE DU CANADA - THE ATLANTIC COUNCIL OF CANADA**  
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**AS AT DECEMBER 31, 2011**

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## 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, 2011 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, 2011 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 31, 2012

**HENRY SALOMONS**  
**CHARTERED ACCOUNTANT**  
**LICENSED PUBLIC ACCOUNTANT #13867**


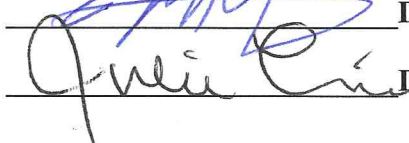
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**LE CONSEIL ATLANTIQUE DU CANADA - THE ATLANTIC COUNCIL OF CANADA**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2011**

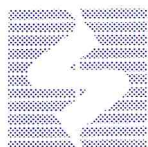
	2011	2010
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents (Note 6)	32,251	58,878
Accounts receivable	7,509	15,066
GST refundable	5,921	6,903
Inventory	7,026	7,609
	<u>52,707</u>	<u>88,456</u>
<b>Capital Assets</b>		
Capital assets (Note 3)	22,539	22,539
Less: accumulated amortization	21,316	20,232
	<u>1,223</u>	<u>2,307</u>
	<u><b>53,930</b></u>	<u><b>90,763</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	54,848	36,798
Deferred revenue (Note 4)	13,333	40,250
	<u>68,181</u>	<u>77,048</u>
<b>Net Assets</b>		
Invested in capital assets	5,862	5,862
Unrestricted	(20,113)	7,853
	<u>(14,251)</u>	<u>13,715</u>
	<u><b>53,930</b></u>	<u><b>90,763</b></u>

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

Approved:

 Director  
 Director

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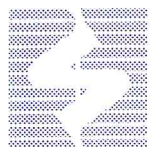


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**LE CONSEIL ATLANTIQUE DU CANADA - THE ATLANTIC COUNCIL OF CANADA  
STATEMENT OF RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	2011	2010
	\$	\$
<b>Receipts</b>		
Programs		
Intern program	45,567	70,700
Fees/grants - conferences and meetings	17,404	19,447
- YATA & ATA travel	1,170	601
- NATO tour fees	39,800	12,000
Events revenue	16,073	49,011
Canadian Business Councils (Turkish & Albanian)	61,168	49,362
	<u>181,182</u>	<u>201,121</u>
General		
Member fees and donations (Note 5)	45,101	57,142
Sundry and interest revenue	2,531	79
	<u>47,632</u>	<u>57,221</u>
	<u><b>228,814</b></u>	<u><b>258,342</b></u>
<b>Expenditures</b>		
Programs		
Intern program	46,454	54,041
Conferences and meetings	12,044	20,579
Travel - YATA & ATA	4,016	3,215
- NATO	37,021	22,933
Events and expenses	18,627	43,651
Canadian Business Councils (Turkish & Albanian)	44,286	43,499
	<u>162,448</u>	<u>187,918</u>
General Membership and Administration		
Operating expenses	24,959	24,101
Staffing services	56,032	41,934
Communications	3,386	5,719
	<u>84,377</u>	<u>71,754</u>
Atlantic Treaty Association		
Annual general assembly	4,249	9,413
Association fees	5,706	5,445
	<u>9,955</u>	<u>14,858</u>
	<u><b>256,780</b></u>	<u><b>274,530</b></u>
Net excess of expenditures over receipts	<u>(27,966)</u>	<u>(16,188)</u>
Net assets, beginning of year	<u>13,715</u>	<u>29,903</u>
Net assets, end of year	<u><u>(14,251)</u></u>	<u><u>13,715</u></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**

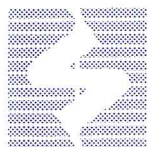
The accounting policies of the Council are in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of the preceding year, except that certain revenue and expenses have been recategorized to more appropriately describe the operations of the organization. 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**  
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*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.

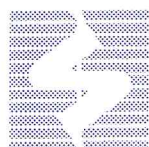
These financial statements do not include goods and services that are donated to the Council, the value of which is not readily determinable.

*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**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2011 Net Book Value</b>	<b>2010 Net Book Value</b>
	\$	\$	\$	\$
Computer hardware	17,840	17,315	525	1,434
Computer software	2,329	2,329	-	-
Furniture and fixtures	2,370	1,672	698	873
	<u>22,539</u>	<u>21,316</u>	<u>1,223</u>	<u>2,307</u>



**LE CONSEIL ATLANTIQUE DU CANADA - THE ATLANTIC COUNCIL OF CANADA**  
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**4 . Deferred Revenue**

Deferred revenue is composed of the following:

	<b>2011</b>	<b>2010</b>
	\$	\$
Corporate internship	13,333	36,900
Memberships	-	3,350
Deferred revenue, end of year	<u><u>13,333</u></u>	<u><u>40,250</u></u>

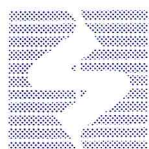
Continuity of deferred revenue for the year is as follows:

Deferred revenue, beginning of year	40,250	12,875
Add cash received from grants and fees in year	86,690	151,759
Less grants and fees recognized in year	<u>(113,607)</u>	<u>(124,384)</u>
Deferred revenue, end of year	<u><u>13,333</u></u>	<u><u>40,250</u></u>

**5 . Member Fees and Donations**

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

	<b>2011</b>	<b>2010</b>
	\$	\$
Individuals, students and charities	29,120	44,485
Corporate	-	4,450
Director	10,981	8,207
Foundations	<u>5,000</u>	<u>-</u>
	<u><u>45,101</u></u>	<u><u>57,142</u></u>





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**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:

	<b>2011</b>	<b>2010</b>
	\$	\$
Cash and cash equivalents consist of cash on hand and balances with banks.		
Cash in bank	10,563	37,321
GIC, Scotiabank, 4.00%, due October 2, 2012	21,688	21,557
	<u>32,251</u>	<u>58,878</u>
Amortization	<u>1,084</u>	<u>1,128</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.

