

**NOVA SCOTIA NEW DEMOCRATIC PARTY**  
**Financial Statements**  
**Year Ended December 31, 2021**

**NOVA SCOTIA NEW DEMOCRATIC PARTY**  
**Index to Financial Statements**  
**Year Ended December 31, 2021**

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**LYLE TILLEY DAVIDSON**  
Chartered Professional Accountants

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**INDEPENDENT AUDITOR'S REPORT**

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To the Members of Nova Scotia New Democratic Party

*Qualified Opinion*

We have audited the financial statements of Nova Scotia New Democratic Party (the "Party"), which comprise the balance sheet as at December 31, 2021, and the statements of revenues and expenditures, changes in net assets and 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 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 Party as at December 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

*Basis for Qualified Opinion*

In common with many charitable organizations, the Party derives revenue from political contributions and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Party. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue or donations, excess of revenues over expenditures, and cash flows from operations for the years ended December 31, 2021 and 2020, current assets at December 31, 2021 and 2020, and net assets as at January 1 and December 31 for both 2021 and 2020 fiscal years. The predecessor auditor's opinion on the financial statements for the year ended December 31, 2020 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 Party in accordance with 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

*Other Matter*

The financial statements for the year ended December 31, 2020 were audited by another auditor who expressed a qualified opinion on those financial statements on April 14, 2021 for the reasons described in the *Basis for Qualified Opinion* section.

*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 ASNPO, 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 Party's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Party or to cease operations, or has no realistic alternative but to do so.

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

(continues)

## Independent Auditor's Report to the Members of Nova Scotia New Democratic Party *(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 Party'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 Party'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 Party 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.

### *Report on Other Legal and Regulatory Requirements*

We have audited the Party's compliance with the *Nova Scotia Elections Act* (the "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 that compliance. In our opinion the Party has complied in all material respects with the criteria of the Act.



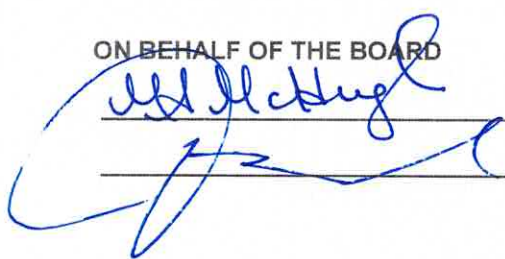
Halifax, Nova Scotia  
April 29, 2022

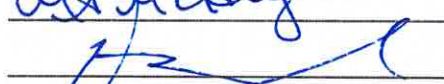
CHARTERED PROFESSIONAL ACCOUNTANTS

**NOVA SCOTIA NEW DEMOCRATIC PARTY**  
**Statement of Financial Position**  
**December 31, 2021**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash -		
Unrestricted cash	\$ 23,885	\$ 616,241
Women in Legislature Fund (Note 5)	16	26,319
Accounts receivable	557,819	2,431
Receivable from WIL fund	8,522	-
Harmonized sales tax recoverable	324	-
	<u>\$ 590,566</u>	<u>\$ 644,991</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Bank indebtedness	\$ 18,332	\$ -
Accounts payable and accrued liabilities	84,860	120,723
Deferred revenue	39,650	28,804
	<u>142,842</u>	<u>149,527</u>
<b>WIL FUND - PAYABLE TO OPERATING FUND</b>	<u>8,522</u>	<u>-</u>
	<u>151,364</u>	<u>149,527</u>
<b>NET ASSETS</b>		
Women in the legislature fund	(8,522)	26,319
Unrestricted fund	447,724	469,145
	<u>439,202</u>	<u>495,464</u>
	<u>\$ 590,566</u>	<u>\$ 644,991</u>

ON BEHALF OF THE BOARD

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

LYLE TILLEY DAVIDSON

**NOVA SCOTIA NEW DEMOCRATIC PARTY**  
**Statement of Revenues and Expenditures**  
**Year Ended December 31, 2021**

	2021	2020
<b>REVENUES</b>		
Contributions	\$ 323,829	\$ 346,885
Other revenue	348,675	286,817
Province of Nova Scotia (Public Funding)	144,274	120,070
Election recoveries	1,066,986	25,070
	<u>1,883,764</u>	<u>778,842</u>
Transfers to constituents	(306,568)	(266,372)
	<u>1,577,196</u>	<u>512,470</u>
<b>EXPENDITURES</b>		
Amortization	-	153
Election-related expenses	1,066,838	29,994
Interest and bank charges	27,500	11,832
Miscellaneous	19,183	48,048
Office	116,044	85,038
Pre-election expenses	153,989	29,699
Professional fees	21,207	16,484
Salaries and wages	193,697	181,641
Women in the Legislature	35,000	500
	<u>1,633,458</u>	<u>403,389</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (56,262)</b>	<b>\$ 109,081</b>

**NOVA SCOTIA NEW DEMOCRATIC PARTY**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2021**

	Women in the Legislature Fund	Unrestricted Fund	2021	2020
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 26,319	\$ 469,145	\$ 495,464	\$ 386,383
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(34,841)	(21,421)	(56,262)	109,081
<b>NET ASSETS (DEFICIT) - END OF YEAR</b>	\$ (8,522)	\$ 447,724	\$ 439,202	\$ 495,464

**NOVA SCOTIA NEW DEMOCRATIC PARTY**

**Statement of Cash Flows**

**Year Ended December 31, 2021**

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenditures	\$ (56,262)	\$ 109,081
Item not affecting cash:		
Amortization	-	153
	<u>(56,262)</u>	<u>109,234</u>
Changes in non-cash working capital:		
Accounts receivable	(555,388)	105,169
Accounts payable and accrued liabilities	(35,863)	(41,504)
Deferred revenue	10,846	(7,651)
Harmonized sales tax recoverable	(324)	-
	<u>(580,729)</u>	<u>56,014</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(636,991)</b>	<b>165,248</b>
Cash - beginning of year	<u>642,560</u>	<u>477,312</u>
<b>CASH - END OF YEAR</b>	<b>\$ 5,569</b>	<b>\$ 642,560</b>
<b>CASH CONSISTS OF:</b>		
Unrestricted cash	\$ 23,885	\$ 616,241
Women in Legislature Fund	16	26,319
Bank indebtedness	<u>(18,332)</u>	<u>-</u>
	<b>\$ 5,569</b>	<b>\$ 642,560</b>

# NOVA SCOTIA NEW DEMOCRATIC PARTY

## Notes to Financial Statements

Year Ended December 31, 2021

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### 1. PURPOSE OF THE PARTY

Nova Scotia New Democratic Party (the "Party") is a provincial political party in Nova Scotia. The Party is a not-for-profit organization as described in Section 149(I) of the Income Tax Act, and as such, is not subject to income tax.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

#### Cash

Cash includes cash on hand and cash on deposit with Canadian financial institutions net of outstanding cheques issued at the end of the year.

#### Financial instruments

Financial instruments are recorded at fair value when acquired or issued, except for transactions with related parties which are recorded at the exchange amount. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized 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 revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Significant estimates include allowance for doubtful accounts and accrued liabilities.

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

#### Revenue recognition

The Party follows the deferral method of accounting for contributions and funding.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Public funding from the Province of Nova Scotia is recognized when expenses directly related to the revenue are incurred.

# NOVA SCOTIA NEW DEMOCRATIC PARTY

## Notes to Financial Statements

Year Ended December 31, 2021

### 3. FINANCIAL INSTRUMENTS

The Party is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. Financial instruments consist of cash, accounts receivable, bank indebtedness, accounts payable and accrued liabilities and payable to constituents. The following analysis provides information about the Party's risk exposure and concentration as of December 31, 2021.

#### Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Party is exposed to credit risk from campaigns and electoral district associations. In order to reduce its credit risk an allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. Due to the nature of the revenue credit risk is reduced to minimal.

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Party is exposed to this risk mainly in respect of its receipt of funds from its donors and contributors and other related sources and accounts payable and accrued liabilities.

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Party is not exposed to market risk at a significant level.

### 4. 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. \$394,342 has been drawn on this credit facility at December 31, 2021 (2020 - \$nil). This line of credit has been subsequently closed.

### 5. RESTRICTED CASH

The Party has restricted the use of \$16 (2020 - \$26,319) to the activities of the Women in the Legislature Fund to provide assistance to women candidates in provincial elections.

### 6. LEASE COMMITMENTS

The Party has a long term lease with respect to its premises expiring September 30, 2022. The lease contains renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at December 31, 2021, are as follows:

2022	<u>\$ 11,100</u>
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### 7. CONTENT OF FINANCIAL STATEMENTS

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

**NOVA SCOTIA NEW DEMOCRATIC PARTY**

**Notes to Financial Statements**

**Year Ended December 31, 2021**

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**8. COVID 19**

Beginning in March 2020 the Governments of Canada and Nova Scotia, as well as foreign governments instituted emergency measures as a result of the COVID-19 virus. The virus has had a major impact on Canadian and international securities and currency markets and consumer activity which may impact the Party's financial position, its results of operations and its cash flows significantly. As these are on-going events, these financial statements do not reflect any potential future impact. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Party as at the report date.

**9. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation.