

Finance Committee Report Audited Financial Statements – YE 12/31/2019

David Cates, Committee Chair

February 26, 2020

PURPOSE

To provide the executive committee and board with the draft audited results of CNA for the year ended December 31, 2019 and to seek executive committee recommendation and board approval of the financial statements.

CONTEXT/RATIONALE

The committee met via teleconference on February 4, 2020 to review and discuss the draft audited financial statements for the year ended December 31, 2019, as presented by Welch LLP (“Welch”). All committee members were in attendance except for S. Fox. Also, in attendance were representatives from Management and Welch.

M. Irwin and B. McMaster from Welch addressed the committee and indicated that Welch had completed its audit of the financial statements (subject to receipt of a few outstanding confirmations), held discussions with Management, and had no additional comments with respect to the presentation of the financial statements.

The report did not identify any matters that raised any concerns in the financial results.

The committee received the report of the Auditor and unanimously agreed to recommend approval by the executive committee and board of the draft audited financial statements of the CNA, for the year ended December 31, 2019.

MOTIONS

Resolved that the draft audited financial statements of the Canadian Nuclear Association for the year ended December 31, 2019 be approved by the CNA Board of Directors.

APPENDICES

- Appendix 1 – Draft Audited Financial Statements as at December 31, 2019
- Appendix 2 – Report to Finance Committee



FINANCIAL STATEMENTS

For

CANADIAN NUCLEAR ASSOCIATION

For year ended

DECEMBER 31, 2019

DRAFT
For Discussion Purposes Only

INDEPENDENT AUDITOR'S REPORT

To the members of

CANADIAN NUCLEAR ASSOCIATION

Opinion

We have audited the financial statements of Canadian Nuclear Association (the Association), which comprise the statement of financial position as at December 31, 2019, and the statements of changes in net assets, operations 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 Association as at December 31, 2019 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 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.

In preparing the financial statements, management is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

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.

Auditor's Responsibilities for the Audit of the Financial Statements - Cont'd.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 Association'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 Association'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 Association 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.

Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Ontario
Date to be determined.

CANADIAN NUCLEAR ASSOCIATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 1,150,188	\$ 923,288
Short-term investments (note 4)	2,010,798	1,970,349
Accounts receivable (note 5)	2,462,843	3,146,220
Prepaid expense	<u>73,308</u>	<u>41,397</u>
	5,697,137	6,081,254
PROPERTY AND EQUIPMENT (note 6)	<u>32,422</u>	<u>23,872</u>
	<u>\$ 5,729,559</u>	<u>\$ 6,105,126</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 276,171	\$ 145,159
Government remittances payable	202,114	304,342
Canadian Nuclear Workers' Council program (note 7)	8,644	1,583
Deferred revenue (note 8)	<u>2,833,405</u>	<u>3,117,298</u>
	<u>3,320,334</u>	<u>3,568,382</u>
NET ASSETS		
Invested in property and equipment - internally restricted	32,422	23,872
Unrestricted	<u>2,376,803</u>	<u>2,512,872</u>
	<u>2,409,225</u>	<u>2,536,744</u>
	<u>\$ 5,729,559</u>	<u>\$ 6,105,126</u>

Approved by the Board:

..... Director

..... Director

(See accompanying notes)

CANADIAN NUCLEAR ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>			<u>2018</u>
	<u>Invested in property and equipment - internally restricted</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 23,872	\$ 2,512,872	\$ 2,536,744	\$ 2,305,402
Net revenue (expense)	-	(127,519)	(127,519)	231,342
Amortization	(5,967)	5,967	-	-
Purchase of property and equipment	14,517	(14,517)	-	-
Balance, end of year	<u>\$ 32,422</u>	<u>\$ 2,376,803</u>	<u>\$ 2,409,225</u>	<u>\$ 2,536,744</u>

(See accompanying notes)

