

Speaker of the
Legislative Assembly

speaker@legassembly.sk.ca



129-2405 Legislative Drive
Regina, Saskatchewan S4S 0B3
Tel (306) 787-2282
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MEMORANDUM

Date: October 1, 2019

To: Members of the Board of Internal Economy
John Saltasuk, Chief of Staff, Government Caucus
Adrienne King Chief of Staff, Opposition Caucus

cc: Gregory Putz, Clerk
Dawn Court, Executive Director, Member & Corporate Services
Cindy Hingley, Director of Financial Services

From: Hon. Mark Docherty, Chair, Board of Internal Economy

Re: Directive #23 – 2018-2019 Caucus Audited Financial Statements

Enclosed are the 2018-2019, Audited Financial Statements and auditor's opinions received from the caucus offices, which were filed with my office in accordance with Directive #23.

Directive #23 Caucus Accountability and Disclosure requires that the auditor's reports and audited financial statements be available for examination by the public during normal business hours in the Clerk's Office and the respective caucus offices.

These statements will be distributed to the Members of the Board of Internal Economy and tabled at the next meeting of the Board of Internal Economy, and in the House at the 2019 Fall Session of the Legislative Assembly. In addition, please be reminded that the 2018-2019 Caucus Audited Financial Statements will also be posted on the Legislative Assembly Services' website on October 1, 2019.

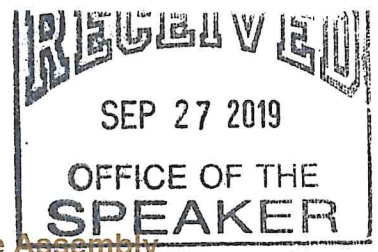
A handwritten signature in black ink, appearing to read 'Mark Docherty'.

Hon. Mark Docherty
Speaker of the Legislative Assembly of Saskatchewan

MD/ss
Encl.



Office of the
Official Opposition



Saskatchewan Legislative Assembly

September 27, 2019

265 Legislative Building
Regina, Saskatchewan
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Phone: (306) 787-7388
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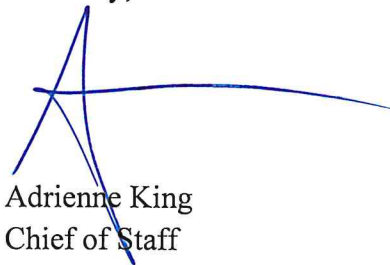
Honourable Mark Docherty
Speaker
Legislative Assembly of Saskatchewan
129 Legislative Building
REGINA SK S4S 0B3

Dear Speaker Docherty:

Pursuant to Board of Internal Economy Directive #23: **Caucus Accountability and Disclosure**, I hereby submit the audited Financial Statements for the 2018-2019 fiscal year, prepared for the NDP Caucus by the accounting firm of MWC Chartered Professional Accountants LLP.

I trust this audit meets the requirements as set out in the Directive.

Sincerely,



Adrienne King
Chief of Staff

Encl.

cc: Cheryl Stecyk, Director of Administration & Human Resources, NDP Caucus





Chartered Professional
Accountants LLP

INDEPENDENT PRACTITIONER'S REASONABLE ASSURANCE REPORT ON COMPLIANCE

To the Members of New Democratic Party Caucus for submission to the Board of Internal Economy

We have undertaken a reasonable assurance engagement of New Democratic Party Caucus compliance during the period Sunday, April 1, 2018 to March 31, 2019, with 1) Directive #7.2 Caucus Resources, 2) Directive #7.3 Caucus Information Technology Resources, 3) Directive #11 Grant to Office of the Leader of the Opposition and 4) Directive #23 Caucus Accountability and Disclosure ("the specified requirements") established by the Board of Internal Economy.

Management's Responsibility

Management is responsible for New Democratic Party Caucus compliance with the specified requirements of the Board. Management is also responsible for such internal control as management determines necessary to enable New Democratic Party Caucus compliance with the specified requirements.

Our Responsibility

Our responsibility is to express a reasonable assurance opinion on New Democratic Party Caucus based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Canadian Standard on Assurance Engagements 3531, *Direct Engagements to Report on Compliance*. This standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the entity complied with the specified requirements, in all significant respects.

Reasonable assurance is a high level of assurance, but is not a guarantee that an engagement conducted in accordance with this standard will always detect a significant instance of non-compliance with specified requirements when it exists. Instances of non-compliance can arise from fraud or error and are considered significant if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of our report. A reasonable assurance compliance reporting engagement involves performing procedures to obtain evidence about the entity's compliance with the specified requirements. The nature, timing and extent of procedures selected depends on our professional judgement, including an assessment of the risks of significant non-compliance, whether due to fraud or error.

