

Informal Comments by Treasurer

The Alliance for the Defence of Canadian Sovereignty- L'Alliance pour la Défense de la Soveraineté was required to undergo an audit because it is a soliciting corporation with over \$250,000 in gross annual revenues. See: <https://www.ic.gc.ca/eic/site/cd-dgc.nsf/eng/cs05011.html> . Audits must be performed by public accountants and are filed with both Corporations Canada and the Canada Revenue Agency. We contacted three firms for quotes.

Our financial year runs from May 1 – April 30. We were incorporated on April 21, 2014. Corporations Canada will not allow longer than a 53 week year; we would have been 2 days over so a nil T2 Corporation Income Tax Return was filed for April 21-30 2014 and a full-year return for May 1 2014 – April 30, 2015. We have received our assessment from CRA with nothing due nor any issues.

A corporate return is filed no later than 6 months after the fiscal year end. Our year end is April 30 which makes our filing date no later than October 30. This was done by Stern Cohen and was included in the quote. Then it takes a bit of time to do the final adjusting entries, close the books for the year etc. This year it took extra time because the copy of Quickbooks that I send to the accountant did not work so adjusting entries were initially made manually by the accountant and then entered into Quickbooks by myself. I apologize that is has taken this much time to get the information out to you but it was unavoidable. It then took me some time to put together the different statistics I was asked to provide.

I anticipate that the financial statements may not make much sense to many people; this is likely because accrual accounting is used as opposed to cash accounting (the way you would balance your chequebook). At the end of a fiscal year, the expenses are subtracted from the income; the income and expense accounts are closed out to zero and any income earned would be transferred to equity. You will notice we are able to show no net gain. This is good because it means we have managed/allocated our funds appropriately. We don't want profit per sé. We then begin the next year with the values that carry over/are in on the Balance Sheet and start all over, taking in income and expensing out costs.

When we send funds to Mr. Joseph Arvay, our litigator at the Vancouver firm Farris, Vaughan, Wills & Murphy LLP, he puts them in a trust account. From an accounting point of view on our end, we show that amount of income received and then as a deposit in the bank. But there is another step and that is that our income also has to show what it was used for (pay off a liability or pay an expense etc). Since that money is in trust, it means we have yet to receive a bill for it. Until we do, I have to show the next step somewhere so the account to hold it is "deferred contributions." This shows exactly the picture of where those donations were on April 30, 2015. Otherwise, all the books would show is that amount of donations was deposited in the bank.

The main thing to notice is the figure \$248,377.12 on the Balance Sheet. This is the total amount of contributions that *carry over* from last year to this year and which will be used to pay Mr. Arvay and Stern Cohen. If we were a for-profit business and had this much income left after expenses, it would be net profit and show as Retained Earnings in the Equity section on the Balance Sheet. However this money is "spoken for" –since we still "have it" it (not yet actually used on a direct bill), it is an asset and since we still "owe it" it is also a liability. The reason the deferred figure is large is that the next installment was due the next day but the amount to pay it is included in the records for the year prior (since that is when we received it).

I wanted to re-work the way this information in a way that might be more understandable. I found it impossible to do in words so made these boxes to try and show how these figures apply. I hope this is helpful, please contact me if you have a question.

Nobledreamer 16 at gmail dot com (sorry but don't want extra spam-this is publicly posted)

DONATIONS/INCOME			
Donations	less	deferred	pay current expenses
419,649.54	-	242,147.90	= 177,401.64
		(243,377.12-1229.22)	
Deferred contribution less amt transferred from PayPal			

ARVAY PORTION OF YOUR DONATIONS			
Donations	less	Invoice	= cash in trust
300,000	-	169,066.50	= 130,933.50

BUTERA DONATED BY PRIVATE INDIVIDUALS			
Donations		Invoice	Cash in trust
6047.51	-	(4833.31)	= 1214.20
		(5302.25-745.26)	
CAD amt invoice less exchange			

DONATIONS IN-KIND			
Gwendolyn Brock			8300.00
Stephen Kish	4,907.10		
	274.69		
“	222.43		5404.22
Unnamed			208.37
TOTAL DONATIONS IN KIND			<u>13,912.59</u>

INCOME	
All Income to be cleared by expenses as of 30 APRIL 2015	
Your donations (after deferred amount)	177,401.64
Foreign Exchange Gain	2,020.59
Private donors-Butera	6,047.51
Donations in kind	<u>13,912.59</u>
Total Income to pay Expenses	199,382.33
EXPENSES	
Paid by Your Donations	
Bank Service Charges	664.16
Accounting Fees	5,000.00
Legal Fees- Mr.Arvey	169,066.50
Paypal Fees	<u>5,905.77</u>
	180,636.43
PAID BY PRIVATE DONORS	
Specific Fund	
Legal Fees – Mr. Butera	4,833.31
PAID BY DONATIONS IN KIND	
Advertising	
Web Design	8300.00
Google & FB Ads	4907.10
Business Reg	274.69
FedEx/Canada Post	222.43
Postage	208.37
	<u>13,912.59</u>
TOTAL EXPENSES PAID BY INCOME	199,382.33

The next page has some other information concerning donations that you might find interesting.

TOTAL DONORS:	622
TOTAL NUMBER OF DONATIONS	1,438
MEDIAN:	\$145.35
RANGE:	\$10.00 - \$10,000.00

DIRECT DONATIONS	52% (of amount) (Cash, Cheque, Money Order, etc)
PAYPAL DONATIONS	46%
WIRE/ ETRANSFER	2%

BREAKDOWN OF DONORS (NOT AMOUNTS) BY AREA/COUNTRY:

<u>ASIA - 8</u>	
HONG KONG	2
JAPAN	2
MALAYSIA	1
SINGAPORE	1
SOUTH KOREA	1
THAILAND	1

<u>COMMONWEALTH/USA - 526</u>	
ANTIGUILLA	1
AUSTRALIA	13
CANADA	459
NEW ZEALAND	3
UK	24

<u>EUROPE - 33</u>	
AUSTRIA	2
BELGIUM	3
CZECHOSLOVAKIA	1
DENMARK	1
FRANCE	6
GERMANY	5
ITALY	1
NETHERLANDS	2
SLOVAKIA	1
SWEDEN	1
SWITZERLAND	9
VATICAN CITY	1

<u>UNKNOWN - 55</u>
