

The Atlantica Party Association of Nova Scotia

Financial Statements

December 31, 2018

**The Atlantica Party Association of Nova Scotia
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December 31, 2018**

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A Member Firm of The AC Group of Independent Accounting Firms Limited

Independent Auditor's Report

To the Board of Directors of
The Atlantica Party Association of Nova Scotia

We have audited the accompanying financial statements of The Atlantica Party Association of Nova Scotia, which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in net assets 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.

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 organization'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 organization'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.

Independent Auditor's Report, continued

Basis for Qualified Opinion

The Atlantica Party Association of Nova Scotia derives a material amount of revenue from donations and fundraising activities. We were not able to obtain sufficient appropriate audit evidence about the completeness of the reported amounts for accounts receivable, donation and fundraising revenue, revenue in excess of expenditure and changes to net assets because there is no direct relationship between assets or services given up in exchange for amounts received or receivable. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Atlantica Party Association of Nova Scotia as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

The financial statements of The Atlantica Party Association of Nova Scotia for the year ended December 31, 2017, were audited by another auditor who expressed a disclaimer of opinion on those statements on April 28, 2018.

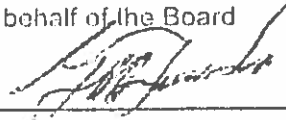
Bedford, Nova Scotia
April 29, 2019


RGH Inc.
Chartered Professional Accountants, Licensed
Public Accountants

The Atlantica Party Association of Nova Scotia
Statement of Financial Position
December 31

	2018	2017 (note 5 & 6)
ASSET		
CURRENT		
Cash	\$ 276	\$ 860
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 4,376	\$ 3,470
Due to/from directors (note 3)	1,967	1,541
Promissory note payable (note 4)	5,850	6,968
	12,193	11,979
NET ASSETS (DEFICIT)	(11,917)	(11,119)
	\$ 276	\$ 860

On behalf of the Board


_____ Member


_____ Member

See accompanying notes to the financial statements

The Atlantica Party Association of Nova Scotia
Statement of Operations
Year ended December 31

	2018	2017 (note 5 & 6)
REVENUES		
Donations	\$ 13,989	\$ 9,936
Province of Nova Scotia	2,776	2,282
Membership fees	445	880
Other income	70	-
Transfer from Campaigns	-	2,031
	17,280	15,129
EXPENDITURES		
Professional fees	10,205	3,500
Meals and entertainment	2,775	1,729
Advertising and promotion	1,802	2,378
Office	1,554	421
Travel	1,033	1,133
Rent	369	698
Interest and bank charges	340	300
Election expenses	-	6,166
	18,078	16,325
DEFICIENCY OF REVENUES OVER EXPENDITURES BEFORE OTHER ITEM	(798)	(1,196)
OTHER EXPENSE		
Transfers to campaigns	-	2,417
DEFICIENCY OF REVENUES OVER EXPENDITURES	\$ (798)	\$ (3,613)

See accompanying notes to the financial statements

The Atlantica Party Association of Nova Scotia
Statement of Changes in Net Assets
Year ended December 31

	2018	2017
		(note 5 & 6)
NET ASSETS, as previously stated	\$ (11,119)	\$ (9,349)
Prior period adjustment (note 5)	<u>-</u>	<u>1,843</u>
NET ASSETS, as restated	(11,119)	(7,506)
Deficiency of revenues over expenditures	<u>(798)</u>	<u>(3,613)</u>
NET ASSETS, END OF YEAR	\$ (11,917)	\$ (11,119)

See accompanying notes to the financial statements

The Atlantica Party Association of Nova Scotia
Statement of Cash Flows
 Year ended December 31

	2018	2017
		(note 5 & 6)
OPERATING ACTIVITIES		
Deficiency of revenues over expenditures	\$ (798)	\$ (3,613)
Change in non-cash working capital items		
Accounts payable and accrued liabilities	906	872
Due to/from directors	426	(5,727)
Promissory note payable	<u>(1,118)</u>	<u>8,811</u>
NET (DECREASE) INCREASE IN CASH	(584)	343
CASH, BEGINNING OF YEAR	<u>860</u>	<u>517</u>
CASH, END OF YEAR	<u>\$ 276</u>	<u>\$ 860</u>

See accompanying notes to the financial statements

The Atlantica Party Association of Nova Scotia
Notes to the Financial Statements
December 31, 2018

1. Nature of operations

The Atlantica Party Association of Nova Scotia (the "Association") was incorporated on April 28, 2009 under the Societies Act of Nova Scotia. The Association was established to field candidates for election as members of the House of Assembly and secure responsible government in the Province of Nova Scotia. The Association is a not for profit organization under Section 149.1 (1) of the Income Tax Act, and as such is exempt from income tax.

