

**THE LIBERAL ASSOCIATION OF NOVA SCOTIA**  
**Financial Statements**  
**Year Ended December 31, 2015**

**THE LIBERAL ASSOCIATION OF NOVA SCOTIA**  
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**Year Ended December 31, 2015**

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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, 2015 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, 2015 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  
March 30, 2016

*SV Shupe & Associates*

S V SHUPE & ASSOCIATES  
Chartered Accountant


**THE LIBERAL ASSOCIATION OF NOVA SCOTIA**  
**Statement of Receipts and Expenditures**  
**Year Ended December 31, 2015**


	2015	2014 (Note 10)
<b>Receipts</b>		
Contributions	\$ 328,165	\$ 303,294
Fundraising events	184,179	177,983
Annual general meeting	46,420	57,354
Membership fees	-	48,185
Province of Nova Scotia	309,788	306,942
The Federal Liberal Agency of Canada overhead reimbursement	113,500	136,350
Interest and investment income	1,169	589
Miscellaneous	2,330	462
HST recovery	127,424	-
	<u>1,112,975</u>	<u>1,031,159</u>
<b>Transfers to constituencies and candidates</b>	<u>98,374</u>	<u>102,258</u>
	<u>1,014,601</u>	<u>928,901</u>
<b>Expenditures</b>		
Advertising	30,908	29,773
Amortization	7,983	7,254
Annual general meeting	46,926	53,583
Bad debts	5,662	3,523
By-election	15,867	-
Commissions - Women's, Youth, and Senior's	7,073	5,423
Equipment rentals and maintenance (Note 9)	9,524	8,538
Finance charges	19,724	16,205
Fundraising events	72,619	85,383
Leader's office	5,362	23,577
Meetings	3,476	8,031
Membership administration	-	17,483
Office	58,142	59,714
Polling	18,630	-
Postage	2,791	2,407
Professional fees	21,729	18,526
Rent (Note 9)	33,785	34,390
Salaries and benefits	336,293	349,842
Sundry	3,697	3,054
Telephone	10,581	10,033
Travel	61,567	64,266
	<u>772,339</u>	<u>801,005</u>
<b>Excess of receipts over expenditures for the year</b>	<u>\$ 242,262</u>	<u>\$ 127,896</u>

**THE LIBERAL ASSOCIATION OF NOVA SCOTIA**  
**Statement of Financial Position**  
**December 31, 2015**

	2015	2014 <i>(Note 10)</i>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 300,745	\$ 172,655
Accounts receivable <i>(Note 4)</i>	39,926	-
Due from The Federal Liberal Agency of Canada	74,998	49,059
Prepaid expenses	3,867	3,829
	<u>419,536</u>	<u>225,543</u>
<b>Capital assets <i>(Note 5)</i></b>	<b>6,670</b>	<b>11,688</b>
<b>Internally restricted cash <i>(Note 6)</i></b>	<b>442,029</b>	<b>330,860</b>
	<u>\$ 868,235</u>	<u>\$ 568,091</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable	\$ 121,022	\$ 63,616
Deferred receipts - Province of Nova Scotia	77,566	77,090
	<u>198,588</u>	<u>140,706</u>
<b>Commitments <i>(Note 9)</i></b>		
<b>NET ASSETS</b>		
Unrestricted	171,287	84,837
Invested in capital assets	6,670	11,688
Internally restricted election fund	491,690	330,860
	<u>669,647</u>	<u>427,385</u>
	<u>\$ 868,235</u>	<u>\$ 568,091</u>

ON BEHALF OF THE TABLE OFFICERS

  
 \_\_\_\_\_ *President*

  
 \_\_\_\_\_ *Treasurer*

See notes to financial statements

**THE LIBERAL ASSOCIATION OF NOVA SCOTIA**

**Statement of Changes in Net Assets**

**Year Ended December 31, 2015**

	Unrestricted	Invested in capital assets	Internally restricted election fund	Internally restricted advertising Fund	2015	2014
<b>Net assets - beginning of year</b>	\$ 84,837	\$ 11,688	\$ 330,860	\$ -	\$ 427,385	\$ 299,489
Excess of receipts over expenditures	295,851	(7,983)	(14,698)	(30,908)	242,262	127,896
Purchase of capital assets	(2,965)	2,965	-	-	-	-
Transfers to election fund	(175,528)	-	175,528	-	-	-
Transfers to advertising fund	(30,908)	-	-	30,908	-	-
<b>Net assets - end of year</b>	\$ 171,287	\$ 6,670	\$ 491,690	\$ -	\$ 669,647	\$ 427,385

