

THE LIBERAL ASSOCIATION OF NOVA SCOTIA
Financial Statements
Year Ended December 31, 2017

THE LIBERAL ASSOCIATION OF NOVA SCOTIA
Index to Financial Statements
Year Ended December 31, 2017

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Receipts and Expenditures	2
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Cash Flow	5
Notes to Financial Statements	6 - 9

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of The Liberal Association of Nova Scotia, which comprise the statements of financial position as at December 31, 2017 and December 31, 2016 and the statements of receipts and expenditures, changes in net assets and cash flows for the year then ended and the statements of receipts and expenditures, changes in net assets and cash flow for the years ended December 31, 2017 and December 31, 2016, 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

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 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 in our audits is sufficient and appropriate to provide a basis for our qualified audit opinion.

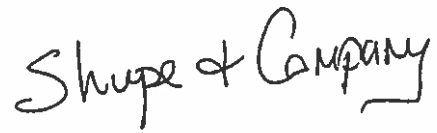
Basis for Qualified Opinion

In common with many political organizations, the Association derives revenue from donations and fundraising the completeness of which is not susceptible of 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, excess of revenues over expenses, current assets and net assets.

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves 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, 2017 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 10, 2018



SHUPE & COMPANY
Chartered Professional Accountants
Licensed Public Accountants

THE LIBERAL ASSOCIATION OF NOVA SCOTIA
Statement of Receipts and Expenditures
Year Ended December 31, 2017

	Unrestricted	Invested in Capital Assets	Internally restricted election fund	Total 2017	Total 2016
Revenues					
Candidate election expense reimbursement	\$ -	\$ -	\$ 817,794	\$ 817,794	\$ -
Contributions	737,406	-	49,290	786,696	423,540
Province of Nova Scotia	317,059	-	-	317,059	313,114
HST recovery	151,449	-	-	151,449	48,529
The Federal Liberal Agency of Canada overhead reimbursement	90,000	-	-	90,000	113,500
Fundraising events	81,425	-	-	81,425	186,655
Annual general meeting	30,161	-	-	30,161	82,525
Interest income	-	-	1,587	1,587	3,738
Miscellaneous	1,352	-	-	1,352	9,059
	1,408,852	-	868,671	2,277,523	1,180,660
Transfers to constituencies and candidates	390,351	-	-	390,351	184,379
	1,018,501	-	868,671	1,887,172	996,281
Expenditures					
Amortization	-	2,731	-	2,731	5,830
Annual general meeting	52,527	-	-	52,527	71,226
By-election	-	-	-	-	2,401
Commissions - Women's, Youth, and Senior's	3,650	-	-	3,650	8,205
Election	-	-	1,397,329	1,397,329	-
Election readiness	28,366	-	-	28,366	296,182
Equipment rentals and maintenance	4,204	-	-	4,204	8,906
Finance charges	31,300	-	-	31,300	22,103
Fundraising events	52,711	-	-	52,711	79,831
Leader's office	29,051	-	-	29,051	23,129
Meetings	1,099	-	-	1,099	6,461
Office	67,787	-	-	67,787	68,320
Postage	2,319	-	-	2,319	2,494
Professional fees	22,165	-	-	22,165	30,291
Rent	36,787	-	-	36,787	35,668
Salaries and benefits	319,315	-	-	319,315	340,412
Sundry	3,480	-	-	3,480	4,009
Telephone	10,720	-	-	10,720	10,587
Travel	47,092	-	-	47,092	81,838
	712,573	2,731	1,397,329	2,112,633	1,097,883
Excess (deficiency) of revenues over expenditures	\$ 305,928	\$ (2,731)	\$ (528,658)	\$ (225,461)	\$ (101,612)

THE LIBERAL ASSOCIATION OF NOVA SCOTIA
Statement of Financial Position
December 31, 2017

