

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

**DECEMBER 31, 2014**



Henry Salomons, CPA  
Professional Corporation

Chartered Professional Accountant

[www.henrycpa.ca](http://www.henrycpa.ca)

LE CONSEIL ATLANTIQUE DU CANADA - THE ATLANTIC COUNCIL OF CANADA  
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DECEMBER 31, 2014

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## 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, 2014, 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, 2014, and financial position and net assets as at December 31, 2014.

### **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, 2014 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**  
**August 6, 2015**



**HENRY SALOMONS, CPA**  
**PROFESSIONAL CORPORATION**  
**LICENSED PUBLIC ACCOUNTANT**



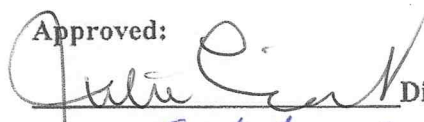
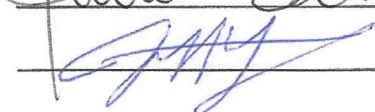
Henry Salomons, CPA  
Professional Corporation

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LE CONSEIL ATLANTIQUE DU CANADA - THE ATLANTIC COUNCIL OF CANADA  
 STATEMENT OF FINANCIAL POSITION  
 AS AT DECEMBER 31, 2014

	2014	2013
	\$	\$
<b><u>ASSETS</u></b>		
<b>Current assets</b>		
Cash and cash equivalents (Note 3)	14,846	9,542
Term deposits	6,939	16,901
Accounts receivable	23,858	9,499
Government taxes refundable	8,573	6,481
Inventory	4,078	4,066
Prepaid expenses	-	3,150
	<u>58,294</u>	<u>49,639</u>
Capital assets (Note 4)	<u>537</u>	<u>703</u>
	<u><u>58,831</u></u>	<u><u>50,342</u></u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Current liabilities</b>		
Accounts payable (Note 5)	<u>68,331</u>	<u>53,166</u>
<b>Net assets</b>		
Invested in capital assets	537	703
Unrestricted	(17,692)	(11,176)
ACC trust (Note 6)	7,655	7,649
	<u>(9,500)</u>	<u>(2,824)</u>
	<u><u>58,831</u></u>	<u><u>50,342</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, 2014**

	2014	2013
	\$	\$
<b>Receipts</b>		
<b>Programs</b>		
Canadian Business Councils (Turkish & Albanian)	30,231	52,228
Events revenue	50,074	34,510
Fees/grants - conferences and meetings	8,736	5,169
- YATA & ATA travel	-	-
- NATO tour fees	2,400	9,750
	<u>91,441</u>	<u>101,657</u>
<b>General</b>		
Member fees and donations (Note 7)	65,248	64,993
Specified donations - Atlantic Council Trust (Note 6)	-	11,000
Sundry and interest revenue	45	9,299
	<u>65,293</u>	<u>85,292</u>
	<u><b>156,734</b></u>	<u><b>186,949</b></u>
<b>Expenditures</b>		
<b>Programs</b>		
Canadian Business Councils (Turkish & Albanian)	25,391	50,535
Conferences and meetings	14,720	16,766
Events and expenses	23,417	33,930
Travel - YATA & ATA	11,226	-
- NATO	2,238	1,849
	<u>76,992</u>	<u>103,080</u>
<b>General membership and administration</b>		
Communications	6,107	5,560
Moving expenses	4,241	6,541
Operating expenses	23,330	21,700
Operating expenses - Atlantic Council Trust (Note 6)	-	72
Staffing services	36,747	45,247
	<u>70,425</u>	<u>79,120</u>
<b>Atlantic Treaty Association</b>		
Annual general assembly	8,924	6,346
Association fees	7,069	6,760
	<u>15,993</u>	<u>13,106</u>
	<u><b>163,410</b></u>	<u><b>195,306</b></u>
<b>Net excess of receipts over expenditures</b>	<u><b>(6,676)</b></u>	<u><b>(8,357)</b></u>

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

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LE CONSEIL ATLANTIQUE DU CANADA - THE ATLANTIC COUNCIL OF CANADA  
 STATEMENT OF CHANGES IN NET ASSETS  
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Invested in Capital Assets	Unrestricted	ACC Trust	2014 Net Assets	2013 Net Assets
	\$	\$	\$	\$	\$
Balance, beginning of the year	703	(11,176)	7,649	(2,824)	5,533
Excess of receipts over expenditures	(166)	(6,510)	-	(6,676)	(8,357)
Interfund transfer	-	(6)	6	-	-
Balance, end of the year	<u>537</u>	<u>(17,692)</u>	<u>7,655</u>	<u>(9,500)</u>	<u>(2,824)</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, 2014

