

## **INDEPENDENT AUDITORS' REPORT**

**To the Chief Electoral Officer, Elections Canada**

**GREEN PARTY OF CANADA FUND**

### **Report on the Audit of the Financial Return**

#### *Qualified Opinion*

We have audited the accompanying Registered Party Financial Transactions Return (the "Return") of the Green Party of Canada Fund for the year ending December 31, 2018. The financial information in the Return has been prepared by the Chief Agent of the Green Party of Canada Fund based on the financial reporting provisions of Section 432 of the Canada Elections Act and in the prescribed form issued by Elections Canada.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the Return of the Green Party of Canada Fund for the year ending December 31, 2018 is prepared, in all material respects, in accordance with the financial reporting provisions of Section 432 of the Canada Elections Act and in the prescribed form issued by Elections Canada.

#### *Basis for Qualified Opinion*

In common with organizations of this type, the Green Party of Canada Fund derives revenue from contributions, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of revenues from contributions was limited to the amounts recorded in the records of the Green Party of Canada Fund and we were not able to determine whether any adjustments might be necessary to the amount of contributions, excess of revenue over expenditures for the year and net assets reported.

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 Return* section of our report. We are independent of the Green Party of Canada Fund in accordance with the ethical requirements that are relevant to our audit of the Return in Canada, and we have fulfilled our 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 opinion.

#### *Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use*

Without modifying our opinion, we draw attention to the Note to the Return which describes the basis of accounting. The Return is prepared to assist the Chief Agent of the Green Party of Canada Fund to meet the requirements of the Canada Elections Act. As a result, the Return may not be suitable for another purpose. Our report is intended solely for the Chief Agent of the Green Party of Canada Fund and the Chief Electoral Officer, and should not be distributed to or used by parties other than the Chief Agent and the Chief Electoral Officer.

### *Responsibilities of the Chief Agent and Those Charged with Governance for the Return*

The Chief Agent is responsible for the preparation of the Return in accordance with the financial reporting provisions of Section 432 of the Canada Elections Act and in the prescribed form issued by Elections Canada, and for such internal control as the Chief Agent determines is necessary to enable the preparation of the Return that is free from material misstatement, whether due to fraud or error.

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

### *Auditor's Responsibilities for the Audit of the Return*

Our objectives are to obtain reasonable assurance about whether the Return as a whole is 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 this Return.

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 Return, 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 Green Party of Canada Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Agent.

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**

As required by Subsection 435(1) of the Canada Elections Act, the Return presents the information as contained in the financial records on which it is based.



Chartered Professional Accountants  
Licensed Public Accountants

Ottawa, Ontario  
June 17, 2019.

**GREEN PARTY OF CANADA FUND**  
**Note to the Registered Party Financial Transaction Return**  
December 31, 2018

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The Registered Party Financial Transactions Return has been prepared in accordance with the financial reporting provisions of Section 432 of the Canada Elections Act and in the prescribed form issued by Elections Canada.

The Return is prepared to assist the Chief Agent to meet the requirements of the Canada Elections Act. The Return is intended solely for the use of the Chief Agent and the Chief Electoral Officer. Accordingly, readers are cautioned that the Return may not be suitable for another purpose. The Canada Elections Act requires that the Return be made available for public inspection.

**FINANCIAL STATEMENTS**

**For**

**GREEN PARTY OF CANADA FUND**

**For year ended**

**DECEMBER 31, 2018**

## INDEPENDENT AUDITOR'S REPORT

To the members of

### **GREEN PARTY OF CANADA FUND**

#### *Qualified Opinion*

We have audited the financial statements of Green Party of Canada Fund (the Fund), which comprise the statement of financial position as at December 31, 2018, 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, 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 Fund as at December 31, 2018 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 Qualified Opinion*

In common with many not-for-profit organizations, the Fund derives revenue from contributions, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the Fund. Therefore, we were not able to determine whether any adjustments might be necessary to contribution revenue, excess (deficiency) of revenues over expenses, and cash flows from operations for the years ended December 31, 2018 and 2017, current assets as at December 31, 2018 and 2017, and net assets as at January 1 and December 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended December 31, 2017 was modified accordingly because of the possible effects of this limitation in 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 Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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.