We believe the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Our Independence and Quality Control

We have complied with the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Canadian Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements* and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

An asset to our clients, not an expense

Independent Auditor's Report to the Members of New Democratic Party Caucus (*continued*)

Opinion

In our opinion, New Democratic Party Caucus complied with the specified requirements established by the Board of Internal Economy during the period Sunday, April 1, 2018 to March 31, 2019, in all significant respects.

We do not provide a legal opinion on New Democratic Party Caucus compliance with the specified requirements.

MWCLLP

Chartered Professional Accountants

Regina, Saskatchewan
Monday, September 23, 2019

NEW DEMOCRATIC PARTY CAUCUS

Financial Statements

Year Ended March 31, 2019

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of New Democratic Party Caucus have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of New Democratic Party Caucus's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Caucus Committee is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Committee also considers, for review and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by MWC Chartered Professional Accountants LLP, in accordance with Canadian generally accepted auditing standards.



Director of Administration and Human
Resources



Caucus Chair

Regina, Saskatchewan
September 23, 2019



Chartered Professional
Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of New Democratic Party Caucus

Opinion

We have audited the financial statements of New Democratic Party Caucus (the Caucus), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Caucus as at March 31, 2019 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 Caucus 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 opinion.

Other Information

We have also undertaken a reasonable assurance engagement on the Caucus' compliance with directives set out by the Board of Internal Economy and provided an opinion on the Caucus' internal control over financial reporting in accordance with Guidance on Control (CoCo Framework) published by the Chartered Professional Accountants of Canada under separate Auditor's Reports dated September XX, 2019.

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 Caucus'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 Caucus or to cease operations, or has no realistic alternative but to do so.

(continues)

An asset to our clients, not an expense

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

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 Caucus'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 Caucus'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 Caucus 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.

MWCLLP

Chartered Professional Accountants

Regina, Saskatchewan
September 23, 2019


NEW DEMOCRATIC PARTY CAUCUS

Statement of Financial Position


March 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 98,593	\$ 100,990
Accounts receivable (Note 4)	50,824	-
Prepaid expenses	964	584
	<u>150,381</u>	<u>101,574</u>
CAPITAL ASSETS (Note 5)	<u>5,891</u>	<u>4,318</u>
	<u>\$ 156,272</u>	<u>\$ 105,892</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accruals (Note 6)	\$ 7,980	\$ 6,015
Wages payable	75,173	57,036
	<u>83,153</u>	<u>63,051</u>
CAUCUS SURPLUS (Note 3)	<u>73,119</u>	<u>42,841</u>
	<u>\$ 156,272</u>	<u>\$ 105,892</u>

ON BEHALF OF THE CAUCUS



Member



Member

See notes to financial statements

NEW DEMOCRATIC PARTY CAUCUS

Statement of Operations Year Ended March 31, 2019

	2019	2018
REVENUES		
Allowances and grants	\$ 900,303	\$ 787,288
Cost recoveries and other income <i>(Note 4)</i>	50,824	24
	951,127	787,312
EXPENSES		
Wages and benefits	709,722	659,739
Contractual services	60,437	33,846
Advertising	53,593	12,637
Equipment maintenance and website service	27,926	22,280
Travel and accommodations	15,849	11,113
Meetings and receptions	15,729	11,431
Telephone and communications	15,443	11,078
Printing, postage and delivery	9,896	5,729
Professional fees	6,360	12,228
Office	2,403	4,166
Amortization	2,278	1,001
Insurance	638	638
Bank charges and interest	575	415
	920,849	786,301
EXCESS OF REVENUES (EXPENSES)	\$ 30,278	\$ 1,011

Statement of Changes in Net Assets Year Ended March 31, 2019

	2019	2018
SURPLUS (DEFICIT) - BEGINNING OF YEAR	\$ 42,841	\$ 41,830
EXCESS OF REVENUES (EXPENSES)	30,278	1,011
SURPLUS (DEFICIT) - END OF YEAR <i>(Note 3)</i>	\$ 73,119	\$ 42,841

