

ATLANTIC COUNCIL FOR INTERNATIONAL COOPERATION
Financial Statements
Year Ended March 31, 2020

ATLANTIC COUNCIL FOR INTERNATIONAL COOPERATION
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Year Ended March 31, 2020

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LYLE TILLEY DAVIDSON
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of Atlantic Council For International Cooperation

Opinion

We have audited the financial statements of Atlantic Council For International Cooperation (the "Organization"), which comprise the statement of financial position as at March 31, 2020, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Gyle Willey Davidson

Halifax, Nova Scotia
May 29, 2020

CHARTERED PROFESSIONAL ACCOUNTANTS


ATLANTIC COUNCIL FOR INTERNATIONAL COOPERATION

Statement of Financial Position

March 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 430,527	\$ 267,339
Accounts receivable	15,860	3,804
Harmonized sales tax receivable	24,162	30,746
Prepaid expenses	-	400
	<u>\$ 470,549</u>	<u>\$ 302,289</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 52,808	\$ 27,887
Employee deductions payable	12,328	6,422
Deferred revenue (Note 3)	189,946	91,251
	<u>255,082</u>	<u>125,560</u>
NET ASSETS		
Unrestricted net assets	113,300	75,945
Internally restricted net assets (Note 4)	102,167	100,784
	<u>215,467</u>	<u>176,729</u>
	<u>\$ 470,549</u>	<u>\$ 302,289</u>

ON BEHALF OF THE BOARD

 _____ Director

 _____ Director

ATLANTIC COUNCIL FOR INTERNATIONAL COOPERATION
Statement of Revenues and Expenditures
Year Ended March 31, 2020

	2020	2019
REVENUE		
Project revenue		
Inspiring Action for Global Citizenship	\$ 423,334	\$ -
International Internship for Indigenous Youth	330,243	372,657
Inter-Council Network	207,679	-
Youth Engagement on Sustainable Development Goals	48,052	10,804
Connecting with Canadians initiative	7,752	340,334
Diversity and Community capacity building fund	-	5,800
Other revenue		
Federal summer student grant	10,834	5,522
Other	37,868	17,155
	<u>1,065,762</u>	<u>752,272</u>
EXPENDITURES		
Project expenditures		
Inspiring Action for Global Citizenship	406,519	-
International Internship for Indigenous Youth	328,911	364,267
Inter-Council Network	203,609	-
Youth Engagement on Sustainable Development Goals	49,572	10,804
Connecting with Canadians initiative	9,718	331,756
Diversity and Community capacity building fund	-	5,800
Other expenditures		
Federal summer students	10,834	5,522
Other	17,861	1,589
	<u>1,027,024</u>	<u>719,738</u>
EXCESS OF REVENUE OVER EXPENDITURES	\$ 38,738	\$ 32,534

ATLANTIC COUNCIL FOR INTERNATIONAL COOPERATION
Statement of Changes in Net Assets
Year Ended March 31, 2020

	Unrestricted Net Assets	Internally Restricted Net Assets	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 75,945	\$ 100,784	\$ 176,729	\$ 144,195
Excess of revenue over expenditures	37,355	1,383	38,738	32,534
NET ASSETS - END OF YEAR	\$ 113,300	\$ 102,167	\$ 215,467	\$ 176,729

ATLANTIC COUNCIL FOR INTERNATIONAL COOPERATION**Statement of Cash Flows
Year Ended March 31, 2020**

	2020	2019
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 38,738	\$ 32,534
Changes in non-cash working capital:		
Accounts receivable	(12,056)	(3,033)
Harmonized sales tax receivable	6,584	(10,930)
Accounts payable and accrued liabilities	24,921	15,965
Deferred revenue	98,695	91,251
Prepaid expenses	400	(400)
Employee deductions payable	5,906	2,360
	<u>124,450</u>	<u>95,213</u>
INCREASE IN CASH FLOW	163,188	127,747
Cash - beginning of year	<u>267,339</u>	<u>139,592</u>
CASH - END OF YEAR	\$ 430,527	\$ 267,339

ATLANTIC COUNCIL FOR INTERNATIONAL COOPERATION

Notes to Financial Statements

Year Ended March 31, 2020

NATURE OF OPERATIONS

Atlantic Council For International Cooperation (the "Organization") is a not-for-profit organization from which no part of the income is payable or available for the personal benefit of any member; accordingly, the Organization is exempt from income tax under the Income Tax Act.