	2017	2016
ASSETS		
Current		
Cash	\$ 142,127	\$ 102,057
Accounts receivable	23,005	25,980
Harmonized sales tax recoverable	151,449	-
Due from The Federal Liberal Agency of Canada	92,692	58,956
Prepaid expenses	3,071	3,025
	<u>412,344</u>	<u>190,018</u>
Capital assets (Note 4)	1,892	4,623
Internally restricted cash (Note 5)	<u>57,282</u>	<u>646,476</u>
	<u>\$ 471,518</u>	<u>\$ 841,117</u>
LIABILITIES		
Current		
Accounts payable	\$ 49,430	\$ 194,566
Deferred receipts - Province of Nova Scotia	<u>79,514</u>	<u>78,516</u>
	<u>128,944</u>	<u>273,082</u>
Commitments (Note 8)		
NET ASSETS		
Unrestricted	283,400	(83,064)
Invested in capital assets	1,892	4,623
Internally restricted election fund	<u>57,282</u>	<u>646,476</u>
	<u>342,574</u>	<u>568,035</u>
	<u>\$ 471,518</u>	<u>\$ 841,117</u>

ON BEHALF OF THE BOARD

 Director

 Director

See notes to financial statements

THE LIBERAL ASSOCIATION OF NOVA SCOTIA
Statement of Changes in Net Assets
Year Ended December 31, 2017

	Unrestricted	Invested in capital assets	Internally restricted election fund	2017	2016
Net assets - beginning of year	\$ (83,064)	\$ 4,623	\$ 646,476	\$ 568,035	\$ 669,647
Excess of receipts over expenditures	305,928	(2,731)	(528,658)	(225,461)	(101,612)
Transfer for election expenses of prior year	60,536	-	(60,536)	-	-
Net assets - end of year	\$ 283,400	\$ 1,892	\$ 57,282	\$ 342,574	\$ 568,035

THE LIBERAL ASSOCIATION OF NOVA SCOTIA
Statement of Cash Flow
Year Ended December 31, 2017

	2017	2016
Operating activities		
Deficiency of receipts over expenditures	\$ (225,461)	\$ (101,612)
Item not affecting cash:		
Amortization of capital assets	2,731	5,830
	<u>(222,730)</u>	<u>(95,782)</u>
 Changes in non-cash working capital:		
Accounts receivable	2,975	13,946
Accounts payable	(145,136)	73,544
Deferred receipts	998	950
Prepaid expenses	(46)	842
Harmonized sales tax	(151,449)	-
Due from The Federal Liberal Agency of Canada	(33,736)	16,042
	<u>(326,394)</u>	<u>105,324</u>
	<u>(549,124)</u>	<u>9,542</u>
 Investing activity		
Purchase of capital assets	-	(3,783)
 Increase (decrease) in cash	 (549,124)	 5,759
 Cash - beginning of year	 <u>748,533</u>	 <u>742,774</u>
 Cash - end of year	 <u>\$ 199,409</u>	 <u>\$ 748,533</u>
 Cash consists of:		
Cash	\$ 142,127	\$ 102,057
Internally restricted cash	<u>57,282</u>	<u>646,476</u>
	<u>\$ 199,409</u>	<u>\$ 748,533</u>

THE LIBERAL ASSOCIATION OF NOVA SCOTIA

Notes to Financial Statements

Year Ended December 31, 2017

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 (ASNFP). Canadian accounting standards for not-for-profit organization 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, 2017

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 unrealised 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	2017 Net book value	2016 Net book value
Furniture and equipment	\$ 12,893	\$ 11,001	\$ 1,892	\$ 3,635
Computer equipment	30,570	30,570	-	988
Leasehold improvements	7,330	7,330	-	-
	<u>\$ 50,793</u>	<u>\$ 48,901</u>	<u>\$ 1,892</u>	<u>\$ 4,623</u>

THE LIBERAL ASSOCIATION OF NOVA SCOTIA
Notes to Financial Statements
Year Ended December 31, 2017

5. INTERNALLY RESTRICTED CASH

	<u>2017</u>	<u>2016</u>
Cash	\$ 17	\$ 51,064
TD Interest Savings Account, bearing interest at 0.75%	<u>57,265</u>	<u>595,412</u>
	<u>\$ 57,282</u>	<u>\$ 646,476</u>

6. 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.

7. 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, 2017.

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.

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.

THE LIBERAL ASSOCIATION OF NOVA SCOTIA
Notes to Financial Statements
Year Ended December 31, 2017

8. LEASE COMMITMENTS

The Association has signed a lease for office equipment under an agreement which expires November 2018. The Association has signed a lease for its premises 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
2018	\$ 2,760	\$ 20,993	\$ 23,753
2019	-	20,993	20,993
2020	-	20,993	20,993
2021	-	10,497	10,497
	<u>\$ 2,760</u>	<u>\$ 73,476</u>	<u>\$ 76,236</u>