

ATLANTIC EDUCATION INTERNATIONAL INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

ATLANTIC EDUCATION INTERNATIONAL INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
CONTENTS

	<u>Page</u>
Auditors' Report	1
Statement of Financial Position	2
Statement of Changes in Net Assets	3
Statement of Operations	4
Statement of Cash Flows	5
Notes to Financial Statements	6-7

Suite 102
Priestman Centre
565 Priestman Street
Fredericton
New Brunswick
E3B 5X8

Tel (506) 458-8727
Fax (506) 450-3777
E-mail tsdfr@teedsaundersdoyle.com

**TEED
SAUNDERS
DOYLE & CO.**
Chartered Accountants

An Independent Member of
DFK Canada Inc. and DFK International

AUDITORS' REPORT

To the Directors of Atlantic Education International Inc.

We have audited the statement of financial position of Atlantic Education International Inc. as at December 31, 2007 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2007 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

June 11, 2008
Fredericton, NB

Teed Saunders Doyle & Co.

CHARTERED ACCOUNTANTS

Fredericton Partners

Brian J. Saunders Ralph D. Gorman
David H. Bradley John H. Landry
T.J. Smith



Saint John Partners

John H. Teed Andrew P. Logan
Peter L. Logan

ATLANTIC EDUCATION INTERNATIONAL INC.

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2007

	<u>2007</u>	<u>2006</u>
ASSETS		
Current Assets		
Cash	\$ 41,131	\$ 48,277
Accounts receivable	1,242,168	970,762
Due from AKD International Inc.	<u>-</u>	<u>30,541</u>
	<u>\$ 1,283,299</u>	<u>\$ 1,049,580</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 335,316	\$ 408,464
Deferred revenue	561,229	376,215
Due to AKD International Inc. (note 3)	<u>93,594</u>	<u>-</u>
	<u>990,139</u>	<u>784,679</u>
Long Term Debt		
Loan payable (note 4)	<u>30,000</u>	<u>30,000</u>
NET ASSETS		
Capital Stock (note 5)	3	3
Unrestricted Net Assets	<u>263,157</u>	<u>234,898</u>
	<u>263,160</u>	<u>234,901</u>
	<u>\$ 1,283,299</u>	<u>\$ 1,049,580</u>

Approved By The Board:



ATLANTIC EDUCATION INTERNATIONAL INC.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>2007</u>	<u>2006</u>
Net Assets At Beginning Of Year	\$ 234,898	\$ 308,943
Excess (Deficiency) Of Receipts Over Disbursements For The Year	<u>28,259</u>	<u>(74,045)</u>
Net Assets At End Of Year	<u>\$ 263,157</u>	<u>\$ 234,898</u>

ATLANTIC EDUCATION INTERNATIONAL INC.

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>2007</u>	<u>2006</u>
Receipts	\$ <u>540,105</u>	\$ <u>367,734</u>
Disbursements		
Administration	247,646	214,052
Education costs		
Enhanced program	-	30,714
Summer and winter camps	73,620	80,928
Other	13,817	12,475
Travel	<u>176,763</u>	<u>103,610</u>
	<u>511,846</u>	<u>441,779</u>
Excess (Deficiency) Of Receipts Over Disbursements For The Year	\$ <u><u>28,259</u></u>	\$ <u><u>(74,045)</u></u>

ATLANTIC EDUCATION INTERNATIONAL INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>2007</u>	<u>2006</u>
Cash Provided By (Required For):		
Operating Activities		
Excess (deficiency) of receipts over disbursements for the year	\$ 28,259	\$ (74,045)
Changes in non-cash operating working capital		
Accounts receivable	(271,406)	(79,062)
Accounts payable and accrued liabilities	(73,148)	(59,681)
Deferred revenue	185,014	(3,225)
Due to/from AKD International Inc.	<u>124,135</u>	<u>(253,085)</u>
Decrease In Cash During The Year	(7,146)	(469,098)
Cash Position At Beginning Of Year	<u>48,277</u>	<u>517,375</u>
Cash Position At End Of Year	<u>\$ 41,131</u>	<u>\$ 48,277</u>

ATLANTIC EDUCATION INTERNATIONAL INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

1. Nature Of Operations

Atlantic Education International Inc. implements various educational initiatives in partnership with the New Brunswick Department of Education and AKD International Inc. The company is a crown corporation owned by the Province of New Brunswick and is therefore exempt from income tax.

2. Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the recorded amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual amounts could differ from those estimates.

Financial Instruments

The carrying values of cash, accounts receivable and accounts payable and other liabilities approximate fair values due to the short-term maturity of these instruments. It is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from financial instruments.

Revenue

Revenue from tuition and course fees is recognized on the basis of instruction completed in relation to the start and end dates of the programs.

3. Due To (From) AKD International Inc.

	<u>2007</u>	<u>2006</u>
Receipts	\$ <u>1,195,139</u>	\$ <u>1,204,553</u>
Disbursements		
Accommodations	430,346	267,623
Education costs		
Post-secondary program	2,765	434,248
Enhanced program	471,075	563,505
Summer and winter camps	5,079	22,314
Travel	21,276	15,589
Recruitment	25,272	22,583
Contracts	80,000	80,000
Other	<u>35,191</u>	<u>51,780</u>
	<u>1,071,004</u>	<u>1,457,642</u>
Excess (Deficiency) Of Receipts Over Disbursements For The Year	124,135	(253,089)
Balance At Beginning Of Year	<u>(30,541)</u>	<u>222,548</u>
Balance At End Of Year	\$ <u><u>93,594</u></u>	\$ <u><u>(30,541)</u></u>

ATLANTIC EDUCATION INTERNATIONAL INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

4. Loan Payable

The Department of Advanced Education and Labour contributed an initial amount of \$30,000 to assist in the cash flow of the corporation. This contribution is repayable when the cash flow of the corporation allows. There are no interest, security or specific terms of repayment.

5. Capital Stock

	<u>2007</u>	<u>2006</u>
Authorized		
An unlimited number of common shares without nominal or par value		
Issued		
1 common share	\$ <u> 3</u>	\$ <u> 3</u>

6. Transactions With AKD International Inc.

Receipts during the year for general operations from AKD International Inc. amounted to \$358,955 (2006 - \$250,360).

Receipts during the year for programs administered in partnership with AKD International Inc. amounted to \$1,195,139 (2006 - \$1,204,553).

Accounts receivable includes \$1,233,668 (2006 - \$970,762) owing from AKD International Inc. at year-end.