CANADIAN NUCLEAR ASSOCIATION

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
Revenue		
Membership fees	\$ 2,086,250	\$ 2,170,208
Conference, net (note 9)	596,523	577,922
Ontario's Nuclear Advantage (note 8)	230,990	196,399
SMR Project (note 8)	38,761	437,598
Investment	52,324	35,959
Other income	<u>24,153</u>	<u>24,153</u>
	<u>3,004,848</u>	<u>3,442,239</u>
Expenses		
Corporate services:		
Salaries	1,142,448	1,005,608
Consulting	160,191	69,857
Employee benefits	122,212	90,177
Rent and storage	104,298	110,556
Insurance	9,408	9,243
Professional fees	88,002	94,137
Office	105,285	84,219
Travel and accommodation	130,791	109,104
Board meetings	83,812	15,185
Telecommunications	46,717	56,082
Translation services	7,416	4,126
Amortization	<u>5,967</u>	<u>6,911</u>
	<u>2,006,547</u>	<u>1,655,205</u>
Program:		
Ontario's Nuclear Advantage (note 8)	230,990	196,399
SMR Project (note 8)	38,761	437,598
Policy and research - per schedule A	260,940	203,680
Communications - per schedule B	177,696	365,145
Advertising	66,285	35,132
Regulatory issues - travel and general	153,091	136,377
Government relations	167,407	141,167
Awards	<u>30,650</u>	<u>40,194</u>
	<u>1,125,820</u>	<u>1,555,692</u>
Total expenses	<u>3,132,367</u>	<u>3,210,897</u>
Net revenue (expense)	<u>\$ (127,519)</u>	<u>\$ 231,342</u>

(See accompanying notes)

CANADIAN NUCLEAR ASSOCIATION

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM (USED IN):		
OPERATING ACTIVITIES		
Net revenue (expense)	\$ (127,519)	\$ 231,342
Adjustment for:		
Amortization	<u>5,967</u>	<u>6,911</u>
	(121,552)	238,253
Changes in level of:		
Accounts receivable	683,377	(429,067)
Prepaid expenses	(31,911)	(9,478)
Accounts payable and accrued liabilities	131,012	96,845
Government remittances payable	(102,228)	65,234
Canadian Nuclear Workers' Council program	7,061	1,139
Deferred revenue	<u>(283,893)</u>	<u>267,125</u>
	<u>281,866</u>	<u>230,051</u>
INVESTING ACTIVITIES		
Proceeds on sale of investments	2,367,182	1,454,222
Purchase of investments	(2,407,631)	(1,485,823)
Purchase of property and equipment	<u>(14,517)</u>	<u>(5,374)</u>
	<u>(54,966)</u>	<u>(36,975)</u>
INCREASE IN CASH	226,900	193,076
CASH, BEGINNING OF YEAR	<u>923,288</u>	<u>730,212</u>
CASH, END OF YEAR	<u>\$ 1,150,188</u>	<u>\$ 923,288</u>

(See accompanying notes)

**CANADIAN NUCLEAR ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

1. ORGANIZATION

The Canadian Nuclear Association (the "Association") is a voluntary group which promotes the peaceful uses of nuclear energy and technology. The Association is comprised of approximately 95 corporate members with high-tech and research companies dominating the membership list. The Association was incorporated under Part II of the Canada Corporations Act in 1960 and was continued under section 211 of the Canada not-for-profit Corporations Act in 2014. The Association is registered as a not-for-profit corporation under the Income Tax Act (Canada).

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Financial instruments

Measurement of financial instruments

The Association initially measures all of its financial assets and financial liabilities at fair value and with the exception of cash and short term investments, subsequently remeasures them at cost or amortized cost at the financial statement date.

Transaction costs

Transaction costs associated with the acquisition of investments are capitalized. Disposal costs reduce the proceeds of disposal.

Property and equipment

Property and equipment are stated at acquisition cost.

Amortization is provided on the bases and at the annual rates indicated below:

Furniture and office equipment	- 10% declining balance
Computer equipment	- 30%, 45% and 55% declining balance

Additions in the year are amortized at one-half of the annual rates.

Revenue recognition

Membership fees are included in revenue in the year to which they relate. Conference and seminar revenues are recorded in the year the events occur. Interest is recorded on the accrual basis as it is earned.

Contributions for programs are recorded as revenue in accordance with the deferral method of accounting and as such are recognized as revenue in the year in which the related expenses are incurred.

Use of estimates

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Areas of significant estimates include the estimated useful life of the Association's property and equipment, the net realizable value of accounts receivable and the amount of accrued liabilities.

CANADIAN NUCLEAR ASSOCIATION
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2019

3. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposure and concentrations at December 31, 2019.

The Association does not use derivative financial instruments to manage its risks.

