

NOVA SCOTIA NEW DEMOCRATIC PARTY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

INDEPENDENT AUDITORS' REPORT

**To the Official Agent and Members of the
Nova Scotia New Democratic Party:**

We have audited the accompanying financial statements of the Nova Scotia New Democratic Party, which comprise the balance sheet as at December 31, 2014 and the statement of members' equity (deficiency), statement of operations and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Nova Scotia New Democratic Party derives revenue from political contributions and fund raising activities the completeness of which are not susceptible to satisfactory audit verification. Our verification of these revenues was limited to amounts recorded in the accounting record of the Party. Consequently we were unable to determine whether any

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adjustments to revenue, excess of receipts over expenses, assets and members' equity were necessary.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Nova Scotia New Democratic Party as at December 31, 2014 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.

Report on Other Legal and Regulatory Requirements

We have audited the Nova Scotia New Democratic Party's compliance with the *Nova Scotia Elections Act*. The Party's management is responsible for these financial statements and for complying with the criteria of the *Act*. Our responsibility is to express an opinion on this compliance.

In our opinion, the Nova Scotia New Democratic Party has complied in all material respects with the criteria of the *Nova Scotia Elections Act*.

Rector Colavecchia Roche


CHARTERED ACCOUNTANTS

April 27, 2015
Dartmouth, Nova Scotia

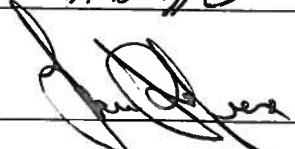
NOVA SCOTIA NEW DEMOCRATIC PARTY
BALANCE SHEET AS AT DECEMBER 31, 2014

	ASSETS	2014	2013
CURRENT ASSETS		\$	\$
Cash -			
Unrestricted Cash		45,792	-
Funds held on behalf of EDAs		5,915	-
Women in the Legislature Fund (note 3)		21,281	17,837
Accounts Receivable		8,334	886,332
HST Receivable		<u>82,768</u>	<u>82,768</u>
		164,090	986,937
FURNITURE AND EQUIPMENT- at cost, less accumulated amortization of \$39,795 (2013 - \$39,679)		466	583
LAND (note 4)		<u>1</u>	<u>1</u>
		<u><u>164,557</u></u>	<u><u>987,521</u></u>
	LIABILITIES		
CURRENT LIABILITIES			
Bank indebtedness (note 5)		69,336	994,539
Accounts payable and accrued liabilities		82,808	36,500
Deferred revenue		45,263	74,676
Funds held on behalf of EDAs		<u>5,915</u>	<u>-</u>
		<u>203,322</u>	<u>1,105,715</u>
	MEMBERS' EQUITY		
MEMBERS' EQUITY (DEFICIENCY)		(60,046)	(136,031)
WOMEN IN THE LEGISLATURE (note 3)		<u>21,281</u>	<u>17,837</u>
		<u>(38,765)</u>	<u>(118,194)</u>
		<u><u>164,557</u></u>	<u><u>987,521</u></u>

SIGNED ON BEHALF OF THE COUNCIL



Director



Director

NOVA SCOTIA NEW DEMOCRATIC PARTY

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014			2013
	Revenue \$	Expenses \$	Net \$	Net \$
CONTRIBUTIONS	281,775	13,289	268,486	387,912
FUNDRAISING EVENTS	-	-	-	6,663
OTHER REVENUE	126,673	-	126,673	321,346
PROVINCE OF NOVA SCOTIA (PUBLIC FUNDING)	<u>210,464</u>	<u>-</u>	<u>210,464</u>	<u>297,384</u>
	618,912	13,289	605,623	1,013,305
REVENUE TRANSFERRED TO CONSTITUENCIES AND CAMPAIGNS	<u>-</u>	<u>71,465</u>	<u>(71,465)</u>	<u>(198,467)</u>
REVENUE FROM OPERATIONS	<u>618,912</u>	<u>84,754</u>	<u>534,158</u>	<u>814,838</u>
GENERAL AND ADMINISTRATIVE EXPENSES				
Amortization			117	146
Bad debts (recovery)			108,464	-
Banking and finance costs			3,187	10,180
Council executive and committees			32,132	52,778
Interest on election financing			18,110	6,314
Office and occupancy			64,406	86,641
Pre-election expenses			-	340,942
Professional fees			11,331	14,013
Riding support			219	39,793
Salaries and benefits			<u>216,763</u>	<u>286,094</u>
			<u>454,729</u>	<u>836,901</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENSES FROM OPERATIONS			<u>79,429</u>	<u>(22,063)</u>
ELECTION EXPENSES			-	1,106,795
LESS: EXPENSES RECOVERED FROM CAMPAIGNS			<u>-</u>	<u>805,425</u>
NET ELECTION EXPENSES			<u>-</u>	<u>301,370</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENSES FOR THE YEAR			<u>79,429</u>	<u>(323,433)</u>

NOVA SCOTIA NEW DEMOCRATIC PARTY
 STATEMENT OF MEMBERS' EQUITY (DEFICIENCY)
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Women in The Legislature Fund \$	Unrestricted \$	Totals December 31, 2014 \$	Totals December 31, 2013 \$
BALANCE - BEGINNING OF YEAR	17,837	(136,031)	(118,194)	205,239
Excess (Deficiency) of receipts over expenses for the year	<u>3,444</u>	<u>75,985</u>	<u>79,429</u>	<u>(323,433)</u>
BALANCE - END OF YEAR	<u><u>21,281</u></u>	<u><u>(60,046)</u></u>	<u><u>(38,765)</u></u>	<u><u>(118,194)</u></u>

