

PLEASE SIGN AND RETURN
TO SV SHUPE & ASSOCIATES

THE LIBERAL ASSOCIATION OF NOVA SCOTIA
Financial Statements
Year Ended December 31, 2014

THE LIBERAL ASSOCIATION OF NOVA SCOTIA
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Year Ended December 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Official Agent and the Members of The Liberal Association of Nova Scotia

I have audited the accompanying financial statements of The Liberal Association of Nova Scotia, which comprise the statement of financial position as at December 31, 2014 and the statements of receipts and expenditures, changes in net assets and cash flow 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

In common with many political organizations, the Association derives revenue from donations and fundraising activities the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the Association and I was not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

Qualified Opinion

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the contributions referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of The Liberal Association of Nova Scotia as at December 31, 2014 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Dartmouth, Nova Scotia
April 24, 2015

SV Shupe & Associates

S V SHUPE & ASSOCIATES
Chartered Accountant

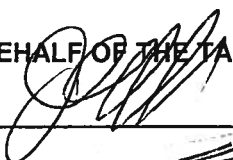

THE LIBERAL ASSOCIATION OF NOVA SCOTIA
Statement of Receipts and Expenditures
Year Ended December 31, 2014

	2014	2013
Receipts		
Contributions	\$ 303,294	\$ 723,797
Fundraising	177,983	198,107
Annual general meeting	57,354	52,031
Membership fees	48,185	41,480
Province of Nova Scotia	306,942	206,014
The Federal Liberal Agency of Canada overhead reimbursement	136,350	140,560
Interest and investment income	589	398
Miscellaneous	462	21,710
Candidate election expense reimbursement	-	510,739
	<u>1,031,159</u>	<u>1,894,836</u>
Transfers to constituencies and candidates	<u>102,258</u>	<u>449,305</u>
	<u>928,901</u>	<u>1,445,531</u>
Expenditures		
Amortization	7,254	5,053
Annual general meeting	53,583	39,114
Bad debts	3,523	22,515
Commissions - Women's, Youth, and Senior's	5,423	1,691
Election	-	980,985
Election readiness	5,992	149,636
Equipment rentals and maintenance (Note 7)	8,538	9,286
Finance charges	16,205	20,661
Fundraising	85,383	65,826
Leader's office	53,350	13,466
Meetings	6,017	4,810
Membership administration	17,483	28,838
Office	59,714	33,801
Postage	2,408	4,864
Professional fees	18,526	16,128
Rent (Note 7)	34,390	35,314
Salaries and benefits	349,842	288,412
Sundry	3,054	1,172
Telephone	10,033	10,825
Travel	60,287	31,973
	<u>801,005</u>	<u>1,764,370</u>
Excess (deficiency) of receipts over expenditures for the year	<u>\$ 127,896</u>	<u>\$ (318,839)</u>

THE LIBERAL ASSOCIATION OF NOVA SCOTIA
Statement of Financial Position
December 31, 2014

	2014	2013
ASSETS		
Current		
Cash	\$ 172,655	\$ -
Accounts receivable	38,184	512,708
Due from The Federal Liberal Agency of Canada	49,059	42,975
Prepaid expenses	3,829	707
	<u>263,727</u>	<u>556,390</u>
Capital assets (Note 4)	11,688	8,654
Internally restricted cash	330,860	270
	<u>\$ 606,275</u>	<u>\$ 565,314</u>
LIABILITIES		
Current		
Bank indebtedness (Note 5)	\$ -	\$ 57,461
Accounts payable	101,800	67,693
Demand loan (Note 5)	-	65,000
Deferred receipts	77,090	75,671
	<u>178,890</u>	<u>265,825</u>
Commitments (Note 7)		
NET ASSETS		
Unrestricted	84,837	290,565
Invested in capital assets	11,688	8,654
Internally restricted election fund	330,860	270
	<u>427,385</u>	<u>299,489</u>
	<u>\$ 606,275</u>	<u>\$ 565,314</u>

ON BEHALF OF THE TABLE OFFICERS


 _____ President

 _____ Treasurer

THE LIBERAL ASSOCIATION OF NOVA SCOTIA
Statement of Changes in Net Assets
Year Ended December 31, 2014

	Unrestricted	Invested in capital assets	Internally restricted election fund	2014	2013
Net assets -					
beginning of year	\$ 290,565	\$ 8,654	\$ 270	\$ 299,489	\$ 618,328
Excess (deficiency) of receipts over expenditures	134,560	(7,254)	590	127,896	(318,839)
Purchase of capital assets	(10,288)	10,288	-	-	-
Net transfers to election fund	(330,000)	-	330,000	-	-
Net assets - end of year	\$ 84,837	\$ 11,688	\$ 330,860	\$ 427,385	\$ 299,489