Credit risk

The Association is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Association's maximum exposure to credit risk represents the sum of the carrying value of its cash, short-term investments and its accounts receivable. The Association's cash and short-term investments are deposited with a Canadian chartered bank and as a result management believes the risk of loss on these items to be remote. The Association manages its credit risk on its accounts receivable by reviewing aging reports monthly and following up on outstanding amounts. Management believes that all accounts receivables at year-end will be collected and has not deemed it necessary to establish an allowance for doubtful accounts.

Liquidity risk

Liquidity risk is the risk that the Association cannot meet a demand for cash or fund its obligations as they become due. The Association meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flow from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

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 is comprised of currency risk, interest rate risk and other price risk.

i) *Currency risk*

Currency risk refers to the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

The Association's financial instruments are all denominated in Canadian dollars and it transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

ii) *Interest rate risk*

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The Association invests primarily in guaranteed investment certificates and money market funds. Consequently, the Association's exposure to interest rate risk is minimal.

iii) *Other price risk*

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

The Association is not exposed to other price risk.

Changes in risk

There have been no significant changes in the Association's risk exposures from the prior year.

CANADIAN NUCLEAR ASSOCIATION
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2019

4. SHORT-TERM INVESTMENTS

	2019			2018		
	<u>Cost</u>	<u>Accrued interest</u>	<u>Market value</u>	<u>Cost</u>	<u>Accrued interest</u>	<u>Market value</u>
Guaranteed investment certificates	\$ 1,506,435	\$ 20,640	\$ 1,527,075	\$ 1,473,182	\$ 18,141	\$ 1,491,323
Money market funds	<u>483,723</u>	<u>-</u>	<u>483,723</u>	<u>479,026</u>	<u>-</u>	<u>479,026</u>
	<u>\$ 1,990,158</u>	<u>\$ 20,640</u>	<u>\$ 2,010,798</u>	<u>\$ 1,952,208</u>	<u>\$ 18,141</u>	<u>\$ 1,970,349</u>

Short-term investments have effective interest rates ranging from 1.90% to 2.66%.

5. ACCOUNTS RECEIVABLE

Accounts receivable are comprised of the following:

	<u>2019</u>	<u>2018</u>
Membership fees - future year	\$ 2,222,625	\$ 2,219,557
Membership fees - current year	8,070	30,449
Ontario's Nuclear Advantage - current year	-	62,150
Ontario's Nuclear Advantage - future year	115,260	-
SMR Roadmap Project - current year	-	491,609
Sponsorships and registrations		
- Conference and Trade Show for future year	98,558	312,234
Others	<u>18,330</u>	<u>30,221</u>
	<u>\$ 2,462,843</u>	<u>\$ 3,146,220</u>

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2019		2018	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Furniture and office equipment	\$ 91,378	\$ 78,198	\$ 90,418	\$ 76,041
Computer equipment	<u>275,048</u>	<u>255,806</u>	<u>261,491</u>	<u>251,996</u>
	366,426	\$ 334,004	351,909	\$ 328,037
Less accumulated amortization	<u>(334,004)</u>		<u>(328,037)</u>	
Net book value	<u>\$ 32,422</u>		<u>\$ 23,872</u>	

CANADIAN NUCLEAR ASSOCIATION
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2019

7. CANADIAN NUCLEAR WORKERS' COUNCIL PROGRAM

The Association administers a program on behalf of the Canadian Nuclear Workers' Council. The balance payable represents receipts in excess of disbursements with respect to program activities.

8. DEFERRED REVENUE

Deferred revenue represents next year's membership fees and sponsorships and registrations to the Annual Conference and Trade Show taking place subsequent to the year end, as well as unspent amounts related to the Ontario's Nuclear Advantage program. The make-up of the balance at year end is as follows:

	<u>2019</u>	<u>2018</u>
Deferred memberships	\$ 2,055,000	\$ 2,097,500
Deferred conference	588,240	697,558
Deferred SMR	-	251,260
Deferred Ontario's Nuclear Advantage	186,848	66,839
Deferred other	<u>3,317</u>	<u>4,141</u>
	<u>\$ 2,833,405</u>	<u>\$ 3,117,298</u>

9. NET REVENUE - CONFERENCE

	<u>2019</u>	<u>2018</u>
Revenue	\$ 1,168,613	\$ 1,140,660
Expenses	<u>572,090</u>	<u>562,738</u>
Net revenue	<u>\$ 596,523</u>	<u>\$ 577,922</u>

10. COMMITMENTS

The Association has an agreement to lease its office premises. The lease expires June 30, 2021. The future minimum payments under the agreement are as follows:

2020	\$ 62,953
2021	31,476

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified in order to conform to the presentation adopted for the current year.

