

**Saskatchewan Party Caucus**  
**Financial Statements**  
*March 31, 2011*



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September 28<sup>th</sup>, 2011

Honourable Don Toth  
Speaker  
129 Legislative Building  
Regina, SK S4S 0B3

Dear Mr. Speaker:

Pursuant to the Board of Internal Economy Directive #23(5), please find enclosed a copy of the following reports prepared for the Saskatchewan Party Caucus by the accounting firm Meyers Norris Penny:

- 1.) Audited financial statement for the year ended March 31<sup>st</sup>, 2011;
- 2.) Schedule of fixed assets as of March 31, 2010;
- 3.) Auditor's opinion that the financial statements have been prepared in accordance with Canadian generally accepted accounting principles;
- 4.) Auditor's opinion that the Caucus Office's rules and procedures are adequate to safeguard and control public money; and
- 5.) Auditor's opinion that the money provided to the Caucus Office was used in compliance with Directives #7.2, #7.3 and #23.

Please note that the original hardcopies will be delivered as soon as possible.

Please contact me should you have any questions or concerns regarding the above.

Gerald Proctor  
Government Caucus Chief of Staff  
Encls.

## Management's Responsibility

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To the Members of Saskatchewan Party Caucus:

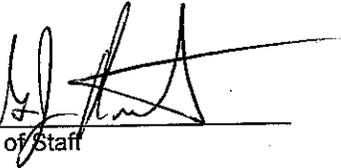
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Management Committee is composed entirely of MLA's who are neither management nor employees of the Caucus. The Management Committee is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Management Committee fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Management Committee is also responsible for recommending the appointment of the Caucus' external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

August 9, 2011



Chief of Staff

## Independent Auditors' Report

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To the Members of Saskatchewan Party Caucus:

We have audited the accompanying financial statements of Saskatchewan Party Caucus, which comprise the statement of financial position as at March 31, 2011, and the statements of revenues and expenditures and Caucus surplus and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Party Caucus as at March 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan

August 9, 2011

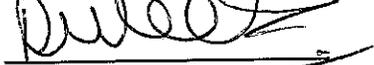
*DW*  
**MNP LLP**  
Chartered Accountants

**Saskatchewan Party Caucus  
Statement of Financial Position**

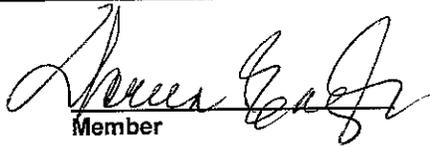
*As at March 31, 2011*

	<b>2011</b>	<b>2010</b>
<b>Assets</b>		
<b>Current</b>		
Cash	59,525	466,061
Accounts receivable	30,638	545
Prepaid expenses and deposits	5,400	5,475
	95,563	472,081
<b>Capital assets (Note 3)</b>	40,366	32,426
	135,929	504,507
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	65,982	18,976
Current portion of capital lease obligations (Note 6)	12,579	5,713
	78,561	24,689
<b>Deferred contributions related to capital assets (Note 5)</b>	-	7,599
	78,561	32,288
<b>Surplus</b>		
Caucus surplus	57,368	472,219
	135,929	504,507

Approved on behalf of



Member



Member

**Saskatchewan Party Caucus**  
**Statement of Revenues and Expenses and Caucus Surplus**  
*For the year ended March 31, 2011*

	2011	2010
<b>Revenue</b>		
Sessional research general and secretarial expense	871,568	865,909
Information technology enhancements grant	7,599	12,667
	<b>879,167</b>	<b>878,576</b>
<b>Expenses</b>		
Advertising	591,420	28,490
Amortization	24,861	19,911
Chair of leg review	-	5,545
Computer maintenance	37,371	51,572
Contract work	50,245	60,260
Facilitation services	-	20,618
Insurance	616	370
Interest and bank charges	3	64
Interest on capital leases	595	1,781
Meetings	15,346	22,083
Membership fees	4,017	3,086
Office supplies	15,049	22,381
Postage	1,177	1,020
Professional fees	6,545	5,775
Salaries and benefits	530,559	428,703
Telephone	3,714	2,081
Travel and training	12,500	18,523
	<b>1,294,018</b>	<b>692,263</b>
<b>(Deficiency) excess of revenues over expenditures for the year</b>	<b>(414,851)</b>	<b>186,313</b>
<b>Caucus surplus, beginning of year</b>	<b>472,219</b>	<b>285,906</b>
<b>Caucus surplus, end of year</b>	<b>57,368</b>	<b>472,219</b>