THE LIBERAL ASSOCIATION OF NOVA SCOTIA

Statement of Cash Flow

Year Ended December 31, 2014

	2014	2013
Operating activities		
Receipts from fundraising	\$ 303,294	\$ 723,797
Receipts from membership fees	48,185	41,480
Receipts from other sources	655,222	653,019
Receipt of candidate election reimbursements	490,795	19,944
Payments for expenditures	<u>(861,502)</u>	<u>(2,186,179)</u>
	<u>635,994</u>	<u>(747,939)</u>
Investing activity		
Purchase of capital assets	<u>(10,288)</u>	<u>(7,092)</u>
Financing activity		
Proceeds from (repayment of) demand loan financing	<u>(65,000)</u>	65,000
Net change in cash and cash equivalents during the year	560,706	(690,031)
Cash (deficiency) - beginning of year	<u>(57,191)</u>	<u>632,840</u>
Cash (deficiency) - end of year	\$ 503,515	\$ (57,191)
 CASH (DEFICIENCY) CONSISTS OF:		
Cash	\$ 172,655	\$ -
Bank indebtedness	-	(57,461)
Internally restricted cash	<u>330,860</u>	<u>270</u>
	<u>\$ 503,515</u>	<u>\$ (57,191)</u>

THE LIBERAL ASSOCIATION OF NOVA SCOTIA

Notes to Financial Statements

Year Ended December 31, 2014

1. NATURE OF THE ORGANIZATION

The Association was incorporated on June 26, 2003 under the Societies Act of Nova Scotia and was established to secure good government by supporting the principles and policies of the Liberal Party and to secure the election of candidates to the Nova Scotia Legislative Assembly and the House of Commons. The Association continues to operate under the name Nova Scotia Liberal Party.

The Association is a not-for-profit organization under the Income Tax Act, and as such is not subject to either federal or provincial income taxes.

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.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). Canadian accounting standards for not-for-profit organizations are part of Canadian generally accepted accounting principals.

3. ACCOUNTING POLICIES

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Furniture and equipment	5 years	straight-line method
Computer equipment	3 years	straight-line method
Leasehold improvements	5 years	straight-line method

The Association regularly reviews its capital assets to eliminate obsolete items.

Revenue recognition

The Association follows the deferral method of accounting for receipts. Restricted receipts are recognized as revenue of the election fund in the year received. Unrestricted receipts are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(continues)

THE LIBERAL ASSOCIATION OF NOVA SCOTIA

Notes to Financial Statements

Year Ended December 31, 2014

3. ACCOUNTING POLICIES *(continued)*

Fund accounting

Receipts and expenditures related to program delivery and administrative activities are reported in the Unrestricted Fund.

The Internally restricted election fund was established for the purpose of allocating funds which are to be used for any election purpose during a provincial general election or by-election. Receipts restricted for or otherwise designated by the table officers for the fund are deposited to a separate bank account where they are maintained until needed.

The Capital Asset Fund reports the assets, liabilities, receipts, and expenditures related to the Association's capital assets.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and expenditures during the period. Actual results could differ from these estimates.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Furniture and equipment	\$ 9,110	\$ 6,715	\$ 2,395	\$ 261
Computer equipment	27,605	20,511	7,094	4,728
Leasehold improvements	7,330	5,131	2,199	3,665
	<u>\$ 44,045</u>	<u>\$ 32,357</u>	<u>\$ 11,688</u>	<u>\$ 8,654</u>

5. DEMAND LOAN

The Association has a revolving line of credit of \$350,000. The facility bears interest at the bank's prime rate plus 1 percent per year, is payable on demand, and is secured by a general security agreement over all assets of the Association.

THE LIBERAL ASSOCIATION OF NOVA SCOTIA

Notes to Financial Statements

Year Ended December 31, 2014

6. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments which consists of cash, accounts receivable, a demand loan, accounts payable and accrued liabilities. It is management's opinion that the Association is not exposed to significant interest, credit, or liquidity risks arising from these financial instruments. The following analysis provides information about the Association's risk exposure and concentration as of December 31, 2014.

Credit risk

Credit risk is the risk that a third party will default on an obligation to the Association, causing the Association to incur a loss. In the normal course of its business, the Association incurs credit risk from trade debtors.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the fair market value or cash flow of the Association's financial instruments. The Association is exposed to interest rate risk on a floating rate demand loan for which future cash flows may increase if interest rates increase.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its receipt of funds from its members and other related sources, bank indebtedness and demand loan, obligations under capital leases, and accounts payable.

7. COMMITMENTS

Subsequent to year end, the Association signed a lease for office equipment under an agreement which expires November 2018. The Association's premises lease expires in June 2016.

The minimum lease payments, excluding common area costs, required under these lease agreements for the next four years are approximately as follows:

	Office Equipment	Premises	Total
2015	\$ 2,760	\$ 17,124	\$ 19,884
2016	2,760	8,562	11,322
2017	2,760	-	2,760
2018	2,760	-	2,760
	<u>\$ 11,040</u>	<u>\$ 25,686</u>	<u>\$ 36,726</u>