2. Significant accounting policies

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations which have been made using careful judgment. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized as follows.

(a) Cash

Cash consists of balances with financial institutions.

(b) Revenue recognition

Fundraising, contributions and memberships

The association recognizes fundraising, contributions and membership revenue in the period it was received or when collection is reasonably assured.

Contributed services

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

(c) Donated material and services

Donated capital and investments are recorded in the financial statements at fair value on the date of the donation. Donated materials and services are not recorded because the fair market value is not readily determinable. With the exception of volunteer time, such material and services are not significant.

The Atlantica Party Association of Nova Scotia
Notes to the Financial Statements
December 31, 2018

3. Due to/from directors

	2018	2017
		(note 5 & 6)
Due to Director - Official Agent	\$ -	\$ 73
Due to Director - President	-	109
Due to Director - Communications	467	470
Due to Director - Treasurer	1,500	578
Due to Director - Interim Leader	-	22
Due to Director - Secretary	-	71
Due to Director - Organizer	-	218
	<hr/>	<hr/>
	\$ 1,967	\$ 1,541

Directors have granted interest free loans with no specific terms of repayment to the Association of which \$1,967 is outstanding as at December 31, 2018.

The Atlantica Party Association of Nova Scotia
Notes to the Financial Statements
December 31, 2018

4. Promissory note payable

During the prior year, the promissory note payable in the amount of \$6,968 represented the total of unpaid reimbursable expenses submitted by a former Director and approved by the Association for the period from October 22, 2011 to December 31, 2017. As per the agreed terms, the promissory note payable by the Association is an interest free loan with no specific terms of repayment. The note was repaid during the year.

	2018	2017 (note 5 & 6)
Promissory Note Interest bearing at the Bank of Canada rate plus 3% on any unpaid amount on the principal balance after 180 days from July 30, 2018. Due July 2019	\$ 1,600	\$ -
Promissory Note Interest bearing at the Bank of Canada rate plus 3% on any unpaid amount on the principal balance after 180 days from July 27, 2018. Due July 2019	4,250	-
Promissory Note non-interest bearing and no set terms of repayment	-	6,968
	\$ 5,850	\$ 6,968

The Party has the right to repay all or any part of the principal amount of the loans, in addition, the Lenders have the right to convert part or all of said loan into a donation to the Party.

5. Prior period adjustment

The Association deemed \$1,843 of the 2017 promissory note payable balance as not related to the Association. As a result, the 2017 financial statements were restated with an increase in the net assets balance and a decrease in Promissory Note payable in the amount of \$1,843.

6. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

6. Financial instruments, continued

(a) Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates. The fair value of long-term financial liabilities approximates their carrying value based on the presumption that the Association is a going concern and thus expects to fully repay the outstanding amounts.

(b) Liquidity risk

The Association does have a liquidity risk in the accounts payable and accrued liabilities of \$4,376 (2017 - \$3,470). Liquidity risk is the risk that the Association cannot repay its obligations when they become due to its creditors. The Association reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. In the opinion of management the liquidity risk exposure to the Association is low and is not material.

7. Comparative figures

The balance sheet as at December 31, 2017 and the statements of operations, changes in net assets and cash flows for the year then ended were reported on by another firm of Chartered Professional Accountants who issued a disclaimer of opinion as a result of possible non-compliance with provisions of the Nova Scotia Elections Act in their report dated April 28, 2018..

8. Supplementary Information

During 2018, the association was suspended by Elections Nova Scotia for non-compliance with the Elections Act section 215 and 216. The association was required to have an interim audit done as of July 31 2018 to ensure compliance. The association has had the suspension released prior to the fiscal year end.