*The accompanying notes are an integral part of these financial statements*

**Saskatchewan Party Caucus**  
**Statement of Cash Flows**  
*For the year ended March 31, 2011*

	2011	2010
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Cash received from the Saskatchewan Legislative Assembly	841,475	865,364
Program service expenses paid	(690,920)	(251,260)
Cash paid for salaries and benefits	(530,559)	(428,703)
Interest paid	(329)	(1,845)
	<b>(380,333)</b>	<b>183,556</b>
<b>Financing activities</b>		
Increase in capital lease obligation	18,550	-
Repayments of capital lease obligation	(11,421)	(8,576)
	<b>7,129</b>	<b>(8,576)</b>
<b>Investing activities</b>		
Purchase of capital assets	(33,332)	(5,894)
<b>Cash resources, beginning of year</b>	<b>466,061</b>	<b>296,975</b>
<b>Cash resources, end of year</b>	<b>59,525</b>	<b>466,061</b>

*The accompanying notes are an integral part of these financial statements*

**1. Organization and operations**

A Caucus is defined by S.50 (1) (b) of the Legislative Assembly and Executive Council Act to mean a group of two or more Members who are elected to the Assembly and who belong to the same political party.

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

In accordance with Board of Internal Economy Directive #23 - Caucus Accountability and Disclosure, the Caucus is required to submit annual audited financial statements as well as audited financial statements for the term of the 26th Legislature.

**2. Significant accounting policies**

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

**Capital assets**

Capital assets are recorded at cost. The cost for contributed capital assets is considered to be fair value at the date of contribution.

Amortization is provided using methods and rates intended to amortize the cost of assets over their estimated useful lives.

	<i>Method</i>	<i>Rate</i>
Computer equipment	declining balance	30 %
Computer software	declining balance	30 %
Office equipment	declining balance	20 %
Assets under capital lease	straight-line	2 years

Assets under capital lease are amortized straight-line over the term of the capital lease

**Deferred contributions related to information technology enhancements**

Grants related to information technology enhancements are deferred and amortized over 3 years over the term of the assets the grant monies were used to purchase.

**Measurement uncertainty**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Amortization is based on the estimated useful lives of capital assets. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

**Revenue recognition**

All sources of revenue are recognized when earned in accordance with the Board of Internal Economy directives.

**Financial instruments**

The Caucus has classified cash, accounts receivable and accounts payable and accrued liabilities as financial instruments held for trading.

Held for trading financial assets and liabilities are financial instruments that are acquired or incurred principally for the purpose of selling or repurchasing the instrument in the near term or are initially designated as held for trading. These instruments are initially recognized at fair value. Fair value is approximated by the instruments' initial cost in a transaction between unrelated parties. Held for trading financial instruments are carried at fair value with both realized and unrealized gains and losses included in the statement of revenue, expenditures and surplus. Transactions to purchase or sell these items are recorded on the settlement date. Transaction costs related to held for trading financial instruments are expensed as incurred.

**Saskatchewan Party Caucus**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2011*

**Recent Accounting Pronouncements**

**Canadian accounting standards for not-for-profit organizations**

In October 2010, the Accounting Standards Board (AcSB) approved the accounting standards for private sector not-for-profit organizations (NFPOs) to be included in Part III of the CICA Handbook-Accounting ("Handbook"). Part III will comprise:

- The existing "4400 series" of standards dealing with the unique circumstances of NFPOs, currently in Part V of the Handbook; and
- The new accounting standards for private enterprises in Part II of the Handbook, to the extent that they would apply to NFPOs.

