

THE LIBERAL ASSOCIATION OF NOVA SCOTIA
Financial Statements
Year Ended December 31, 2023

THE LIBERAL ASSOCIATION OF NOVA SCOTIA
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Year Ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Official Agent and Members of The Liberal Association of Nova Scotia

Qualified Opinion

We have audited the financial statements of The Liberal Association of Nova Scotia (the Association), which comprise the statement of financial position as at December 31, 2023, and the statements of receipts and expenditures, changes in net assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2023, and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many political organizations, the Association derives revenue from donations and fundraising the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses for the year ended December 31, 2023 and 2022, and current assets and net assets as at December 31, 2023 and 2022. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation of scope.

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 Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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

Management is responsible for the preparation and fair presentation of the 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.

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

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

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Independent Auditor's Report to the Official Agent and Members of The Liberal Association of Nova Scotia (continued)

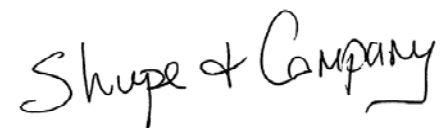
Auditor's Responsibilities for the Audit of the Financial Statements

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 Association'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 Association'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 Association 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.

Dartmouth, Nova Scotia
April 19, 2024



SHUPE & COMPANY
Chartered Professional Accountants

THE LIBERAL ASSOCIATION OF NOVA SCOTIA

Statement of Receipts and Expenditures

Year Ended December 31, 2023

	Unrestricted	Invested in capital assets	Election fund	2023	2022
Revenues					
Contributions	\$ 343,696	\$ -	\$ 29,449	\$ 373,145	\$ 556,312
Province of Nova Scotia	305,169	-	-	305,169	286,856
Fundraising events	36,666	-	-	36,666	5,969
HST recovery	20,158	-	-	20,158	25,188
Miscellaneous	851	-	-	851	-
Annual general meeting	70	-	-	70	33,475
Interest income	36	-	-	36	31
Leadership candidate fees	-	-	-	-	50,000
	706,646	-	29,449	736,095	957,831
Transfers (Note 10)	157,313	-	-	157,313	257,229
	549,333	-	29,449	578,782	700,602
Expenditures					
Advertising	3,997	-	-	3,997	1,731
Amortization	-	5,008	-	5,008	5,422
Annual general meeting	8,415	-	-	8,415	45,901
Commissions - Women's, Youth, and Senior's	3,896	-	-	3,896	5,501
Election readiness	-	-	24,028	24,028	-
Equipment rentals and maintenance (Note 11)	6,294	-	-	6,294	3,057
Finance charges	16,296	-	-	16,296	19,680
Fundraising events	20,666	-	-	20,666	8,664
Leader's office	5,378	-	-	5,378	10,888
Leadership	-	-	-	-	160,473
Meetings	191	-	-	191	2,902
Office	105,932	-	-	105,932	84,557
Postage	235	-	-	235	1,716
Professional fees	62,058	-	-	62,058	52,010
Rent (Note 11)	50,448	-	-	50,448	44,225
Salaries and benefits	216,213	-	-	216,213	416,405
Sundry	1,083	-	-	1,083	4,433
Telephone	9,565	-	-	9,565	14,678
Travel	9,969	-	-	9,969	18,034
	520,636	5,008	24,028	549,672	900,277
Excess (deficiency) of revenues over expenditures	\$ 28,697	\$ (5,008)	\$ 5,421	\$ 29,110	\$ (199,675)

See notes to financial statements

THE LIBERAL ASSOCIATION OF NOVA SCOTIA
Statement of Financial Position
December 31, 2023

	2023	2022
ASSETS		
Current		
Cash	\$ 97,513	\$ 90,092
Term deposits	28,979	-
Accounts receivable (Note 4)	46,312	30,275
Harmonized sales tax recoverable	20,158	25,188
Prepaid expenses	13,268	-
	<u>206,230</u>	145,555
Capital assets (Note 6)	3,715	7,221
Cash held in trust for Electoral District Associations (Note 5)	81,841	-
Internally restricted assets of the election fund	34,400	28,979
	<u>\$ 326,186</u>	<u>\$ 181,755</u>
LIABILITIES		
Current		
Accounts payable	\$ 57,351	\$ 29,374
Deferred receipts - Province of Nova Scotia (Note 9)	77,668	72,165
	<u>135,019</u>	101,539
In trust for Electoral District Associations (Note 5)	81,841	-
	<u>216,860</u>	101,539
Commitments (Note 11)		
NET ASSETS		
Unrestricted	71,211	44,016
Invested in capital assets	3,715	7,221
Election fund	34,400	28,979
	<u>109,326</u>	80,216
	<u>\$ 326,186</u>	<u>\$ 181,755</u>

