

THE ATLANTICA PARTY ASSOCIATION OF NOVA SCOTIA

Interim Financial Statements

Seven Month Period Ended July 31, 2018

THE ATLANTICA PARTY ASSOCIATION OF NOVA SCOTIA
Index to Interim Financial Statements
Seven Month Period Ended July 31, 2018

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
INTERIM FINANCIAL STATEMENTS	
Interim Statement of Financial Position	3
Interim Statement of Operations	4
Interim Statement of Changes in Net Assets (Deficit)	5
Interim Statement of Cash Flow	6
Notes to Interim Financial Statements	7 - 10

INDEPENDENT AUDITOR'S REPORT

To the Members and Official Agent of The Atlantica Party Association of Nova Scotia

I have audited the accompanying interim financial statements of The Atlantica Party Association of Nova Scotia, which comprise the interim statement of financial position as at July 31, 2018 and the interim statements of operations, changes in net assets (deficit) and cash flow for the seven month period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Interim Financial Statements

Management is responsible for the preparation and fair presentation of these interim 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 interim 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 interim 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 interim financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the interim 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 interim 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 interim 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 not-for-profit organizations, The Atlantica Party Association of Nova Scotia derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of The Atlantica Party Association of Nova Scotia. Therefore, I was not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses, and cash flows from operations for the period ended July 31, 2018 and net assets as at July 31, 2018.

(continues)

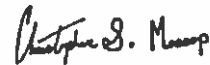
Qualified Opinion

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the interim financial statements present fairly, in all material respects, the financial position of The Atlantica Party Association of Nova Scotia as at July 31, 2018 and the results of its operations and its cash flow for the period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Emphasis of Matter

Without modifying the qualified opinion, I draw attention to Note 2 in the financial statements which indicates that The Atlantica Party Association of Nova Scotia was suspended as a Registered Party on June 20, 2018 and subsequently entered into a Compliance Agreement with Elections Nova Scotia on August 7, 2018. The Association must meet the requirements of the Compliance Agreement on or before August 15, 2018 or face deregistration effective that date. Furthermore, the Association incurred a net loss of \$8,221 for the interim period from January 1, 2018 to July 31, 2018 and, as of that date, the current liabilities exceeded its total assets by \$19,340. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about The Atlantica Party Association of Nova Scotia's ability to continue as a going concern.

Bedford, Nova Scotia
August 15, 2018




CHARTERED PROFESSIONAL ACCOUNTANT
Licensed Public Accountant

THE ATLANTICA PARTY ASSOCIATION OF NOVA SCOTIA
Interim Statement of Financial Position
July 31, 2018

	2018	2017 <i>(Revised)</i>
	\$	\$
ASSETS		
CURRENT		
Cash	494	860
LIABILITIES AND NET ASSETS (DEFICIT)		
CURRENT		
Accounts payable	4,263	3,469
Due to directors <i>(Note 4)</i>	3,932	1,542
Promissory notes payable <i>(Note 5)</i>	11,639	6,968
TOTAL LIABILITIES	19,834	11,979
NET ASSETS (DEFICIT)	(19,340)	(11,119)
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	494	860

APPROVED BY THE DIRECTORS

 Treasurer

 Director

The accompanying notes form an integral part of these financial statements

THE ATLANTICA PARTY ASSOCIATION OF NOVA SCOTIA

Interim Statement of Operations

Seven Month Period Ended July 31, 2018

	2018	2017
	\$	(Revised) \$
REVENUES		
Donations	854	9,936
Membership fees	60	880
Province of Nova Scotia	1,388	2,282
Transfer from Campaigns	-	2,031
	2,302	15,129
EXPENDITURES		
Advertising and promotion	971	2,378
Election expenses	-	6,166
Interest and bank charges	54	299
Meals and entertainment	1,409	1,729
Memberships	77	-
Office	760	422
Professional fees	6,064	3,500
Rental	300	698
Travel	888	1,133
	10,523	16,325
DEFICIENCY OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS TO CAMPAIGNS	(8,221)	(1,196)
TRANSFERS TO CAMPAIGNS	-	2,417
DEFICIENCY OF REVENUES OVER EXPENDITURES	(8,221)	(3,613)

The accompanying notes form an integral part of these financial statements

THE ATLANTICA PARTY ASSOCIATION OF NOVA SCOTIA
Interim Statement of Changes in Net Assets (Deficit)
Seven Month Period Ended July 31, 2018

	2018 \$	2017 (Revised) \$
NET ASSETS - BEGINNING OF PERIOD		
As previously reported	(11,119)	(9,349)
Prior period adjustments <i>(Note 8)</i>	-	1,843
As restated	(11,119)	(7,506)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(8,221)	(3,613)
NET ASSETS (DEFICIT) - END OF YEAR	(19,340)	(11,119)

The accompanying notes form an integral part of these financial statements

THE ATLANTICA PARTY ASSOCIATION OF NOVA SCOTIA

Interim Statement of Cash Flow

Seven Month Period Ended July 31, 2018

	2018	2017
	\$	(Revised) \$
OPERATING ACTIVITIES		
Deficiency of revenues over expenditures	(8,221)	(3,613)
Change in non-cash working capital:		
Accounts payable	794	872
Cash flow used by operating activities	(7,427)	(2,741)
FINANCING ACTIVITIES		
Advances from (to) directors	2,390	(5,727)
Promissory notes	4,671	6,968
Cash flow from financing activities	7,061	1,241
OTHER CASH FLOW ITEMS		
Prior period adjustments <i>(Note 8)</i>	-	1,843
INCREASE (DECREASE) IN CASH FLOW	(366)	343
Cash - beginning of period	860	517
CASH - END OF PERIOD	494	860

