

ATLANTIC COUNCIL FOR INTERNATIONAL COOPERATION
Financial Statements
Year Ended March 31, 2023

ATLANTIC COUNCIL FOR INTERNATIONAL COOPERATION
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Year Ended March 31, 2023

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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, 2023, 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, 2023, 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.

Lyle Tilley Davidson

Halifax, Nova Scotia
June 6, 2023

CHARTERED PROFESSIONAL ACCOUNTANTS

ATLANTIC COUNCIL FOR INTERNATIONAL COOPERATION
Statement of Financial Position
March 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 948,621	\$ 583,200
Accounts receivable	9,083	8,984
Harmonized sales tax receivable	25,827	8,473
Prepaid expenses	2,204	235
	985,735	600,892
LONG-TERM INVESTMENTS (Note 4)	11,180	68,515
	\$ 996,915	\$ 669,407
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 75,365	\$ 76,647
Employee deductions payable	43,732	765
Deferred revenue (Note 5)	473,457	296,628
	592,554	374,040
NET ASSETS		
Unrestricted net assets	295,635	188,769
Internally restricted net assets (Note 6)	108,726	106,598
	404,361	295,367
	\$ 996,915	\$ 669,407

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

ATLANTIC COUNCIL FOR INTERNATIONAL COOPERATION
Statement of Revenues and Expenditures
Year Ended March 31, 2023

	2023	2022
REVENUE		
Project revenue		
Inspiring Action for Global Citizenship	\$ 654,455	\$ 444,973
International Internship for Indigenous Youth	489,630	208,697
Inter-Council Network	459,722	253,612
Youth Engagement on Sustainable Development Goals	19,889	80,105
Spur Change	-	6,638
Other revenue		
Government summer students	18,584	13,884
Other	17,260	22,546
	<u>1,659,540</u>	<u>1,030,455</u>
EXPENDITURES		
Project expenditures		
Inspiring Action for Global Citizenship	612,469	419,996
International Internship for Indigenous Youth	457,529	203,423
Inter-Council Network	431,953	246,795
Youth Engagement on Sustainable Development Goals	19,889	80,105
Spur Change	-	5,927
Other expenditures		
Government summer students	18,584	13,884
Other	10,122	17,139
	<u>1,550,546</u>	<u>987,269</u>
EXCESS OF REVENUE OVER EXPENDITURES	\$ 108,994	\$ 43,186

ATLANTIC COUNCIL FOR INTERNATIONAL COOPERATION
Statement of Changes in Net Assets
Year Ended March 31, 2023

	Unrestricted Net Assets	Internally Restricted Net Assets	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 188,769	\$ 106,598	\$ 295,367	\$ 252,181
Excess of revenue over expenditures	106,866	2,128	108,994	43,186
NET ASSETS - END OF YEAR	\$ 295,635	\$ 108,726	\$ 404,361	\$ 295,367

ATLANTIC COUNCIL FOR INTERNATIONAL COOPERATION**Statement of Cash Flows****Year Ended March 31, 2023**

	2023	2022
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 108,994	\$ 43,186
Changes in non-cash working capital:		
Accounts receivable	(99)	7,928
Harmonized sales tax receivable	(17,354)	21,593
Accounts payable and accrued liabilities	(1,282)	39,843
Deferred revenue	176,829	(65,066)
Prepaid expenses	(1,969)	(235)
Employee deductions payable	42,967	(5,910)
	199,092	(1,847)
Cash flow from operating activities	308,086	41,339
INVESTING ACTIVITY		
Long-term investments	57,335	(12,001)
INCREASE IN CASH FLOW	365,421	29,338
Cash and cash equivalents - beginning of year	583,200	553,862
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 948,621	\$ 583,200

ATLANTIC COUNCIL FOR INTERNATIONAL COOPERATION

Notes to Financial Statements

Year Ended March 31, 2023

1. NATURE OF THE ORGANIZATION

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.

2. 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 transactions with related parties 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 and cash equivalents

Cash includes cash on hand and deposits within Canadian financial institutions, net of outstanding transactions and term deposits that mature within one year. Term deposits are valued at cost plus accrued interest. Term deposits that mature beyond one year are included in long-term investments.

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 years.

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.

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ATLANTIC COUNCIL FOR INTERNATIONAL COOPERATION

Notes to Financial Statements

Year Ended March 31, 2023

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

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. Significant estimates included in the financial statements are accrued liabilities. Actual results could differ from these estimates.

3. 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 and cash equivalents, accounts receivable, long-term investments and accounts payable and accrued liabilities. The following analysis provides information about the Organization's risk exposure and concentration as of March 31, 2023.

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.

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.

4. LONG-TERM INVESTMENTS

Long-term investments consist of a guaranteed investment certificate that matures April 8, 2024 and earns annual interest of 0.75%. The guaranteed investment certificate is recorded at principal value plus accrued interest.

ATLANTIC COUNCIL FOR INTERNATIONAL COOPERATION

Notes to Financial Statements

Year Ended March 31, 2023

5. DEFERRED REVENUE

	<u>2023</u>	<u>2022</u>
International Internship for Indigenous Youth	\$ 99,548	\$ 152,111
Inspiring Action for Global Citizenship	163,015	80,388
Inter-Council Network	210,894	44,240
Youth Engagement on Sustainable Development Goals	-	19,889
	<u>\$ 473,457</u>	<u>\$ 296,628</u>

6. 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.