#### *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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund'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 Fund'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 Fund'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 Fund 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.

Welch LLP

Chartered Professional Accountant  
Licensed Public Accountants

Ottawa, Ontario  
June 17, 2019.

**GREEN PARTY OF CANADA FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2018**

|   | <u>2018</u>         | <u>2017</u>         |
|---|---------------------|---------------------|
| <b><u>ASSETS</u></b>  |                     |                     |
| <b>CURRENT ASSETS</b>                                       |                     |                     |
| Cash  | \$ 1,137,627        | \$ 1,331,554        |
| Accounts receivable   | 194,189             | 55,548              |
| Prepaid expenses  | <u>32,536</u>       | <u>29,572</u>       |
|   | 1,364,352           | 1,416,674           |
| <b>TANGIBLE CAPITAL ASSETS (note 4)</b>                     | <u>67,791</u>       | <u>69,538</u>       |
|   | <u>\$ 1,432,143</u> | <u>\$ 1,486,212</u> |
| <b><u>LIABILITIES AND NET ASSETS</u></b>                    |                     |                     |
| <b>CURRENT LIABILITIES</b>                                  |                     |                     |
| Accounts payable and accrued liabilities (note 5)           | <u>\$ 233,400</u>   | <u>\$ 208,302</u>   |
| <b>NET ASSETS</b>   |                     |                     |
| Unrestricted  | 1,130,952           | 1,208,372           |
| Internally restricted - invested in tangible capital assets | <u>67,791</u>       | <u>69,538</u>       |
|   | <u>1,198,743</u>    | <u>1,277,910</u>    |
|   | <u>\$ 1,432,143</u> | <u>\$ 1,486,212</u> |

Approved on behalf of the Fund:

 ..... Fund Member  
 Steve Kisky  
 ..... Fund Member  
 Brian L. Suggs

(See accompanying notes)

**GREEN PARTY OF CANADA FUND**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2018**

|  | <u>2018</u>        | <u>2017</u>      |
|--|--------------------|------------------|
| <b>Revenue</b>   |                    |                  |
| Contributions  | \$ 3,067,097       | \$ 2,502,849     |
| Transfers  | 7,869              | 29,764           |
| Other  | 29,576             | 13,554           |
| Convention fees  | <u>122,037</u>     | <u>-</u>         |
|  | <u>3,226,579</u>   | <u>2,546,167</u> |
| <b>Expenditures</b>                                      |                    |                  |
| Wages and benefits                                       | 1,792,855          | 1,317,771        |
| Office and general                                       | 405,984            | 325,665          |
| Travel and promotion                                     | 197,864            | 131,874          |
| Fundraising activities                                   | 187,991            | 184,237          |
| Professional fees  | 184,424            | 158,461          |
| Convention expenses                                      | 138,429            | -                |
| Transfers  | 96,539             | 120,210          |
| Occupancy costs  | 87,776             | 72,089           |
| Interest and bank charges                                | 84,267             | 73,843           |
| Other events and meetings                                | 58,624             | 47,043           |
| Pre-election and election expenses                       | 29,324             | -                |
| Advertising  | 11,490             | 15,536           |
| Amortization   | <u>30,179</u>      | <u>34,785</u>    |
|  | <u>3,305,746</u>   | <u>2,481,514</u> |
| <b>Excess (deficiency) of revenues over expenditures</b> | <u>\$ (79,167)</u> | <u>\$ 64,653</u> |

(See accompanying notes)