NOVA SCOTIA NEW DEMOCRATIC PARTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of receipts over expenses for the year	79,429	(323,433)
Adjustments to earnings not involving cash - Amortization	<u>117</u>	<u>146</u>
	79,546	(323,287)
Changes in non-cash working capital -		
Decrease (Increase) in accounts receivable	877,998	(869,863)
Increase in HST receivable	-	(82,767)
Increase (Decrease) in accounts payable	46,307	(74,085)
Increase (Decrease) in deferred revenue	(29,413)	1,320
Increase (Decrease) in funds held in trust	<u>5,915</u>	<u>(212,459)</u>
	980,353	(1,561,141)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (Decrease) in bank indebtedness	<u>(925,202)</u>	<u>994,539</u>
INCREASE (DECREASE) IN CASH DURING THE YEAR	55,151	(566,602)
CASH (Restricted and Unrestricted) - BEGINNING OF YEAR	<u>17,837</u>	<u>584,439</u>
CASH (Restricted and Unrestricted) - END OF YEAR	<u><u>72,988</u></u>	<u><u>17,837</u></u>
SUPPLEMENTARY INFORMATION:		
Cash - unrestricted	45,792	-
Cash - held on behalf of EDAs	5,915	-
Cash - Women in the Legislature Fund	<u>21,281</u>	<u>17,837</u>
	<u><u>72,988</u></u>	<u><u>17,837</u></u>

NOVA SCOTIA NEW DEMOCRATIC PARTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

The Nova Scotia New Democratic Party ("the Party") is a provincial political party in Nova Scotia and is exempt from income taxes.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Financial Instruments

The Party measures its financial assets and financial liabilities at fair value. The fair value of cash, accounts receivable, accounts payable and accrued liabilities as well as deferred revenue and funds held in trust is approximately equal to the carrying value due to their short-term maturity date.

Cash

The Party defines cash as the amount of cash on hand and cash on deposit net of cheques that are issued and outstanding at the end of the year.

Amortization

Furniture and equipment is amortized over its estimated useful life using the declining balance method at the annual rate of 20%.

Income Taxes

The Party is a not-for-profit organization and is therefore exempt from income taxes.

Revenue Recognition

Contributions are recognized as revenue when received. Revenue from fund-raising or other sources is recognized when received or when receivable if collection is reasonably assured. Election rebates are recognized as revenue in the year of the election expenditure, when the rebate amount can be determined and collection is reasonably assured.

The public service bodies' rebate is recognized as revenue in the year HST is paid or payable on eligible purchases and expenses.

Deferral Accounting

The Party follows the deferral method of accounting for public funding from the Province of Nova Scotia. Under the deferral method, revenue is recognized when expenses directly related to the revenue are incurred.

Fund Accounting

The Party follows fund accounting. The general operating fund reports the assets, liabilities, revenues and expenses related to the Party's services and administration. The Women in the Legislature Fund is internally restricted for expenditures to assist women as candidates in provincial elections.

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NOVA SCOTIA NEW DEMOCRATIC PARTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES . . . (continued)

Contributed Services

The Party would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

Statement of Cash Flows

The Party prepares the statement of cash flows on a net cash basis and reports cash flows from operating and financing activities using the indirect method.

Use of Estimates

The preparation of financial statements in accordance 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 and disclosure of contingent assets and liabilities as at December 31, 2014 and the reported amount of revenues and expenses for the year then ended. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

2. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The significant financial risks to which the Party is exposed are interest rate risk, credit risk and liquidity risk.

Fair Value

The Party's financial instruments include cash, accounts receivable, and amounts owing to suppliers, governments and employees. The fair values of these financial instruments approximate their carrying values due to their relative short term to maturity.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The party has access to a line of credit that charges 4.5% interest, thereby exposing the party to risks associated with fluctuations in interest rates.

Credit Risk

Financial instruments that potentially subject the company to credit risk consist of cash and accounts receivable. The party uses reputable institutions for cash and believes the risk of loss to be remote. The party estimates an allowance for doubtful accounts for accounts receivable. As at December 31, 2014 an allowance for doubtful accounts of \$nil (2013 - \$nil) for accounts receivable was recorded. The Party's trade accounts receivable are due from the electoral district associations.

Liquidity Risk

Liquidity risk is the risk that the Party will not be able to meet its obligations as they become due. The party's approach to managing liquidity risk is to ensure that it always has sufficient cash flows, cash on hand and credit facilities to meet its operating obligations.

NOVA SCOTIA NEW DEMOCRATIC PARTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

3. RESTRICTED CASH

The party has restricted the use of \$21,281 (2013 - \$17,837) to the activities of the Women in The Legislature Fund to provide assistance to women candidates in provincial elections.

4. LAND

In 1991, the Party received as a bequest a half-interest in a parcel of approximately seven acres of undeveloped land, the value of which is not known. As a title search has not been done, it is not known whether the Party has valuable title to the land. Accordingly the land is being reported at the nominal value of \$1.

5. BANK INDEBTEDNESS

The party has drawn \$69,337 (2013 - \$991,308) on a \$1,000,000 line of credit, which bears interest at 4.5%. The party has access to an additional \$100,000 line of credit which bears interest at 4%.

6. COMMITMENT

The minimum annual lease payment and common area costs under a long-term lease for office space is \$31,821.

7. CONTENT OF FINANCIAL STATEMENTS

These financial statements include only the assets, liabilities and operations of the Nova Scotia New Democratic Party and do not include the assets and liabilities of any electoral district association.