

Nova Scotia New Democratic Party

Financial Statements

December 31, 2018

Nova Scotia New Democratic Party

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T 902.463.9571
F 902.466.8419
decisionsmatter@grcpa.ca
www.grcpa.ca

G&R CPA
3 Spectacle Lake Drive
Suite 230
Dartmouth, NS B3B 1W8

Independent Audit Report

To the Official Agent and Members of the:
Nova Scotia New Democratic Party

We have audited the accompanying financial statements of the Nova Scotia New Democratic Party, which comprise the balance sheet as at December 31, 2018 and the statements of operations, members' equity, 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.

Auditors' 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 auditors' 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 is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Nova Scotia New Democratic Party derives revenue

from political contributions and fund raising activities the completeness of which are not susceptible to satisfactory audit verification. Our verification of these revenues was limited to amounts recorded in the accounting records of the Party. Consequently, we were unable to determine whether any adjustments to revenue, excess of receipts over expenses, assets and members' equity were necessary.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Nova Scotia New Democratic Party as at December 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

We have audited the Nova Scotia New Democratic Party's compliance with the *Nova Scotia Elections Act*. The Party's management is responsible for these financials statements and for complying with the criteria of the Act. Our responsibility is to express an opinion on this compliance.

In our opinion, the Nova Scotia New Democratic Party has complied in all material respects with the criteria of the *Nova Scotia Elections Act*.

G + R

G&R Chartered Professional Accountants

Licensed Public Accountants

Dartmouth, Nova Scotia
April 09, 2019

Nova Scotia New Democratic Party

Balance Sheet

December 31, 2018

	Note	2018 \$	2017 \$
Assets			
Current Assets			
Cash -			
Unrestricted cash		614,447	435,817
Women in the Legislature Fund	3.	10,052	6,833
Accounts receivable		1,608	118,013
HST receivable		58,980	58,980
Total Current Assets		685,087	619,643
Furniture and equipment - at cost, less accumulated amortization of \$40,071 (2017 - \$40,023)		191	239
Land	4.	1	1
Total Assets		685,279	619,883
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities		117,561	173,174
Deferred revenue		36,699	46,686
Total Current Liabilities		154,260	219,860
Members' Equity			
Members' equity		520,967	393,190
Women in the Legislature	3.	10,052	6,833
Total Equity		531,019	400,023
Total Liabilities and Equity		685,279	619,883

SIGNED ON BEHALF OF THE COUNCIL

 _____, Director

 _____, Director

Nova Scotia New Democratic Party

Statement of Operations

For the Year Ended December 31, 2018

	2018 Revenue \$	2018 Expenses \$	2018 Net \$	2017 Net \$
Contributions	302,384	4,967	297,417	347,881
Fundraising (Leadership)	-	-	-	342
Other revenue	151,320	-	151,320	340,517
Province of Nova Scotia (Public Funding)	159,374	-	159,374	186,158
	613,078	4,967	608,111	874,898
Revenue transferred to EDA's and campaigns	-	89,096	(89,096)	(430,815)
Revenue from operations	613,078	94,063	519,015	444,083
General and Administrative Expenses				
Amortization			48	60
Bad debt recovery			45,703	2,753
Banking and finance costs			6,037	10,373
Conventions, council executive and committees			38,283	38,158
Interest on election financing			-	4,849
Office and occupancy			68,006	69,369
Pre-election expenses			77,378	59,383
Professional fees			37,706	17,837
Salaries and benefits			114,858	214,614
Woman in the Legislature			-	3,574
			388,019	420,970
Excess of receipts over expenses from operations			130,996	23,113
Election expenses			-	830,179
Less: Expenses recovered from campaigns			-	720,862
Net election expenses			-	109,317
Excess (Deficiency) of receipts over expenses for the year			130,996	(86,204)

Nova Scotia New Democratic Party

Statement of Members' Equity (Deficiency)

For the Year Ended December 31, 2018

	Woman in The Legislature Fund \$	Unrestricted \$	Totals December 31, 2018 \$	Totals December 31, 2017 \$
Balance - beginning of year	6,833	393,190	400,023	486,227
Excess (Deficiency) of receipts over expenses for the year	3,219	127,777	130,996	(86,204)
Balance - end of year	10,052	520,967	531,019	400,023

Nova Scotia New Democratic Party

Statement of Cash Flows

For the Year Ended December 31, 2018

	2018	2017
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess (deficiency) of receipts over expenses for the year	130,996	(86,204)
Amortization	48	60
Decrease (increase) in accounts receivable	116,405	(115,883)
Increase in HST receivable	-	(58,980)
Increase (decrease) in accounts payable	(55,613)	65,455
Increase (decrease) in deferred revenue	(9,987)	586
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	181,849	(194,966)
CASH (Restricted and Unrestricted) - BEGINNING OF YEAR	442,650	637,616
CASH (Restricted and Unrestricted) - END OF YEAR	624,499	442,650
 SUPPLEMENTARY INFORMATION:		
Cash - unrestricted	614,447	435,817
Cash - Women in the Legislature Fund	10,052	6,833
	624,499	442,650

Nova Scotia New Democratic Party

Notes to the Financial Statements

For the Year Ended December 31, 2018

Nova Scotia New Democratic Party ("the Party") is a provincial political party in Nova Scotia.

1. Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following policies:

Financial Instruments

The Party measures its financial assets and financial liabilities at fair value. The fair value of cash, accounts receivable, accounts payable and accrued liabilities as well as deferred revenue and funds held in trust is approximately equal to the carrying value due to their short-term maturity date.

Cash

The Party defines cash as the amount of cash on hand and cash on deposit net of cheques that are issued and outstanding at the end of the year.

Furniture and equipment

Furniture and equipment are recorded at cost. Amortization is calculated using the declining balance method at the annual rate of 20%. In the year of acquisition, amortization is calculated at one half the annual rate.

Impairment of Long-lived Assets

Furniture and equipment subject to amortization are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the projected future net cash flows resulting from its use and eventual disposition. The impairment loss, if any is measured as the amount by which the carrying amount of the asset exceeds its fair value. To December 31, 2018, no impairment losses have been recorded.

Income Taxes Not-For-Profit

The Nova Scotia New Democratic Party is a not-for-profit organization under the Income Tax Act as described in Section(149)(l) and therefore is not subject to income taxes.

Nova Scotia New Democratic Party

Notes to the Financial Statements

For the Year Ended December 31, 2018

1. Significant Accounting Policies continued

Revenue Recognition

Contributions are recognized as revenue when received. Revenue from fund-raising or other sources is recognized when received or when receivable if collection is reasonably assured. Election rebates are recognized as revenue in the year of the election expenditure, when the rebate amount can be determined and collection is reasonably assured.

The public service bodies' rebate is recognized as revenue in the year HST is paid or payable on eligible purchases and expenses.

Deferral Accounting

The Party follows the deferral method of accounting for public funding from the Province of Nova Scotia. Under the deferral method, revenue is recognized when expenses directly related to the revenue are incurred.

Fund Accounting

The Party follows fund accounting. The general operating fund reports the assets, liabilities, revenues and expenses related to the Party's services and administration. The Women in the Legislature Fund is internally restricted for expenditures to assist women as candidates in provincial elections.

Contributed Services

The Party would not be able to carry out its activities without the services of the many 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.

Statement of Cash Flows

The Party 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 at December 31, 2018, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from management's best estimates as additional information becomes available in the future. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Nova Scotia New Democratic Party

Notes to the Financial Statements

For the Year Ended December 31, 2018

2. Financial Instruments

The significant financial risks to which the Party is exposed are, interest rate risk, credit risk and liquidity risk.

Interest Rate Risk - Debt

Interest rate risk refers to the risk that a financial instrument or the fair value of cash flows associated with the instrument will fluctuate due to changes in market interest rates. The Party is exposed to interest rate risk in relation to interest expense on its bank overdraft with interest at 3.85%.

Credit Risk

Financial instruments which potentially subject the Party's to concentrations of credit risk consist of cash accounts receivable. The Party uses reputable financial institutions, from which management believes the risk of loss to be remote. The Party estimates an allowance for doubtful accounts and as at December 31, 2018 an allowance for doubtful accounts of \$Nil (2017 - \$Nil) for accounts receivable was recorded. The party's trade accounts receivable are due from the electoral district associations.

Liquidity Risk

Liquidity risk is the risk that the Party encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price. The company is exposed to liquidity risk arising primarily from accounts payable and amounts due to the government, short-term and long-term debt, commitments and financial guarantees. The Party's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows and maintains certain credit facilities to fund its operations and to meet its operating obligations.

3. Restricted Cash

The Party has restricted the use of \$10,052 (2017 - \$6,833) to the activities of the Women in The Legislature Fund to provide assistance to women candidates in provincial elections.

4. Land

In 1991, the Party received as a bequest a half-interest in a parcel of approximately seven acres of undeveloped land, the value of which is not known. As a title search has not been done, it is not known whether the Party has valuable title to the land. Accordingly the land is being reported at the nominal value of \$1.

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Notes to the Financial Statements

For the Year Ended December 31, 2018

5. Commitments

The company has entered into a four-year property lease agreement expiring September 30, 2022 with minimum annual payments over the next four years of \$ 27,058.

6. Content of Financial Statements

These financial statements include only the assets, liabilities and operations of the Nova Scotia New Democratic Party and do not include the assets and liabilities of any electoral district association.