

Nova Scotia New Democratic Party

Financial Statements

December 31, 2019

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Independent Audit Report

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

Qualified Opinion

We have audited the financial statements of Nova Scotia New Democratic Party, which comprise the statement of financial position as at December 31, 2019 and the balance sheet, statement of operations and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion, the financial statements present fairly, in all material respects, the financial position of Nova Scotia New Democratic Party as at December 31, 2019 and results of its operations and cash flows for the year ended December 31, 2019 in accordance with Canadian accounting standards for not-for-profit organizations.

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.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the applicable financial reporting framework, 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.

In preparing these financial statements, management is responsible for assessing the corporation's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the corporation or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the corporation's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

G + R

G&R Chartered Professional Accountants
Licensed Public Accountants

Dartmouth, Nova Scotia
April 13, 2020

Nova Scotia New Democratic Party

Balance Sheet

December 31, 2019

	Note	2019 \$	2018 \$
Assets	3.		
Current Assets			
Cash -			
Unrestricted cash		467,629	614,447
Women in the Legislature Fund	4.	9,683	10,052
Accounts receivable		107,608	1,608
HST receivable		-	58,980
Total Current Assets		584,920	685,087
Furniture and equipment - at cost, less accumulated amortization of \$40,109 (2018 - \$40,071)		153	191
Land	5.	1	1
Total Assets		585,074	685,279
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities		162,236	117,561
Deferred revenue		36,455	36,699
Total Current Liabilities		198,691	154,260
Members' Equity			
Members' equity		376,700	520,967
Women in the Legislature	4.	9,683	10,052
Total Equity		386,383	531,019
Total Liabilities and Equity		585,074	685,279

SIGNED ON BEHALF OF THE COUNCIL

 _____, Director

_____ Director

Nova Scotia New Democratic Party

Statement of Operations

For the Year Ended December 31, 2019

	2019 Revenue \$	2019 Expenses \$	2019 Net \$	2018 Net \$
Contributions	281,645	6,492	275,153	297,417
Other revenue	153,970	-	153,970	151,320
Province of Nova Scotia (Public Funding)	146,063	-	146,063	159,374
	581,678	6,492	575,186	608,111
Revenue transferred to EDA's and campaigns	-	173,315	(173,315)	(89,096)
Revenue from operations	581,678	179,807	401,871	519,015
General and Administrative Expenses				
Amortization			38	48
Bad debt recovery			1,765	45,703
Banking and finance costs			7,570	6,037
Conventions, council executive and committees			78,728	38,283
Fundraising incentive			9,635	-
Office and occupancy			178,874	68,006
Pre-election expenses			62,653	77,378
Professional fees			9,229	37,706
Salaries and benefits			166,320	114,858
Woman in the Legislature			3,000	-
			517,812	388,019
Excess (Deficiency) of receipts over expenses from operations			(115,941)	130,996
Election expenses billed to campaigns	87,364	87,364	-	-
Election-related expenses billed to campaigns	17,613	17,613	-	-
Other election-related expenses			28,695	-
Excess (Deficiency) of receipts over expenses for the year			(144,636)	130,996

Nova Scotia New Democratic Party

Statement of Members' Equity (Deficiency)

For the Year Ended December 31, 2019

	Woman in the Legislature Fund \$	Unrestricted \$	Totals December 31, 2019 \$	Totals December 31, 2018 \$
Balance - beginning of year	10,052	520,967	531,019	400,023
Excess (Deficiency) of receipts over expenses for the year	(369)	(144,267)	(144,636)	130,996
Balance - end of year	9,683	376,700	386,383	531,019

Nova Scotia New Democratic Party

Statement of Cash Flows

For the Year Ended December 31, 2019

	2019	2018
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess (deficiency) of receipts over expenses for the year	(144,636)	130,996
Amortization	38	48
Decrease (increase) in accounts receivable	(106,003)	116,405
Decrease in HST receivable	58,980	-
Increase (decrease) in accounts payable	44,678	(55,613)
Decrease in deferred revenue	(244)	(9,987)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	(147,187)	181,849
CASH (Restricted and Unrestricted) - BEGINNING OF YEAR	624,499	442,650
CASH (Restricted and Unrestricted) - END OF YEAR	477,312	624,499
 SUPPLEMENTARY INFORMATION:		
Cash - unrestricted	467,629	614,447
Cash - Women in the Legislature Fund	9,683	10,052
	477,312	624,499

Nova Scotia New Democratic Party

Notes to the Financial Statements

For the Year Ended December 31, 2019

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 Party subsequently measures all its financial assets and financial liabilities at cost or amortized cost. 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, 2019, 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.

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.

Nova Scotia New Democratic Party

Notes to the Financial Statements

For the Year Ended December 31, 2019

1. Significant Accounting Policies continued

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.

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, 2019, 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.

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 the bank's prime rate plus 1.75%.

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, 2019 an allowance for doubtful accounts of \$Nil (2018 - \$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

Nova Scotia New Democratic Party

Notes to the Financial Statements

For the Year Ended December 31, 2019

Liquidity Risk continued

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. Bank Indebtedness

The party has access to a \$500,000 line of credit which bears interest at the bank's prime rate plus 1.75%. This credit facility is secured with a registered general security agreement securing all assets. No amount has been drawn on this credit facility at December 31, 2019 (2018 - \$Nil)

4. Restricted Cash

The Party has restricted the use of \$9,683 (2018 - \$10,052) to the activities of the Women in The Legislature Fund to provide assistance to women candidates in provincial elections.

5. 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 a nominal value of \$1.

6. Commitments

The company has entered into a four-year property lease expiring September 30, 2022. The minimum aggregate annual payments for the base rent (common area and tax recovery charges are additional) over the next three years as follows:

	\$
Year 1	14,800
Year 2	14,800
Year 3	11,100
Total	40,700

7. 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.