CANADIAN NUCLEAR ASSOCIATION
SUMMARY OF POLICY AND RESEARCH PROGRAM EXPENSES
YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
Consultants	\$ 160,240	\$ 79,869
Publications	25	285
Sponsorship	10,510	2,111
Media clips	-	8,500
Polling	-	27,844
Other	<u>90,165</u>	<u>85,071</u>
	<u>\$ 260,940</u>	<u>\$ 203,680</u>

CANADIAN NUCLEAR ASSOCIATION
SUMMARY OF COMMUNICATIONS PROGRAM EXPENSES
YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
Communication and marketing tools	\$ 125,237	\$ 301,280
Media relations	28,788	21,053
Website	12,261	27,406
Research and materials	<u>11,410</u>	<u>15,406</u>
	<u>\$ 177,696</u>	<u>\$ 365,145</u>

REPORT TO THE FINANCE COMMITTEE

OF

CANADIAN NUCLEAR ASSOCIATION

For the year ended December 31, 2019

Prepared by:
Mathew Irwin, CPA, CA
Partner
January 31, 2020

AUDIT STATUS

Our audit of the financial statements of Canadian Nuclear Association ("the Association") for the year ended December 31, 2019 is substantially complete and we expect to release our auditor's report after the following outstanding matters are completed:

- Receipt of revenue and accounts receivable confirmations;
- Receipt of the signed management letter of representation;
- Response from legal counsel to our legal enquiry letter;
- Board approval of the draft financial statements; and
- Final subsequent review up to date of approval of the financial statements.

If any significant matters arise between the date of this report and the signing of our audit report we will raise them with you. The following paragraphs provide information we are required to communicate with you in accordance with Canadian generally accepted auditing standards.

QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES AND FINANCIAL REPORTING

Our audit includes consideration of the qualitative aspects of the financial reporting process, including matters that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided in the financial statements.

There are no matters with respect to the qualitative aspects of accounting practices that we wish to draw to your attention in relation to the financial statements for the 2019 fiscal year.

MANAGEMENT LETTER OF REPRESENTATION

It is necessary for us to obtain written representations from management as an acknowledgement of their responsibility for the fair presentation of the financial statements and as audit evidence on matters material to the financial statements. We have provided a draft of the letter of representation in Appendix A. The President and Chief Executive Officer has committed to provide us with a signed copy of the letter on a date to coincide with the date of our auditor's report.

MISSTATEMENTS

As a result of the very short period between the Association's year-end and requirement of draft audited financial statements, we worked closely with management and the bookkeeper to finalize the Association's internal financial statements. As a result, we were also required to post a few adjusting entries as information became available. Please refer to Appendix B for a copy of these entries. We have discussed all entries with management and they are in agreement with posting them into their accounting records.

SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL

During our audit we did not identify any significant deficiencies in internal control to report to the Finance Committee.

INDEPENDENCE

Canadian generally accepted auditing standards require that we communicate at least annually with you regarding all relationships between Canadian Nuclear Association and us that, in our professional judgment, may reasonably be thought to bear on our independence.

No matters have been identified that would reasonably be thought to bear on our independence. As a result, we confirm that we are independent.

FINANCIAL STATEMENT PRESENTATION

1. Significant Accounting Policies

The organization's significant accounting policies are disclosed in the notes to the financial statements.

During the year there were no new accounting policies or changes to existing accounting policies.

2. Management's Judgments and Accounting Estimates

During the audit we did not encounter any situations that required significant judgements on the part of management or involved significant estimates.

DIFFICULTIES ENCOUNTERED DURING THE AUDIT

During the course of our audit we received the full co-operation of management and did not encounter any difficulties during our audit. There were no limitations on the scope of our audit work and we did not have any disagreements with management.

MATTERS SPECIFICALLY REQUIRED BY OTHER CANADIAN AUDITING STANDARDS TO BE COMMUNICATED

Other sections of Canadian Auditing Standards require us to communicate with those charged with governance in a number of specific circumstances:

- Where we encounter unusual related party transactions or significant matters related to related party transactions;
- Where we encounter other transactions that were unusual or not in the normal course of business;
- Where we suspect or detect a material fraud;
- Where there is inconsistency between the financial statements and other information in documents containing the financial statements; and
- Where we believe there may be non-compliance with legislative or regulatory requirements.

