Elections Nova Scotia

THE PROGRESSIVE CONSERVATIVE ASSOCIATION OF NOVA SCOTIA

FINANCIAL STATEMENTS

DECEMBER 31, 2016

COLLINS BARROW

THE PROGRESSIVE CONSERVATIVE ASSOCIATION OF NOVA SCOTIA
INDEX
DECEMBER 31, 2016

COLLINS BARROW

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INDEPENDENT AUDITORS' REPORT

To the Members of:
The Progressive Conservative Association of Nova Scotia

Report on the Financial Statements

We have audited the accompanying financial statements of **The Progressive Conservative Association of Nova Scotia**, which comprise the statement of financial position as at December 31, 2016 and the statements of operations and surplus and 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 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 the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 auditors consider 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 of our qualified audit opinion.

Basis for Qualified Opinion

In common with many political organizations, The Progressive Conservative Association of Nova Scotia derives revenue from political donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to contributions revenue, fundraising revenue, excess of revenues over expenses, assets and members' surplus.

Qualified Opinion

In our opinion, except for the effects, if any, of the matter in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of **The Progressive Conservative Association of Nova Scotia** as at December 31, 2016 and December 31, 2015, and its financial performance and its 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 Association's compliance, as at December 31, 2016, with the criteria established by the disclosure requirements set out in the Regulations authorized under Part II of the Elections Act. These financial statements and compliance with the criteria established by the Act and their Regulations are the responsibility of the Association's management. Our responsibility is to express an opinion on this compliance based on our audit.

In our opinion, the Association has complied, in all material respects, with the criteria established by the disclosure requirements set out in the Regulations authorized under Part II of the Elections Act.

Collins Barrow SNS Inc.

Dartmouth, Nova Scotia
April 28, 2017

Chartered Professional Accountants
Licensed Public Accountants

THE PROGRESSIVE CONSERVATIVE ASSOCIATION OF NOVA SCOTIA
STATEMENT OF OPERATIONS AND SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 $	2015 $
REVENUES		
Contributions	239,818	206,661
Fundraising	60,689	67,906
Membership dues	43,275	38,234
Annual general meeting	46,718	46,765
HST public service bodies rebate	14,350	14,547
Province of Nova Scotia		
Candidate rebates	-	13
Public funding	180,815	177,864
	585,665	551,990
TRANSFERS TO CONSTITUENCIES AND CANDIDATES	(79,749)	(69,238)
	505,916	482,752
EXPENSES		
Advertising	1,734	3,701
Amortization	13,558	13,558
Annual general meeting	55,735	62,129
By-election	1,162	14,497
Election preparedness	169,535	6,583
Fundraising	33,193	49,770
Honoraria and salaries	170,696	200,489
Insurance	3,082	2,268
Interest and bank charges	6,527	6,451
Legal and audit fees	16,293	12,348
Meetings	9,338	3,880
Office occupancy	30,855	30,149
Office supplies and postage	30,783	48,201
Telephone	11,936	20,513
	554,427	474,537
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(48,511)	8,215
UNRESTRICTED SURPLUS - beginning of year	266,180	247,833
	217,669	256,048
INVESTED IN CAPITAL ASSETS (Note 6)	13,558	10,132
UNRESTRICTED SURPLUS - end of year	231,227	266,180

THE PROGRESSIVE CONSERVATIVE ASSOCIATION OF NOVA SCOTIA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

	2016	2015
	$	$
ASSETS		
CURRENT		
Cash	**304,124**	334,721
Accounts receivable (Note 3)	**41,019**	28,212
Loan receivable (Note 4)	**4,000**	4,000
Prepaids	**19,521**	4,178
	368,664	371,111
CAPITAL ASSETS (Note 5)	**3,395**	16,954
	372,059	388,065
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**92,781**	60,275
Deferred revenue	**44,656**	44,656
	137,437	104,931
MEMBERS' SURPLUS		
INVESTED IN CAPITAL ASSETS (Note 6)	**3,395**	16,954
UNRESTRICTED	**231,227**	266,180
	234,622	283,134
	372,059	388,065

COMMITMENTS (Note 7)

Approved by the Board

____________________ **Director**

____________________ **Director**

THE PROGRESSIVE CONSERVATIVE ASSOCIATION OF NOVA SCOTIA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	$	$
CASH PROVIDED BY (USED FOR):		
OPERATING		
Excess (deficiency) of revenues over expenses	(48,511)	8,215
Item not affecting cash		
Amortization	13,558	13,558
	(34,953)	21,773
Changes in non-cash working capital items		
Accounts receivable	(12,807)	25,776
Prepaids	(15,343)	7,286
Accounts payable and accrued liabilities	32,506	(4,082)
Deferred revenue	-	761
	(30,597)	51,514
FINANCING		
Loan receivable advance	-	(4,000)
INVESTING		
Acquisition of capital assets	-	(3,426)
CHANGE IN CASH	(30,597)	44,088
CASH - beginning of year	334,721	290,633
CASH - end of year	304,124	334,721

1. OPERATIONS

The Progressive Conservative Association of Nova Scotia (the "Association") is a provincial political party, incorporated on June 3, 1993 under the Societies Act of Nova Scotia. The Association was established to secure responsible government for the Province of Nova Scotia by supporting the vision and mission of the Progressive Conservative Party. The Association operates as the PC Party of Nova Scotia.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements include only the assets, liabilities and operations of the Association and, therefore, do not include the assets, liabilities and operations of any provincial constituency.