The Organization is a coalition of individuals, organizations, and institutions working in the Atlantic region, which are committed to achieving global sustainability in a peaceful and healthy environment, with social justice, human dignity, and participation for all. The Organization supports its members in international cooperation and education through collective leadership, networking, information, training and coordination, and represents their interests when dealing with government and others.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Financial instruments

Financial instruments are recorded at fair value when acquired or issued, except for related party transactions which are recorded at the exchange amount. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Cash

Cash includes cash on hand and deposits within Canadian financial institutions, net of outstanding transactions and term deposits. Term deposits are valued at cost plus accrued interest.

Capital assets

Not-for-profit organizations are required to capitalize and amortize capital assets if total revenue exceeds an average of \$500,000 over a period of two years. The Organization capitalizes and amortizes significant capital asset additions when made. No significant additions have been made in either the current year or prior year.

Donated goods

Donated goods are recorded at their fair market value at the time of the donation. No donated goods were received in either the current or prior year.

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ATLANTIC COUNCIL FOR INTERNATIONAL COOPERATION

Notes to Financial Statements

Year Ended March 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Atlantic Council For International Cooperation follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recorded as deferred revenue when received and recognized as their related expenses are incurred.

Overhead

The overhead portion of project contracts is included in revenue under project overhead. Upon receipt of these funds, the balance is deferred and transferred into income as related overhead expenses are incurred.

Allocation of operating expenses

Operating expenses are allocated to projects directly as they are incurred under the specific project. Expenses that relate to the projects generally, but do not relate to a specific project are classified as project overhead. Expenses that do not relate to the projects are classified as other expenses.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. The most significant estimate is accrued liabilities. Actual results could differ from these estimates.

2. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The Organization's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. The following analysis provides information about the Organization's risk exposure and concentration as of March 31, 2020.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to credit risk from funders. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. Credit risk is minimal due to the nature of revenue.

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ATLANTIC COUNCIL FOR INTERNATIONAL COOPERATION

Notes to Financial Statements

Year Ended March 31, 2020

2. FINANCIAL INSTRUMENTS *(continued)*

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its receipt of funds from its funders and other related sources and accounts payable and accrued liabilities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Organization is not exposed to significant market risk.

3. DEFERRED REVENUE

	<u>2020</u>	<u>2019</u>
Inter-Council Network	\$ 97,004	\$ -
International Internship for Indigenous Youth	56,545	35,307
Inspiring Action for Global Citizenship	36,397	-
Youth Engagement on Sustainable Development Goals	-	48,052
Connecting with Canadians initiative	-	7,752
Member fees	-	140
	<u>\$ 189,946</u>	<u>\$ 91,251</u>

4. INTERNALLY RESTRICTED NET ASSETS

Internally restricted assets consist of \$35,000 included in an operational reserve fund and \$60,000 in a restricted reserve fund. The operational reserve fund will be used to fund new project costs for the period before actual project funds have been received. The restricted reserve fund is to be used to cover costs in the event of the Organization having to discontinue operations. Interest earned is to be maintained in the internally restricted net assets.

5. SUBSEQUENT EVENTS

Beginning in March 2020 the governments of Canada and Nova Scotia, as well as foreign governments instituted emergency measures as a result of the COVID-19 virus. The virus has had a major impact on Canadian and international securities and currency markets and consumer activity which may impact the Organization's financial position, its results of operations and its cash flows significantly. As these are subsequent events, these financial statements do not reflect such impact. As at May 29, 2020 it is not possible to accurately quantify or estimate the impact.