We did not encounter any such matters during the course of our audit.

ACKNOWLEDGEMENTS

During the course of our audit, we received considerable assistance from the organization's staff and management. We would like to take this opportunity to thank them for their efforts and for their constructive approach to the audit.

CANADIAN NUCLEAR ASSOCIATION

130 Albert Street, Suite 1610

Ottawa, Ontario

K1P 5G4

Date to be determined

Welch LLP
123 Slater Street
3rd Floor
Ottawa, ON
K1P 5H2

To whom it may concern:

We are providing this letter in connection with your audit of the financial statements of Canadian Nuclear Association for the year ended December 31, 2019, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

We acknowledge that your examination was planned and conducted in accordance with Canadian generally accepted auditing standards so as to enable you to express an opinion on the financial statements. We understand that while your work includes an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, it is not designed to identify, nor can it necessarily be expected to disclose, fraud, shortages, errors and other irregularities, should any exist.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated November 5, 2019, for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations.
2. The significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

Information Provided

1. We have provided you with:
 - (a) Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - (b) Additional information that you have requested from us for the purpose of the audit; and
 - (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. We have assessed this risk as low.
4. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - (a) Management;
 - (b) Employees who have significant roles in internal control; or
 - (c) Others where the fraud could have a material effect on the financial statements.
5. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
6. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
7. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Accounts Receivable

1. Accounts receivable represent valid claims relating to transactions made before the end of the fiscal year and do not include any amount relating to goods shipped on consignment. Adequate provision has been made for losses which may be sustained in the collection of receivables.
2. Pledges receivable were evaluated on a basis consistent with that of the previous year to the best of our knowledge and experience and according to the amount of pledges likely to materialize.

Short-term Investments

1. All investments that are owned by the organization are recorded in the accounts.
2. The organization has good title to all investments recorded in the accounts and these investments are free from hypothecation.
3. These investments were measured at their fair market value as at December 31, 2019.
4. All income earned on the investments for the year has been recorded in the accounts.

Property and Equipment

1. All charges to property and equipment accounts during the year represent actual additions to and no expenditures of a capital nature were charged to the operations of the organization during the year.
2. All property and equipment sold or dismantled have been properly accounted for in the books of the organization.
3. Appropriate rates have been used to amortize the assets over their estimated useful lives and the provisions were calculated on a basis consistent with that of the previous period.
4. The organization has good title to the properties represented by the balance carried in the capital asset accounts, and there are no liens, mortgages or other charges against any of the property and equipment shown on the books of the organization.
5. Where the value of any property and equipment has been impaired, this fact has been disclosed to you.

Liabilities and Commitments

1. At the year end, with the exception of relatively immaterial obligations for which invoices had not been received or which otherwise could not readily be determined or estimated, all known liabilities of the organization are included and fairly stated on the balance sheet.
2. At the year-end there were no contingent liabilities (e.g., discounted receivables or drafts, guarantees, pending or unsettled suits, matters in dispute).
3. The organization has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
4. At the year-end, the organization had no unusual commitments or contractual obligations of any sort that were not in the ordinary course of business or that might have an adverse effect upon the organization.
5. All claims outstanding against the organization or possible claims have been disclosed to you and, where appropriate, reflected in the financial statements or notes thereto.
6. We understand that any illegal or possibly illegal act could damage the organization or its reputation or give rise to a claim or claims against the organization. We are not aware of any violations or possible violations of law or regulations the effects of which should be considered for disclosure in the financial statements or as the basis for recording a contingent loss.

Statement of Operations

1. All of the revenues of the organization for the year has been recorded in the books of account and disclosed in the financial statements.
2. The statement of operations contains no extraordinary or non-recurring items of material amount except as shown thereon.

Corporate Minutes

The minute books of the organization contain an accurate record of all of the business transacted at meetings of directors and committees of directors up to the date of this letter.

Recognition, Measurement and Disclosure

1. Significant assumptions used in arriving at the fair values of financial instruments as measured and disclosed in the financial statements are reasonable and appropriate in the circumstances.
2. The organization has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
3. The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.

Other Information

Other information consists of financial or non-financial information (other than financial statements and the auditor's report thereon) included in an entity's annual report. An annual report is a document, or combination of documents, prepared typically on an annual basis by management or those charged with governance in accordance with law, regulation or custom, the purpose of which is to provide owners or stakeholders with information on the Company's operations and the Company's financial results and financial position as set out in the financial statements.