Basis of accounting

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

Cash

Cash consist of bank balances held with financial institutions.

Capital assets

Capital assets are recorded at cost. Amortization is provided for using the following rates and method over their estimated useful lives as follows:

Computer equipment	4 years	Straight-line
Computer software	5 years	Straight-line
Furniture and equipment	6 years	Straight-line

Revenue recognition

The Association recognizes fundraising, contributions and membership revenue in the period it was received. All other revenue, including public funding, is recognized on an accrual basis, when the amount is determinable and collection is reasonably assured.

Income taxes

The Association is a registered non-profit organization under the meaning assigned in Section 149.1 of the Income Tax Act and as such is exempt from income taxes. Accordingly, no provision has been made in the accounts for income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated services

Volunteer services contributed on behalf of the Association in carrying out its activities are not recognized in these financial statements due to the difficulty in determining their value.

Non-monetary sponsorships

Non-monetary sponsorships of various fundraising events held by the Association are not recorded in these financial statements nor are they receipted as a contribution for income tax purposes.

Financial instruments

Measurement of financial instruments

The Association initially measures its financial assets and financial liabilities at fair value.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable, and loan receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in excess (deficiency) of revenues over expenses. Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of any reversal is recognized in excess (deficiency) of revenues over expenses.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 effect the reported amounts of assets and liabilities, and disclosure of contingencies at the date of the financial statement,s and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for items and matters such as allowance for uncollectable accounts receivable, useful lives of capital assets and certain accrued liabilities. Actual results could differ from those estimates.

3. ACCOUNTS RECEIVABLE

	2016	2015
	$	$
Membership dues	**2,651**	-
Constituents receivable	**347**	347
Contributions receivable	**25,638**	13,365
HST rebate receivable	**12,383**	14,500
	41,019	28,212

4. LOAN RECEIVABLE

The loan receivable is owed from the Cape Breton Richmond PC Association for the amount of $4,000. This loan is non-interest bearing and repayable in quarterly installments until December 2017.

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	**Net 2016**	Net 2015
	$	$	**$**	$
Computer equipment	6,951	4,838	**2,113**	3,851
Computer software	57,500	57,500	**-**	11,500
Furniture and equipment	5,536	4,254	**1,282**	1,603
	69,987	66,592	**3,395**	16,954

6. MEMBERS' SURPLUS INVESTED IN CAPITAL ASSETS

	2016 $	2015 $
Balance - beginning of year	16,954	27,086
Amortization	(13,559)	(13,558)
Capital asset acquisitions	-	3,426
	(13,559)	(10,132)
Balance - end of year	3,395	16,954

7. COMMITMENTS

The Association is committed to lease its premises until March 2018 and certain office equipment until April 2018. Future minimum lease payments for the next two years are approximately as follows:

	$
2017	34,556
2018	6,070

8. LINE OF CREDIT

The Association has an operating credit facility authorized in the amount of $50,000 (2015 - $50,000) with bulge financing of $400,000 (2015 - $200,000) available when a general election in Nova Scotia has been called and expiring on January 31, 2017. The credit facility is secured by a general security agreement and bears interest at the Bank's prime rate plus 1.75% per annum. The balance on the line of credit at December 31, 2016 is $NIL (2015 - $NIL). Subsequent to year end, the Association increased its credit limit to $450,000 effective from March 27, 2017 to February 28, 2018.

9. CONTRIBUTIONS FOR WHICH OFFICIAL RECEIPTS ISSUED

During the year, the Association issued official contribution receipts for income tax purposes totaling $300,870 (2015 - $282,435), which includes $4,333 (2015 - $3,000) of receipts issued for funds collected by individual constituencies via fundraisers and are not included in the revenues of the Association.

10. FINANCIAL INSTRUMENTS

Risks and concentrations

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, 2016.

It is management's opinion that the Association is not exposed to significant currency and price risks from its financial instruments. The risks arising on financial instruments are limited to the following:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Association to concentrations of credit risk consist of cash and accounts receivable. The Association deposits its cash in reputable financial institutions and therefore believes the risk of loss to be remote. The Association is exposed to credit risk from contribution accounts receivable. The Association believes this credit risk is minimized as the Association has a large and diverse contributor base. A provision for impairment of accounts receivable is established when there is objective evidence that the Association will not be able to collect all amounts due.

Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Association generates sufficient cash flows from operating activities to fund operations and fulfil obligations as they become due. Sufficient financing facilities are in place should cash requirements exceed cash generated from operations.

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 Association is mainly exposed to interest rate risk.

10. FINANCIAL INSTRUMENTS (Continued)

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 Association is exposed to interest rate risk on its financial obligations at variable interest rates. In the current year, there was no interest expenses incurred, therefore interest rate risk was minimal.