**GREEN PARTY OF CANADA FUND**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2018**

|   | 2018                |  |                     | 2017<br><u>Total</u> |
|---|---------------------|--|---------------------|----------------------|
|   | <u>Unrestricted</u> | <u>Invested in<br/>tangible<br/>capital<br/>assets</u> | <u>Total</u>        |                      |
| Balance, beginning of year                          | \$ 1,208,372        | \$ 69,538  | \$ 1,277,910        | \$ 1,213,257         |
| Excess (deficiency) of revenue<br>over expenditures | (79,167)            | -  | (79,167)            | 64,653               |
| Amortization of tangible capital assets             | 30,179              | (30,179)   | -                   | -                    |
| Acquisition of tangible capital assets              | <u>(28,432)</u>     | <u>28,432</u>  | <u>-</u>            | <u>-</u>             |
| Balance, end of year                                | <u>\$ 1,130,952</u> | <u>\$ 67,791</u>                                       | <u>\$ 1,198,743</u> | <u>\$ 1,277,910</u>  |

(See accompanying notes)

**GREEN PARTY OF CANADA FUND**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2018**

|   | <u>2018</u>         | <u>2017</u>         |
|---|---------------------|---------------------|
| <b>CASH PROVIDED BY (USED IN):</b>                |                     |                     |
| <b>OPERATING ACTIVITIES</b>                       |                     |                     |
| Excess (deficiency) of revenues over expenditures | \$ (79,167)         | \$ 64,653           |
| Adjustment for non-cash items:                    |                     |                     |
| Amortization                                      | <u>30,179</u>       | <u>34,785</u>       |
|   | (48,988)            | 99,438              |
| Changes in non-cash working capital balances:     |                     |                     |
| Accounts receivable                               | (138,641)           | 136,057             |
| Prepaid expenses                                  | (2,964)             | (18,336)            |
| Accounts payable and accrued liabilities          | <u>25,098</u>       | <u>(24,841)</u>     |
|   | <u>(165,495)</u>    | <u>192,318</u>      |
| <b>INVESTING ACTIVITIES</b>                       |                     |                     |
| Purchase of tangible capital assets               | <u>(28,432)</u>     | <u>(43,448)</u>     |
| <b>INCREASE (DECREASE) IN CASH FLOW</b>           | (193,927)           | 148,870             |
| <b>CASH AT BEGINNING OF YEAR</b>                  | <u>1,331,554</u>    | <u>1,182,684</u>    |
| <b>CASH AT END OF YEAR</b>                        | <u>\$ 1,137,627</u> | <u>\$ 1,331,554</u> |

(See accompanying notes)

**GREEN PARTY OF CANADA FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**1. ACTIVITIES OF THE FUND**

The Green Party of Canada is a Registered Political Party as defined by the Canada Elections Act. It has appointed the Green Party of Canada Fund (the "Fund") to act as its Chief Agent in connection with the receipt of contributions and payment of expenses and all other financial transactions of the Party as required by the Canada Elections Act. The Green Party of Canada Fund is exempt from income taxes.

**2. SIGNIFICANT ACCOUNTING POLICIES**

*Basis of presentation*

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Under the Canada Elections Act, local Electoral District Associations (EDAs) are registered separately with Elections Canada and must file separate financial statements with Elections Canada. Accordingly, these financial statements exclude the operations of EDAs.

*Revenue recognition*

The Green Party of Canada Fund follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the period in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received and in the same year in which the related tax receipt is issued.

Contributions and participant fees for conventions and annual general meetings are recognized once the event occurs.

Election rebates are recognized in the year of the election expenditure, when the amount is determinable and collection assured. The Party's claim for election rebates is based upon management's interpretation of the applicable regulations in the Canada Elections Act. These amounts are subject to review and acceptance by Elections Canada prior to collection.

All other revenue is recognized when received or receivable, if the amount can be reasonably estimated and if collection is reasonably assured.

*Tangible capital assets*

Tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution. The Green Party of Canada Fund provides for amortization using the following methods at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The annual amortization rates and methods are as follows:

|                        |               |
|------------------------|---------------|
| Computer equipment     | 3 years       |
| Furniture and fixtures | 5 years       |
| Computer software      | 1 year        |
| Leasehold improvements | term of lease |

**GREEN PARTY OF CANADA FUND**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED DECEMBER 31, 2018**

**2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.**

*Contributed services*

The Green Party of Canada Fund 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 compiling and valuing these hours, contributed services are not recognized in the financial statements.