- We have informed you of all the documents that we expect to issue that may comprise "other information".

General

1. We are unaware of any material instances of frauds or possible frauds having been committed by the Company, its employees or any of its directors and officers and we have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
2. We have no knowledge of any allegations of fraud or suspected fraud which would materially affect the entity's financial statements.
3. We acknowledge that we are responsible for the implementation and operation of internal controls that are designed to prevent and detect fraud and error.
4. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements.
5. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.
6. In the course of your audit of our financial statements for the year ended December 31, 2019, you have recommended certain journal entries and adjustments to our books and records as attached to this letter. We hereby acknowledge that we understand, agree with and approve of the attached journal entries which have been considered necessary to present fairly the financial position and operating results of our organization.

Events Subsequent to the Year-end

No facts have been discovered which necessitate material adjustment to the year-end figures or disclosure in the notes to the financial statements.

Yours very truly,

CANADIAN NUCLEAR ASSOCIATION

Per _____
John Gorman, President and CEO

Canadian Nuclear Association

Period ending: December 31, 2019

Summary of unadjusted errors

Rev. 2019-01

Materiality (Sch. 504):

Preliminary overall materiality is \$108,000; Final overall materiality is \$108,000.

All misstatements over \$5,400 are to be recorded on this summary. Misstatements below this threshold are considered trivial. The tax rate used in this schedule is nil%.

Description of Possible Misstatement	WP Ref.	INCOME STATEMENT Overstated or (Understated)			BALANCE SHEET Overstated or (Understated)			F/S Disclosures	Corrected?
		Identified Mis-statement	Likely Aggregate Mis-statement	Likely Aggregate Mis-statement After Tax	Assets	Liabilities	Closing Equity		
Lease inducement (2 months free rent in 2015) received through renegotiations and were applied to reduce expenses fully in that year (rather than amortized over life of lease).	PL4.1					(4,956)	4,956		No
Expenses related to 2019F that were recorded in 2020F.	BBSUB	15,184	15,184	15,184		(15,184)	15,184		No
Total			15,184	15,184		(20,140)	20,140		
Effect of Unadjusted Errors From Prior Years			4,956	4,956					
Aggregate Likely Misstatements			20,140	20,140		(20,140)	20,140		
Further Possible Misstatements									
Maximum Possible Misstatements			20,140	20,140		(20,140)	20,140		
Corrected Misstatements									
Uncorrected Misstatements			20,140	20,140		(20,140)	20,140		
Materiality			108,000	108,000	108,000	108,000	108,000	108,000	
Margin Remaining For Further Possible Misstatements			87,860	87,860	108,000	87,860	87,860	108,000	

Prepared by	Reviewed by	Reviewed by	Reviewed by
AEP 2020-01-23	BM 2020-01-24		

Document is up to date

Canadian Nuclear Association

Year End: December 31, 2019

Adjusting journal entries

Date: 2019-01-01 To 2019-12-31

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
1	2019-12-31	Investment 57773 - MV adjustment	1157			2,498.69			
1	2019-12-31	Investment Income	4170				2,498.69		
		To adjust investments to market value at year-end.			B1				Factual
2	2019-12-31	A/R - Membership	1220				11,300.00		
2	2019-12-31	Def. Revenue - Membership Revenue	2250			10,000.00			
2	2019-12-31	HST Charged on Sales	2325			1,300.00			
		To record the cancelled invoice for Laker Energy Products (PBC Entry)			PL1 . 1				Factual
3	2019-12-31	Payroll Liabilities	2200				7,313.06		
3	2019-12-31	Salaries Expense	5005			7,313.06			
		To record accrued payroll for December 30 & 31, 2019.			BB2				Factual
4	2019-12-31	Salaries Expense	5005			11,865.48			
4	2019-12-31	LTEP-Pickering 2024	7100				11,865.48		
		To allocate CNA's share of Taylor McKenna's salary (PBC entry)			PL3 . 2				
5	2019-12-31	Deferred Revenue - LTEP	2281				11,865.48		
5	2019-12-31	LTEP-Pickering 2024 Income	4200			11,865.48			
		To adjust ONA/Ontario Nuclear Advantage deferred revenue to actual (PBC entry)			PL3 . 2				
						44,842.71	44,842.71		
Net Income (Loss)			-127,515.66						

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AEP 2020-01-23	BM 2020-01-24		