Effective for fiscal years beginning on or after January 1, 2012, private sector NFPOs will have the option to adopt either Part III of the Handbook or International Financial Reporting Standards (IFRS). Earlier adoption is permitted. The Caucus expects to adopt Part III of the Handbook as its new financial reporting standards. The Caucus has not yet determined the impact of the adoption of Part III of the Handbook on its financial statements.

**3. Capital assets**

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2011 Net book value</i>	<i>2010 Net book value</i>
Computer equipment	76,273	65,992	10,281	5,945
Computer software	57,459	46,872	10,587	16,095
Office equipment	18,799	11,776	7,023	5,677
Assets under capital lease	18,020	5,545	12,475	4,709
	<b>170,551</b>	<b>130,185</b>	<b>40,366</b>	<b>32,426</b>

**4. 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:

	<i>2011</i>	<i>2010</i>
Advertising and promotion	18,081	5,560
Audit	5,620	5,400
General contractual service	319	85
Meals and catering	174	-
Office supplies	66	264
Postage and courier	28	-
Repairs and maintenance	2,827	104
Research	14,487	-
Salaries, wages and benefits	23,887	7,510
Telephone and communication	195	53
Travel and training	180	-
Water	117	-
	<b>65,981</b>	<b>18,976</b>

**Saskatchewan Party Caucus**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2011*

**5. Deferred contributions related to information technology enhancements**

Board of Internal Economy Directive #7.3 - Caucus Information Technology Resources states that the information technology enhancements grant is to be used for information technology enhancements. In November 2007, the Caucus received an information technology enhancements grant of \$38,000 under the Board of Internal Economy Directive #7.3 which was recorded as deferred contributions and will be taken into income at a straight line rate of 3 years. During the year the remaining \$7,599 (2010 - \$12,667) has been recognized as revenue.

**6. Obligation under capital lease**

The Caucus has the following capital lease commitments:

Lease of computer equipment, bearing interest at 5%, with 13 monthly payments of \$1,427, expires December 2012	12,579	5,713
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Minimum lease payments related to the obligation under capital lease are as follows:

2012	12,579
<u>Less: current portion</u>	<u>(12,579)</u>

**7. 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.

In the event of a directive being adopted requiring the surplus, or a portion thereof, to be refunded to the Assembly, a liability would be created. No provision has been made in the accounts for this potential contingency during the year.

**8. Financial instruments**

The Caucus as part of its operations carries a number of financial instruments, which include cash, accounts receivable, accounts payable and accruals.

***Risk management policy***

The Caucus, as part of operations, has established an oversight committee in the management committee ("management"). As part of the operation of the Caucus, management has overall responsibility for the establishment and oversight of the Caucus' risk management framework and reviews the Caucus' policies on an ongoing basis. Further, management reviews annually the Caucus' succession policy in place for the staffing component of the office.

***Fair value of financial instruments***

The carrying amount of cash, accounts receivable, accounts payable and accrued liabilities approximates their fair value due to the short-term nature of these items.

***Liquidity risk***

Liquidity risk is the risk that the Caucus will encounter difficulty in meeting obligations associated with financial liabilities. The Caucus enters into transactions to purchase goods and services on credit for which repayment is required at various maturity dates. The Caucus monitors its cash balances and cash flows generated from funding to meet requirements. The Caucus manage the liquidity risk resulting from accounts payable and capital leases by continuously monitoring forecast and actual cash flows.

**Saskatchewan Party Caucus**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2011*

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**9. Capital management**

The Caucus' objective when managing capital is to maintain a sufficient capital base so as to allow the Caucus to respond to its needs. The Caucus receives funding pursuant to various directives adopted by The Legislative Assembly's Board of Internal Economy and as such, maintains the capital structure pursuant to those directives.

**10. Commitments**

The Caucus has entered into a 6 month agreement to pay monthly website hosting and user fees, which expires July 1, 2011. Minimum monthly payments on the hosting services and user fees are \$1,200. Estimated minimum annual payments for 2012 are \$3,600.