*Financial instruments*

All financial assets and liabilities are initially recognized at fair value. Cash is subsequently measured at fair value while all other financial instruments are subsequently measured at cost or amortized cost.

*Use of estimates*

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 amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Areas of significant estimates include determining the useful lives of tangible capital assets and the amount of accrued liabilities. Actual results could differ from those estimates.

**3. FINANCIAL INSTRUMENTS**

The Fund is exposed to and manages various financial risks. The Fund's main financial risk exposures and its financial risk management policies are as follows:

*Credit risk*

The Fund is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Fund's maximum exposure credit risk represents the sum of the carrying value of its cash and accounts receivable. The Fund's cash is deposited with a Canadian Chartered bank and, as a result, management believes the risk of loss of this item to be remote. Accounts receivable balances are managed and analysed on an ongoing basis and, accordingly, exposure to bad debts is not considered significant.

*Liquidity risk*

Liquidity risk is the risk that the Fund cannot meet a demand for cash or fund its obligations as they become due. The Fund meets its liquidity requirements by establishing budgets and cash estimates to ensure it has the funds necessary to fulfill its obligations.

**GREEN PARTY OF CANADA FUND**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED DECEMBER 31, 2018**

**3. FINANCIAL INSTRUMENTS- Cont'd.**

*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 is comprised of currency risk, interest rate risk, and other price risk.

*i) Currency risk*

Currency risk refers to the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate due to changes in foreign exchange rates. The Fund's financial instruments are all denominated in Canadian dollars and it transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

*ii) Interest rate risk*

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the financial instruments will fluctuate due to changes in market interest rates. Since the Fund does not have any interest-bearing financial liabilities, it is not exposed to significant interest rate risk.

*iii) Other price risk*

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. Since the Fund does not hold any publicly traded investments, it is not exposed to significant other price risk.

*Changes in risk*

There have been no significant changes in the Fund's risk exposures from the prior year.

**4. TANGIBLE CAPITAL ASSETS**

|                        | 2018              |                                     | 2017                      |                           |
|------------------------|-------------------|-------------------------------------|---------------------------|---------------------------|
|                        | <u>Cost</u>       | <u>Accumulated<br/>amortization</u> | <u>Net book<br/>value</u> | <u>Net book<br/>value</u> |
| Computer equipment     | \$ 83,128         | \$ 69,433                           | \$ 13,695                 | \$ 12,897                 |
| Furniture and fixtures | 50,747            | 34,846                              | 15,901                    | 17,272                    |
| Leasehold improvements | <u>45,834</u>     | <u>7,639</u>                        | <u>38,195</u>             | <u>39,369</u>             |
|                        | <u>\$ 179,709</u> | <u>\$ 111,918</u>                   | <u>\$ 67,791</u>          | <u>\$ 69,538</u>          |

**GREEN PARTY OF CANADA FUND**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED DECEMBER 31, 2018**

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

|   | <u>2018</u>       | <u>2017</u>       |
|---|-------------------|-------------------|
| Accounts payable and accrued liabilities            | \$ 182,715        | \$ 155,195        |
| Amount payable in respect of government remittances | 20,750            | 12,258            |
| Deregistered riding account funds                   | <u>29,935</u>     | <u>40,849</u>     |
|   | <u>\$ 233,400</u> | <u>\$ 208,302</u> |

**6. AVAILABLE LINE OF CREDIT**

The Fund has a credit facility available of up to \$200,000, which would bear interest at prime plus 2% if drawn upon and is secured by a general security agreement. No balance is outstanding at December 31, 2018.

**7. COMMITMENTS**

The Green Party of Canada Fund is committed under the terms of various operating leases and other agreements with various expiration dates for the rental of premises and equipment. Annual payments related to these commitments will be as follows:

|      |                   |
|------|-------------------|
| 2019 | \$ 107,835        |
| 2020 | 107,835           |
| 2021 | <u>36,691</u>     |
|      | <u>\$ 252,361</u> |