

Nova Scotia New Democratic Party

Financial Statements

December 31, 2020

Nova Scotia New Democratic Party

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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 (the "Party") which is comprised of the balance sheet as at December 31, 2020 and the statement of operations, statement of members' equity, 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, 2020 and results of its operations and cash flows for the year ended December 31, 2020 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.

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 financial 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*.

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 Party'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 14, 2021

Nova Scotia New Democratic Party

Balance Sheet

December 31, 2020

	Note	2020 \$	2019 \$
Assets	3.		
Current Assets			
Cash -			
Unrestricted cash		616,241	467,629
Women in the Legislature Fund	4.	26,319	9,683
Accounts receivable		2,431	107,608
Total Current Assets		644,991	584,920
Furniture and equipment - at cost, less accumulated amortization of \$40,261 (2019 - \$40,109)		-	153
Land		-	1
Total Assets		644,991	585,074
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities		120,723	162,236
Deferred revenue		28,804	36,455
Total Current Liabilities		149,527	198,691
Members' Equity			
Members' equity		469,145	376,700
Women in the Legislature	4.	26,319	9,683
Total Equity		495,464	386,383
Total Liabilities and Equity		644,991	585,074

SIGNED ON BEHALF OF THE COUNCIL

 Director

 Director

Nova Scotia New Democratic Party

Statement of Operations

For the Year Ended December 31, 2020

	Revenue 2020 \$	Expenses 2020 \$	Net 2020 \$	Net 2019 \$
Contributions	352,036	5,151	346,885	275,153
Other revenue	286,817	-	286,817	153,970
Province of Nova Scotia (Public Funding)	120,070	-	120,070	146,063
	758,923	5,151	753,772	575,186
Revenue transferred to EDA's and campaigns	-	266,372	(266,372)	(173,315)
Revenue from operations	758,923	271,523	487,400	401,871
General and Administrative Expenses				
Amortization			153	38
Bad debt recovery			-	1,765
Banking and finance costs			11,832	7,570
Conventions, council executive and committees			48,048	78,728
Fundraising incentive			-	9,635
Office and occupancy			85,038	178,874
Pre-election expenses			29,699	62,653
Professional fees			16,484	9,229
Salaries and benefits			181,641	166,320
Woman in the Legislature			500	3,000
			373,395	517,812
Excess (Deficiency) of receipts over expenses from operations			114,005	(115,941)
Election-related expenses billed to campaigns and recoveries	25,070	29,994	4,924	28,695
Excess (Deficiency) of receipts over expenses for the year			109,081	(144,636)

Nova Scotia New Democratic Party

Statement of Members' Equity

For the Year Ended December 31, 2020

	Woman in the Legislature Fund \$	Unrestricted \$	Totals December 31, 2020 \$	Totals December 31, 2019 \$
Balance - beginning of year	9,683	376,700	386,383	531,019
Excess (Deficiency) of receipts over expenses for the year	16,636	92,445	109,081	(144,636)
Balance - end of year	26,319	469,145	495,464	386,383

Nova Scotia New Democratic Party

Statement of Cash Flows

For the Year Ended December 31, 2020

	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess (deficiency) of receipts over expenses for the year	109,081	(144,636)
Amortization	153	38
Decrease (increase) in accounts receivable	105,169	(106,003)
Decrease in HST receivable	-	58,980
Increase (decrease) in accounts payable	(41,504)	44,678
Decrease in deferred revenue	(7,651)	(244)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	165,248	(147,187)
CASH (Restricted and Unrestricted) - BEGINNING OF YEAR	477,312	624,499
CASH (Restricted and Unrestricted) - END OF YEAR	642,560	477,312
 SUPPLEMENTARY INFORMATION:		
Cash - unrestricted	616,241	467,629
Cash - Women in the Legislature Fund	26,319	9,683
	642,560	477,312

Nova Scotia New Democratic Party

Notes to the Financial Statements

For the Year Ended December 31, 2020

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, 2020, 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, 2020

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, 2020, 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, 2020 an allowance for doubtful accounts of \$Nil (2019 - \$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, 2020

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, 2020 (2019 - \$Nil)

4. Restricted Cash

The Party has restricted the use of \$26,819 (2019 - \$9,683) to the activities of the Women in The Legislature Fund to provide assistance to women candidates in provincial elections.

5. 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 two years as follows:

	\$
December 31, 2021	14,800
December 31, 2022	11,100
Total	25,900

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.