The accompanying notes form an integral part of these financial statements

THE ATLANTICA PARTY ASSOCIATION OF NOVA SCOTIA

Notes to Interim Financial Statements Seven Month Period Ended July 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. GOING CONCERN

These financial statements have been prepared on a going-concern basis that contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Association be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Atlantica Party Association of Nova Scotia was suspended as a Registered Party on June 20, 2018 and subsequently entered into a Compliance Agreement with Elections Nova Scotia on August 7, 2018 (the "Compliance Agreement"). Under the Compliance Agreement, the Party has committed to providing documentation that is acceptable to the Chief Electoral Officer including, but not limited to, an interim audit for the period from January 1, 2018 to July 31, 2018 and a plan to rectify the issues with respect to the non-compliant loan. The Association must meet the requirements of the Compliance Agreement on or before August 15, 2018 or face deregistration effective that date.

In addition, the Association incurred a net loss of \$8,221 for the period from January 1, 2018 to July 31, 2018 and, as of that date, the current liabilities exceeded its total assets by \$19,340. The Association's ability to continue as a going concern is dependant upon its ability to comply with the Elections Act, maintain key personnel and attain a surplus of revenue over expenditures by generating funds from third parties sufficient to meet current and future obligations. As per note 6, the primary source of funding is currently derived from Directors of the Association and the ability to maintain viable operations is dependent upon their continued financial support.

During the period in which a registered party is suspended, the registered party remains registered but shall not accept contributions or issue tax receipts. The Association continues to attempt to secure pledges, however, there is no assurance that it will be successful in securing funds. In addition, upon deregistration, the Chief Electoral Officer will calculate the amount of any public funding advanced to the Association that relates to a period subsequent to the effective date of the deregistration and the amount shall be immediately repaid. As described above, the Association's ability to continue as a going concern depends on its ability to maintain ongoing operating funds. These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate as management undertakes measures or intends to undertake measures to mitigate the effect of the conditions and events that cast doubt on the appropriateness of this assumption.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not for profit organizations (ASNFP) and include the following significant accounting policies.

Cash

Cash consist of bank balances held with financial institutions.

(continues)

THE ATLANTICA PARTY ASSOCIATION OF NOVA SCOTIA

Notes to Interim Financial Statements
Seven Month Period Ended July 31, 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

i. Fundraising, contributions and memberships

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

ii. 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 the fair value, contributed services are not recognized in the financial statements.

Financial instruments

The Association has determined that the estimated fair value of the financial assets and liabilities do not differ considerably from their book value.

Cash flows

The Association prepares the statement of cash flows on a net cash basis and reports cash flows from operating and financing activities using the indirect method.

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 affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

4. DUE TO DIRECTORS

	2018	2017
	\$	\$
Due to Director - Official Agent	1,453	73
Due to Director - President	24	109
Due to Director - Communications	-	470
Due to Director - IT and Social	148	-
Due to Director - Treasurer	2,307	579
Due to Director - Interim Leader	-	22
Due to Director - Secretary	-	71
Due to Director - Organizer	-	218
	3,932	1,542

Directors have granted interest free loans with no specific terms of repayment to the Association of which \$3,932 is outstanding as at July 31, 2018. Directors have left the organization previously and throughout the period resulting in Promissory Notes (note 5).

THE ATLANTICA PARTY ASSOCIATION OF NOVA SCOTIA

Notes to Interim Financial Statements
Seven Month Period Ended July 31, 2018

5. PROMISSORY NOTES	2018	2017
	\$	\$
Jonathan Dean, reimbursable expenses bearing no interest and no specific terms of repayment.	4,406	6,968
Michael Lengies, interest bearing reimbursable expenses payable by July 31, 2019.	467	-
William Archer, interest bearing reimbursable expenses payable by July 31, 2019.	33	-
Cathy Morgan, interest bearing short term loan payable by July 31, 2019.	50	-
Paul Matthews, interest bearing short term loan payable payable by July 31, 2019.	2,683	-
Ryan Smyth, interest bearing short term loan payable by July 31, 2019.	4,000	-
	\$ 11,639	\$ 6,968

The Promissory Notes payable in the amount of \$11,639 represents the total of short-term loans granted by individuals and approved reimbursable expenses submitted by former Directors.

6. ECONOMIC DEPENDENCE

As the primary source of funding is derived from Directors of the Association the ability to maintain viable operations is dependent upon their continued financial support.

7. COMPARATIVE FIGURES

The auditor's report on the prior period, as previously issued, included a disclaimer of opinion as the result of possible non-compliance with provisions of the Nova Scotia Elections Act (the "Elections Act"). On August 7, 2018 the Association entered into a Compliance Agreement with the Chief Electoral Officer in connection with breaches of the Elections Act and matters which gave rise to the disclaimer of opinion in the prior period (the "Compliance Agreement"). Accordingly, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements for the year ended December 31, 2017 and they are presented for comparative purposes only.

8. PRIOR PERIOD ADJUSTMENT

The Association is actively pursuing remedies to breaches of the Elections Act and is in the process of actively negotiating and amending the terms of a promissory note payable in relation to reimbursable expenses incurred prior to registration as a Registered Party. As a result of the ongoing negotiation the 2017 financial statements were restated with an increase in the net assets balance as at January 1, 2017 and a decrease in Promissory Note payable in the amount of \$1,843.

THE ATLANTICA PARTY ASSOCIATION OF NOVA SCOTIA

Notes to Interim Financial Statements

Seven Month Period Ended July 31, 2018

9. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of July 31, 2018.

(a) 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. The Association deposits its cash in a reputable financial institution and therefore believes the risk of loss to be remote.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.