ON BEHALF OF THE BOARD

Dan Merzetti

Director

Margaret Miller

Director

See notes to financial statements

THE LIBERAL ASSOCIATION OF NOVA SCOTIA
Statement of Changes in Net Assets
Year Ended December 31, 2023

	Unrestricted	Invested in capital assets	Election fund	2023	2022
Net assets - beginning of year	\$ 44,016	\$ 7,221	\$ 28,979	\$ 80,216	\$ 279,891
Excess of receipts over expenditures	28,697	(5,008)	5,421	29,110	(199,675)
Purchase of capital assets	(1,502)	1,502	-	-	-
Net assets - end of year	\$ 71,211	\$ 3,715	\$ 34,400	\$ 109,326	\$ 80,216

THE LIBERAL ASSOCIATION OF NOVA SCOTIA
Statement of Cash Flow
Year Ended December 31, 2023

	2023	2022
Operating activities		
Excess (deficiency) of receipts over expenditures	\$ 29,110	\$ (199,675)
Item not affecting cash:		
Amortization of capital assets	5,008	5,422
	<u>34,118</u>	<u>(194,253)</u>
Changes in non-cash working capital:		
Accounts receivable	(21,458)	261,720
Accounts payable	27,977	(16,310)
Deferred receipts	5,503	1,803
Prepaid expenses	(13,268)	3,162
Harmonized sales tax	5,030	87,614
Due to candidates	-	(41,675)
	<u>3,784</u>	<u>296,314</u>
	<u>37,902</u>	<u>102,061</u>
Investing activity		
Purchase of capital assets	(1,502)	(6,606)
Increase in cash	36,400	95,455
Cash (deficiency) - beginning of year	90,092	(5,363)
Cash - end of year	\$ 126,492	\$ 90,092
Cash consists of:		
Cash	\$ 97,513	\$ 90,092
Term deposits	<u>28,979</u>	<u>-</u>
	<u>\$ 126,492</u>	<u>\$ 90,092</u>

See notes to financial statements

THE LIBERAL ASSOCIATION OF NOVA SCOTIA
Notes to Financial Statements
Year Ended December 31, 2023

1. NATURE OF THE ORGANIZATION

The Association was incorporated on June 26, 2003 under the Societies Act of Nova Scotia and was established to secure good government by supporting the principles and policies of the Liberal Party and to secure the election of candidates to the Nova Scotia Legislative Assembly and the House of Commons. The Association continues to operate under the name Nova Scotia Liberal Party.

The Association is a not-for-profit organization under the Income Tax Act, and as such is not subject to either federal or provincial income taxes.

These financial statements include only the assets, liabilities and operations of the Association and therefore, do not include the assets, liabilities and operations of any provincial electoral district association.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO). Canadian accounting standards for not-for-profit organization are part of Canadian generally accepted accounting principals.

3. ACCOUNTING POLICIES

Cash and cash equivalents

Cash includes cash held in deposit accounts at Canadian financial institutions.

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Furniture and equipment	5 years	straight-line method
Computer equipment	3 years	straight-line method
Leasehold improvements	5 years	straight-line method

The Association regularly reviews its capital assets to eliminate obsolete items.

Revenue recognition

The Association follows the deferral method of accounting for receipts. Restricted receipts for elections are recognized as revenue of the election fund in the year received. Public funding is recognized on the accrual basis. Unrestricted contributions from donations and fundraising are recognized when received or receivable if collection is reasonably assured. Testamentary contributions are held in trust and recognized in accordance with section 237A of the Nova Scotia Elections Act. Election expense reimbursements are recognized when the reimbursement can be measured and when collection is reasonably assured. HST recovery is recognized on eligible expenses paid or payable during the year and when collection is reasonably assured.

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THE LIBERAL ASSOCIATION OF NOVA SCOTIA
Notes to Financial Statements
Year Ended December 31, 2023

3. ACCOUNTING POLICIES *(continued)*

Fund accounting

Receipts and expenditures related to program delivery and administrative activities are reported in the Unrestricted Fund.

The Election fund is internally restricted for all expenses leading up to and during an election that the association would otherwise not incur in normal operations including election readiness, pre-writ, election expenses during the writ period, and any post-writ costs. Receipts restricted for or money otherwise designated by the Provincial Board as a transfer for the fund are deposited to a separate bank account where they are maintained until needed.

The Capital asset fund reports the assets, liabilities, receipts, and expenditures related to the Association's capital assets.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealised gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and expenditures during the period. Actual results could differ from these estimates.

4. ACCOUNTS RECEIVABLE

	<u>2023</u>	<u>2022</u>
Electoral District Associations	\$ 43,535	\$ 28,895
Other	2,777	1,380
	<u>\$ 46,312</u>	<u>\$ 30,275</u>

THE LIBERAL ASSOCIATION OF NOVA SCOTIA
Notes to Financial Statements
Year Ended December 31, 2023

5. IN TRUST FOR ELECTORAL DISTRICT ASSOCIATION

	<u>2023</u>	<u>2022</u>
Redistributions	\$ 76,841	\$ -
Testamentary contributions	5,000	-
	<u>\$ 81,841</u>	<u>\$ -</u>

A \$5,000 contribution held in trust for an electoral district association in accordance with section 237A of the Nova Scotia Elections Act.

6. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Furniture and equipment	\$ 3,076	\$ 1,538	\$ 1,538	\$ 2,307
Computer equipment	13,464	11,287	2,177	4,914
Leasehold improvements	7,330	7,330	-	-
	<u>\$ 23,870</u>	<u>\$ 20,155</u>	<u>\$ 3,715</u>	<u>\$ 7,221</u>

7. BANK INDEBTEDNESS

The Association has a revolving line of credit of \$300,000. The facility bears interest at the bank's prime rate plus 1 percent per year, is payable on demand, and is secured by a general security agreement over all assets of the Association. The Association has access to credit cards with a combined limit of \$40,000, and if applicable, an interest rate of 15% on overdue payments and 23% on cash advances.

THE LIBERAL ASSOCIATION OF NOVA SCOTIA

Notes to Financial Statements

Year Ended December 31, 2023

8. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments which consists of cash, accounts receivable, a demand loan, accounts payable and accrued liabilities. It is management's opinion that the Association is not exposed to significant interest, credit, or liquidity risks arising from these financial instruments. The following analysis provides information about the Association's risk exposure and concentration as of December 31, 2023.

Credit risk

Credit risk is the risk that a third party will default on an obligation to the Association, causing the Association to incur a loss. In the normal course of its business, the Association incurs credit risk from trade debtors.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the fair market value or cash flow of the Association's financial instruments. The Association is primarily exposed to interest rate risk on a fixed rate cash equivalents for which fair market value may decrease if interest rates increase.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its receipt of funds from its members and other related sources, bank indebtedness and demand loan, obligations under capital leases, and accounts payable.

9. DEFERRED RECEIPTS - PROVINCE OF NOVA SCOTIA

	<u>2023</u>	<u>2022</u>
Opening balance	\$ 72,165	\$ 70,362
Receipts	315,672	288,659
Earned	<u>(305,169)</u>	<u>(286,856)</u>
Ending balance	<u>\$ 82,668</u>	<u>\$ 72,165</u>

10. TRANSFERS

	<u>2023</u>	<u>2022</u>
Constituencies and candidates	\$ 154,536	\$ 7,963
Leadership candidates	<u>2,776</u>	<u>249,266</u>
	<u>\$ 157,312</u>	<u>\$ 257,229</u>

THE LIBERAL ASSOCIATION OF NOVA SCOTIA
Notes to Financial Statements
Year Ended December 31, 2023

11. LEASE COMMITMENTS

The Association has signed a lease for its premises which requires payments of \$1,749 per month plus operating costs and expires in June 2026.

The minimum lease payments, excluding common area costs, required under these lease agreements for the next five years are approximately as follows:

2024	\$	20,993
2025		20,993
2026		10,497

The Association has signed a contract for software requiring payment of \$990 per month for 12 months. The payments begin subsequent to year end once regulatory approval is granted and training is provided.