	2014 \$	2013 \$
<b>Cash flows from operations</b>		
Excess of receipts over expenditures	(6,676)	(8,357)
Non-cash items:		
Depreciation	166	222
Change in non-cash working capital:		
Accounts receivable	(14,359)	(3,480)
Government taxes refundable	(2,092)	(2,445)
Inventory	(12)	2,010
Prepays	3,150	(3,150)
Accounts payable	15,165	3,808
	<u>1,852</u>	<u>(3,257)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(4,658)</b>	<b>(11,392)</b>
<b>Cash and cash equivalents, beginning of the year</b>	<b><u>26,443</u></b>	<b><u>37,835</u></b>
<b>Cash and cash equivalents, end of the year</b>	<b><u><u>21,785</u></u></b>	<b><u><u>26,443</u></u></b>
 Cash and cash equivalents consist of:		
Cash	14,846	9,542
Term deposits	6,939	16,901
	<u><u>21,785</u></u>	<u><u>26,443</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 and is a registered charity under the Income Tax Act. Its purposes is to create greater awareness of NATO in Canada and of Canada's role in NATO.

**2 . Significant Accounting Policies**

*Financial Statement Presentation*

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook and include the following significant accounting policies:

*Revenue Recognition*

The Council follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonable assured.

Conference revenues are recognized in the year the conference occurs.

*Inventory*

Inventory includes various promotional items and is measured at the lower of cost and replacement value. Cost is determined using the first-in first-out method.

*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

## 2 . Significant Accounting Policies (Continued)

### *Financial Instruments*

The Council initially measures its financial assets and financial liabilities at fair value. The Council subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable and government taxes refundable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

### *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.

### *Contributed Services*

The Council would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Because of the difficulty of compiling these hours, contributed services are not recognized in the financial statements.

### *Cash and Cash Equivalents*

The Council's policy is to present bank balances and term deposits with a maturity period of three months or less from the date of acquisition under cash and cash equivalents.

## 3 . Internal Restrictions

Included in the cash and cash equivalents balance is \$7,655 (2013 - \$7,649) held in trust. The Council may not use these restricted amounts for any other purpose without the approval of the ACC Trust board of directors.

4. Capital Assets

	Cost	Accumulated Depreciation	2014 Net Book Value	2013 Net Book Value
	\$	\$	\$	\$
Computer hardware	17,840	17,660	180	257
Computer software	2,329	2,329	-	-
Furniture and fixtures	2,370	2,013	357	446
	<u>22,539</u>	<u>22,002</u>	<u>537</u>	<u>703</u>

5. Related Party Transactions

The Council pays a director \$18,000 for executive services during the year (2013 - \$18,000).

The Council received member fees and donations totalling \$44,290 from directors (2013 - \$59,155).

All these transactions were carried out in the normal course of operations and are recorded at the exchange value. This value corresponds to the consideration agreed upon by the parties and is determined based on the costs incurred.

At year end, there was \$40,680 (2013 - \$38,790) owing to the director for executive services.

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.

LE CONSEIL ATLANTIQUE DU CANADA - THE ATLANTIC COUNCIL OF CANADA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014

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**7. Member Fees and Donations**

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

	2014	2013
	\$	\$
Corporate	1,300	350
Director	7,800	9,750
Foundations	2,000	-
Individuals, students and charities	54,148	54,893
	<u>65,248</u>	<u>64,993</u>

**8. Financial Instruments**

The Council is exposed to various risks through its financial instruments. The following analysis presents the Council's exposures to significant risk at December 31, 2014.

*Credit risk*

The Council is subject to credit risk with respect to term deposits, receivables and government taxes refundable. The Council assesses, on a continuous basis, receivables and government taxes refundable on the basis of amounts it is virtually certain to receive. The credit risk with respect to term deposits is insignificant since they are held in large financial institutions.

*Liquidity risk*

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

**9. Subsequent Events**

In March 2015, the Organization registered a change of name to "NATO Association of Canada/Association Canadienne Pour L'Otan"