See notes to financial statements

**THE LIBERAL ASSOCIATION OF NOVA SCOTIA**  
**Statement of Cash Flow**  
**Year Ended December 31, 2015**

	2015	2014 <i>(Note 10)</i>
<b>Operating activities</b>		
Excess of receipts over expenditures	\$ 242,262	\$ 127,896
Item not affecting cash:		
Amortization of capital assets	7,983	7,254
	<u>250,245</u>	<u>135,150</u>
Changes in non-cash working capital:		
Accounts receivable	(39,928)	512,710
Accounts payable	57,408	(4,079)
Deferred receipts	476	1,419
Prepaid expenses	(38)	(3,122)
Due from The Federal Liberal Agency of Canada	(25,939)	(6,084)
	<u>(8,021)</u>	<u>500,844</u>
	<u>242,224</u>	<u>635,994</u>
<b>Investing activity</b>		
Purchase of capital assets	(2,965)	(10,288)
<b>Financing activity</b>		
Repayment of demand loan	-	(65,000)
<b>Net change in cash and cash equivalents during the year</b>	<b>239,259</b>	<b>560,706</b>
<b>Cash (deficiency) - beginning of year</b>	<b>503,515</b>	<b>(57,191)</b>
<b>Cash - end of year</b>	<b>\$ 742,774</b>	<b>\$ 503,515</b>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 300,745	\$ 172,655
Internally restricted cash	442,029	330,860
	<u>\$ 742,774</u>	<u>\$ 503,515</u>

**THE LIBERAL ASSOCIATION OF NOVA SCOTIA**  
**Notes to Financial Statements**  
**Year Ended December 31, 2015**

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**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.

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**THE LIBERAL ASSOCIATION OF NOVA SCOTIA**  
**Notes to Financial Statements**  
**Year Ended December 31, 2015**

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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 Internally restricted advertising fund was established for the purpose of allocating funds which are to be used for advertising by the Association. Receipts designated for the fund are deposited to a separate 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. ACCOUNTS RECEIVABLE

	<u>2015</u>	<u>2014</u>
Candidate rebates	\$ 22,671	\$ -
HST rebate	17,255	-
	<u>\$ 39,926</u>	<u>\$ -</u>

**THE LIBERAL ASSOCIATION OF NOVA SCOTIA**  
**Notes to Financial Statements**  
**Year Ended December 31, 2015**

**5. CAPITAL ASSETS**

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Furniture and equipment	\$ 9,110	\$ 7,514	\$ 1,596	\$ 2,395
Computer equipment	30,570	26,229	4,341	7,094
Leasehold improvements	7,330	6,597	733	2,199
	<u>\$ 47,010</u>	<u>\$ 40,340</u>	<u>\$ 6,670</u>	<u>\$ 11,688</u>

**6. INTERNALLY RESTRICTED CASH**

	2015	2014
Cash	\$ 17	\$ 330,860
TD Interest Savings Account fund, bearing interest at 0.75%	442,012	-
	<u>\$ 442,029</u>	<u>\$ 330,860</u>

**7. BANK INDEBTEDNESS**

The Association has a revolving line of credit of \$300,000. 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 Association has access to credit cards with a combined limit of \$50,000, and if applicable, an interest rate of 15% on overdue payments and 23% on cash advances.

**8. 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, 2015.

**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 primarily exposed to interest rate risk on a fixed rate cash equivalents for which fair market value may decrease if interest rates increase.

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**THE LIBERAL ASSOCIATION OF NOVA SCOTIA**  
**Notes to Financial Statements**  
**Year Ended December 31, 2015**

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**8. FINANCIAL INSTRUMENTS** *(continued)*

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.

**9. COMMITMENTS**

The Association has signed a lease for office equipment under an agreement which expires November 2018. During the year the Association signed an extension to its premises lease which expires in June 2021.

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

	Office Equipment	Premises	Total
2016	\$ 2,760	\$ 17,739	\$ 20,499
2017	2,760	18,354	21,114
2018	2,760	18,354	21,114
2019	-	18,354	18,354
2020	-	18,354	18,354
	<u>\$ 8,280</u>	<u>\$ 91,155</u>	<u>\$ 99,435</u>

**10. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation.