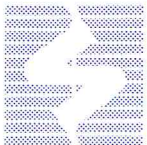


LE CONSEIL ATLANTIQUE DU CANADA
THE ATLANTIC COUNCIL OF CANADA
FINANCIAL STATEMENTS

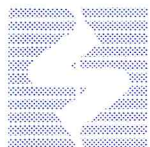
DECEMBER 31, 2012

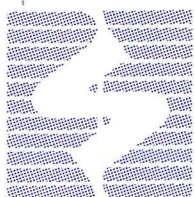


Henry Salomons, B.A., C.A.
Chartered Accountant

LE CONSEIL ATLANTIQUE DU CANADA - THE ATLANTIC COUNCIL OF CANADA
TABLE OF CONTENTS
AS AT DECEMBER 31, 2012

Audit Report	1 - 2
Statement of Financial Position	3
Statement of Receipts and Expenditures	4
Statement of Net Assets	5
Statement of Cash Flow	6
Notes to Financial Statements	7 - 10





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, 2012 and the statements of receipts and expenditures and net assets and cash flow 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Except as outlined in the following paragraph, 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council'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 Council'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.

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 receipts over expenditures for the year, assets and net assets.

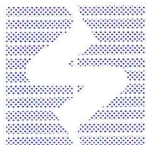
Opinion

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, 2012 and the results of its operations and changes in net assets for the year then ended in accordance with accounting standards for not-for-profit organizations.



BEAMSVILLE, Canada
April 17, 2013

HENRY SALOMONS, BA, CPA, CA
CHARTERED ACCOUNTANT
LICENSED PUBLIC ACCOUNTANT #13867



LE CONSEIL ATLANTIQUE DU CANADA - THE ATLANTIC COUNCIL OF CANADA
 STATEMENT OF FINANCIAL POSITION
 AS AT DECEMBER 31, 2012

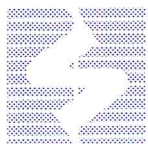
	2012	2011	January 1, 2011
	\$	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	37,835	32,251	58,878
Accounts receivable	6,019	7,509	15,066
GST refundable	4,036	5,921	6,903
Inventory	6,076	7,026	7,609
	<u>53,966</u>	<u>52,707</u>	<u>88,456</u>
Capital Assets			
Capital assets (Note 4)	22,539	22,539	22,539
Less: accumulated depreciation	21,614	21,316	20,232
	<u>925</u>	<u>1,223</u>	<u>2,307</u>
	<u>54,891</u>	<u>53,930</u>	<u>90,763</u>
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable (Note 7)	49,358	54,848	36,798
Deferred revenue (Note 5)	-	13,333	40,250
	<u>49,358</u>	<u>68,181</u>	<u>77,048</u>
Net Assets			
Invested in capital assets	925	1,223	2,307
Unrestricted	4,608	(15,474)	11,408
	<u>5,533</u>	<u>(14,251)</u>	<u>13,715</u>
	<u>54,891</u>	<u>53,930</u>	<u>90,763</u>

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

Approved:


 _____ Director

 _____ Director

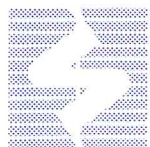


Henry Salomons, B.A., C.A.
 Chartered Accountant

LE CONSEIL ATLANTIQUE DU CANADA - THE ATLANTIC COUNCIL OF CANADA
 STATEMENT OF RECEIPTS AND EXPENDITURES
 FOR THE YEAR ENDED DECEMBER 31, 2012

	2012	2011
	\$	\$
Receipts		
Programs		
Intern program	23,333	45,567
Fees/grants - conferences and meetings	11,129	17,404
- YATA & ATA travel	155	1,170
- NATO tour fees	26,594	39,800
Events revenue	28,498	16,073
Canadian Business Councils (Turkish & Albanian)	68,028	61,168
	<u>157,737</u>	<u>181,182</u>
General		
Member fees and donations (Note 6)	69,647	45,101
Sundry and interest revenue	7,263	2,531
	<u>76,910</u>	<u>47,632</u>
	<u>234,647</u>	<u>228,814</u>
Expenditures		
Programs		
Intern program	6,000	46,454
Conferences and meetings	15,939	12,044
Travel - YATA & ATA	4,505	4,016
- NATO	28,178	37,021
Events and expenses	7,645	18,627
Canadian Business Councils (Turkish & Albanian)	52,116	44,286
	<u>114,383</u>	<u>162,448</u>
General Membership and Administration		
Operating expenses	25,118	24,959
Staffing services	51,668	56,032
Communications	6,859	3,386
	<u>83,645</u>	<u>84,377</u>
Atlantic Treaty Association		
Annual general assembly	10,704	4,249
Association fees	6,131	5,706
	<u>16,835</u>	<u>9,955</u>
	<u>214,863</u>	<u>256,780</u>
Net excess of receipts over expenditures	19,784	(27,966)
Net assets, beginning of year	(14,251)	13,715
Net assets, end of year	<u>5,533</u>	<u>(14,251)</u>

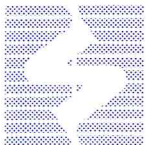
The attached notes to the financial statements are an integral part of these statements



LE CONSEIL ATLANTIQUE DU CANADA - THE ATLANTIC COUNCIL OF CANADA
 STATEMENT OF NET ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2012

Net assets	<u>Invested in Capital Assets</u> \$	<u>Unrestricted</u> \$	<u>2012 Net Assets</u> \$	<u>2011 Net Assets</u> \$
Balance, beginning of the year	1,223	(15,474)	(14,251)	13,715
Excess of receipts over expenditures	-	19,784	19,784	(27,966)
Interfund transfer	<u>(298)</u>	<u>298</u>	<u>-</u>	<u>-</u>
Balance, end of the year	<u><u>925</u></u>	<u><u>4,608</u></u>	<u><u>5,533</u></u>	<u><u>(14,251)</u></u>

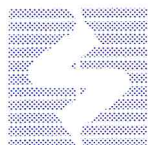
The attached notes to the financial statements are an integral part of these statements



LE CONSEIL ATLANTIQUE DU CANADA - THE ATLANTIC COUNCIL OF CANADA
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012	2011
	\$	\$
Cash derived from (applied to):		
Operations:		
Excess of receipts over expenditures	19,784	(27,966)
Items not involving cash:		
Depreciation	298	1,084
Change in non-cash operating working capital:		
Accounts receivable	1,490	7,557
HST refundable	1,885	982
Inventory	950	583
Accounts payable	(5,490)	18,050
Deferred revenue	(13,333)	(26,917)
	<u>5,584</u>	<u>(26,627)</u>
Net increase (decrease) in cash		
Cash and cash equivalents, beginning of the year	<u>32,251</u>	<u>58,878</u>
Cash and cash equivalents, end of the year	<u><u>37,835</u></u>	<u><u>32,251</u></u>
Cash and cash equivalents consist of cash on hand and balances with banks.		
Cash in bank	16,072	10,563
GIC, Scotiabank, 4.00%, due October 2, 2013	21,763	21,688
	<u><u>37,835</u></u>	<u><u>32,251</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 . Impact of the Change in the Basis of Accounting

These financial statements are the first financial statements for which the Council has applied the Canadian accounting standards for not-for-profit organizations ("ASNPO"). The financial statements for the year ended December 31, 2012 were prepared in accordance with ASNPO. Comparative period information for the year ended December 31, 2011 was prepared in accordance with ASNPO and the provisions set out in Section 1501 first time adoption by not-for-profit organizations.

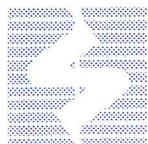
The date of transition to ASNPO is January 1, 2011. The Council's transition from Canadian generally accepted accounting principles ("previously GAAP") to ASNPO has had no significant impact on the opening surplus as at January 1, 2011 or the statement of receipts and expenditures for the year ended December 31, 2011. As a result, the reconciliations and disclosures required by Section 1501 first-time adoption by not-for-profit organizations, for the surplus at the transition date, the comparative period excess or receipts over expenditures and the cash flow statement are not necessary and have not been prepared in these financial statements.

3 . 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 particularly 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.

Capital Assets

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

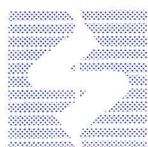
Computer hardware	30%	diminishing balance
Computer software	100%	diminishing balance
Furniture and fixtures	20%	diminishing balance

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.



LE CONSEIL ATLANTIQUE DU CANADA - THE ATLANTIC COUNCIL OF CANADA
 NOTES TO THE FINANCIAL STATEMENTS
 AS AT DECEMBER 31, 2012

3 . Significant Accounting Policies

Financial Instruments (continued)

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.

4 . Capital Assets

	Cost	Accumulated Amortization	2012 Net Book Value	2011 Net Book Value
	\$	\$	\$	\$
Computer hardware	17,840	17,473	367	525
Computer software	2,329	2,329	-	-
Furniture and fixtures	2,370	1,812	558	698
	<u>22,539</u>	<u>21,614</u>	<u>925</u>	<u>1,223</u>

5 . Deferred Revenue

Deferred revenue is composed of the following:

	2012 \$	2011 \$
Corporate internship	<u>-</u>	<u>13,333</u>

Continuity of deferred revenue for the year is as follows:

Deferred revenue, beginning of year	13,333	40,250
Add cash received from grants and fees in year	10,000	86,690
Less grants and fees recognized in year	<u>(23,333)</u>	<u>(113,607)</u>
Deferred revenue, end of year	<u>-</u>	<u>13,333</u>



6 . Member Fees and Donations

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

	2012	2011
	\$	\$
Individuals, students and charities	58,047	29,120
Corporate	2,000	-
Director	7,100	10,981
Foundations	2,500	5,000
	<u>69,647</u>	<u>45,101</u>

7 . Related Party Transactions

Included in accounts payable is an amount owing to the Director of \$ 34,500 (2011 - \$38,205). Various directors are actively involved in the Council. Charitable receipts are issued for measurable contributions and expenses doanted back. No receipts are issued for volunteered time.

8 . 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, 2012 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.