See notes to financial statements

NEW DEMOCRATIC PARTY CAUCUS

Statement of Cash Flows Year Ended March 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess of revenues (expenses)	\$ 30,278	\$ 1,011
Item not affecting cash:		
Amortization of capital assets	2,278	1,001
	<u>32,556</u>	<u>2,012</u>
Changes in non-cash working capital:		
Accounts receivable	(50,824)	-
Accounts payable and accruals	1,964	(4,445)
Prepaid expenses	(380)	-
Wages payable	18,138	(19,228)
	<u>(31,102)</u>	<u>(23,673)</u>
Cash flow from (used by) operating activities	<u>1,454</u>	<u>(21,661)</u>
INVESTING ACTIVITY		
Additions to capital assets	<u>(3,851)</u>	<u>(4,404)</u>
DECREASE IN CASH FLOW	<u>(2,397)</u>	<u>(26,065)</u>
CASH - BEGINNING OF YEAR	<u>100,990</u>	<u>127,055</u>
CASH - END OF YEAR	<u>\$ 98,593</u>	<u>\$ 100,990</u>

See notes to financial statements

NEW DEMOCRATIC PARTY CAUCUS

Notes to Financial Statements

Year Ended March 31, 2019

1. PURPOSE OF THE CAUCUS

The Caucus office provides research, secretarial and general services for the New Democratic Party of Saskatchewan Members of the Legislative Assembly. The Caucus is a registered not-for-profit organization and is exempt from income taxes.

The Caucus receives funding from the Legislative Assembly pursuant to various directives adopted by the Legislative Assembly's Board of Internal Economy.

The Caucus year end coincides with the fiscal year end of the provincial government. In the event of a provincial election, the Caucus is dissolved the day before polling day and a new Caucus begins the day after.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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.

Financial assets including cash and accounts receivable are reported at amortized cost.

Financial liabilities including accounts payable and accrued liabilities are measured at amortized cost.

Revenue recognition

Allowances and grants are recognized on a monthly basis per the directives of the Board of Internal Economy. Interest and other income is recognized in the period earned and cost recoveries are recognized in the period the cost is incurred if the amount can be estimated and collection is reasonably assured.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates:

Equipment	5 years
Computer equipment	3 years

3. CAUCUS SURPLUS

Board of Internal Economy Directive #23 - Caucus Accountability and Disclosure provides that within six months of polling day, surplus Caucus funds, if any, after payment of outstanding accounts shall revert to the Crown.

NEW DEMOCRATIC PARTY CAUCUS

Notes to Financial Statements

Year Ended March 31, 2019

4. ACCOUNTS RECEIVABLE

As at yearend the Caucus has receivables from the Members of the Legislative Assembly's offices as part of a cost sharing arrangement for advertising services. The outstanding balance was received in April 2019.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Equipment	\$ 1,484	\$ 445	\$ 1,039	\$ 1,336
Computer equipment	7,869	3,017	4,852	2,982
	<u>\$ 9,353</u>	<u>\$ 3,462</u>	<u>\$ 5,891</u>	<u>\$ 4,318</u>

6. ACCOUNTS PAYABLE AND ACCRUALS

In accordance with the Board of Internal Economy Directive #23 - Caucus Accountability and Disclosure, at year end, accounts payable and accrued liabilities include:

	2019	2018
Professional fees	\$ 5,000	\$ 5,000
Travel and accommodations	1,696	-
Meetings and receptions	700	444
Printing, postage and delivery	291	-
Equipment maintenance and website service	212	93
Telephone and communications	74	454
Office supplies	7	24
	<u>\$ 7,980</u>	<u>\$ 6,015</u>

7. LINE OF CREDIT

The Caucus has a line of credit of \$ 20,000 available of which no amount has been drawn upon at year end. The line of credit is secured under a general security agreement and bears interest at 3.950%.

NEW DEMOCRATIC PARTY CAUCUS

Notes to Financial Statements

Year Ended March 31, 2019

8. FINANCIAL INSTRUMENTS

The Caucus is exposed to various risks through its financial instruments and management is responsible to monitor, evaluate and manage these risks. The following analysis provides information about the Caucus's risk exposure and concentration as of March 31, 2019.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. As the majority of the Caucus' income is from grants, the Caucus is not exposed to significant credit risk. Any exposure to unrecoverable cost recoveries is nominal as no cost outlay is made until the arrangement is in place.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Caucus' significant exposure to liquidity risk is related to accumulated employee payables that are not funded by Legislative Assembly. As at yearend the balance is \$50,112 (2018 - \$42,914) which is included in wages payable.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Caucus does not have significant exposure to interest rate risk.

9. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation. There has been no impact on previously reported total assets, liabilities, revenues, or expenses as a result of the reclassification.