

Walker & Associates
PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

To the Chief Electoral Office,
Elections Canada

Qualified Opinion

I have audited the accompanying Registered Party Financial Transactions Return (the "Return") of the New Democratic Party for the year ended December 31, 2020.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the Return of the New Democratic Party for the year ended December 31, 2020 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 many not-for-profit organizations, the New Democratic Party derives a substantial portion of its revenue from donations and contributions, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of revenue from this source was limited to accounting for the amounts recorded in the books of the New Democratic Party and I am not able to determine where any adjustment might be necessary to the amount of donations and contributions reported.

I conducted my audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Return section of my report. I am independent of the New Democratic Party in accordance with the ethical requirements that are relevant to my audit of the Return in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter - COVID-19 Pandemic

Without modifying my opinion, I draw attention to Note 4 to the financial statements, which discusses the COVID-19 pandemic and the uncertain and undeterminable effects this pandemic may have on future operations and cash flows of the Entity. My opinion is not modified in respect of this matter.

Basis of Accounting and Restriction of Use

The Registered Party Financial Transactions Return (the "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 Election Canada.

The Return is prepared to assist the Chief Agent to meet the requirements of the Canada Elections Act. As a result, the Return may not be suitable for another purpose and readers are cautioned accordingly. My report is intended solely for the Chief Agent and the Chief Electoral Officer, and should not be used by parties other than the Chief Agent and the Chief Electoral Officer. The Canada Elections Act requires that the Return be made available for public inspection.

Report on Other Legal and Regulatory Requirements

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

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.

In preparing the Return, the Chief Agent is responsible for assessing the New Democratic 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 the Chief Agent either intends to liquidate the New Democratic Party or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Return

My objectives are to obtain reasonable assurance about whether the Return is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS 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 the Return.

As part of an audit in accordance with Canadian GAAS, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the 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 New Democratic Party's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by the Chief Agent.
- Conclude on the appropriateness of the Chief Agent'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 New Democratic Party's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the Return or, if such disclosures are inadequate, to modify my opinion, my conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the New Democratic Party to cease to continue as a going concern.

I 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 I identify during my audit. I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Wallace & Associates
PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANT
LICENSED PUBLIC ACCOUNTANT

Kemptville, Ontario
August 22, 2021

NEW DEMOCRATIC PARTY

BALANCE SHEET

December 31, 2020

ASSETS

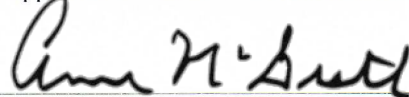
	2020	2019
Current		
Cash	\$ 1,717,402	\$ -
Accounts receivable (net of allowance for doubtful accounts 2020: \$0 - 2019: \$64,529)	\$ 1,223,280	\$ 6,225,180
Prepaid expenses	293,939	296,712
Total current assets	3,234,621	6,521,892
Capital (note 1,2)	3,203,406	3,361,381
	<u>\$ 6,438,027</u>	<u>\$ 9,883,273</u>

LIABILITIES AND NET ASSETS

Current		
Bank indebtedness (Note 3)	\$ -	\$ 1,120,512
Bank loans (Note 3)	-	7,000,000
Accounts payable and accrued liabilities	3,778,482	3,702,325
Total current liabilities	3,778,482	11,822,837
Net assets	2,659,545	(1,939,564)
	<u>\$ 6,438,027</u>	<u>\$ 9,883,273</u>

The attached notes form an integral
part of these financial statements

Approved on behalf of the Association:



NEW DEMOCRATIC PARTY

STATEMENT OF NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
Balance, beginning of the year	\$ (1,939,564)	\$ (4,495,428)
Excess of revenue over expenses (expenses over revenue) for the year	<u>4,599,109</u>	<u>2,555,864</u>
Balance, end of the year	<u><u>\$ 2,659,545</u></u>	<u><u>\$ (1,939,564)</u></u>

The attached notes form an integral
part of these financial statements

NEW DEMOCRATIC PARTY
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
Revenue		
Donations and contributions	\$ 5,977,857	\$ 8,051,159
Fundraising and membership	185,927	188,096
Transfers	1,087,136	24,339
Rebates	48,098	9,356,682
Other revenue	1,175,106	494,228
	<u>8,474,124</u>	<u>18,114,504</u>
Expenses		
Advertising -- Radio/TV	3,326	2,158,993
Advertising -- Other	41,965	1,805,451
Bank charges and interest	511,278	621,183
Depreciation and amortization	123,083	525,050
Fundraising	178,901	558,783
Office expenses	610,903	1,028,663
Polling	6,147	502,484
Professional services	215,902	678,313
Research	-	-
Salaries and benefits	1,966,035	4,020,851
Travel and hospitality	10,649	3,154,366
Transfers	139,973	290,855
Other	11,603	147,453
	<u>3,819,765</u>	<u>15,492,445</u>
Excess of revenue over expenses (expenses over revenue) from Party operations	4,654,359	2,622,059
Excess of revenue over expenses (expenses over revenue) from building operations	<u>(55,250)</u>	<u>(66,195)</u>
Excess of revenue over expenses (expenses over revenue) for the year	<u>\$ 4,599,109</u>	<u>\$ 2,555,864</u>

The attached notes form an integral
part of these financial statements.

NEW DEMOCRATIC PARTY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

1. Significant accounting policy:

Bases of presentation:

The New Democrats Association of Canada was incorporated in October 1986 under the Canada Corporations Act. The Association is a federal political party founded on the principle that the social, economic and political progress of Canada can be assured only by the application of democratic socialist principles to government and the administration of public affairs. The New Democrats Association of Canada is the corporate entity of the New Democratic Party and is a registered federal political party under the Canada Elections Act.

Use of estimates

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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates.

Revenue and expense recognition:

Contributions revenue is recognized in the year for which a tax receipt is issued. Other revenue is recognized on the accrual basis. Expenses are recognized on the accrual basis.

Capital assets:

Capital assets are recorded at cost and depreciated using the straight line method at the following

Furniture and Equipment	10%
Computers	20%
Building	2%

2. Capital assets:

Capital assets comprise the following:

	2020			2019	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value	
Furniture and Equipment	\$ 1,715,957	\$ 1,706,762	\$ 9,195	\$ 14,406	
Computers	6,358,564	6,292,058	66,506	115,888	
Land and building	4,871,805	1,744,100	3,127,705	3,231,087	
	<u>\$ 12,946,326</u>	<u>\$ 9,742,920</u>	<u>\$ 3,203,406</u>	<u>\$ 3,361,381</u>	

The land and building have been appraised on March 23, 2018, and have an appraised value of \$7,850,000.

NEW DEMOCRATIC PARTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

3. Demand bank loans:

Demand bank loans in the amount of \$NIL (2019 - \$7,000,000) were held by various Canadian chartered banks at the banks' prime rate plus 2.25%. The loans are secured by both a general security agreement and Elections Canada rebates.

The Party has a line of credit available for \$500,000 (2019 - \$2,000,000) at an annual rate of interest at the bank's prime plus 2.25% (2019 - at banks' prime plus 2.25%). As of December 31, 2020, the Party had \$NIL (2019 - \$1,232,810) drawings on this facility. The line of credit is collateralized with a general security agreement against all assets of the Party.

4. Statement of cash flows:

A statement of cash flows has not been prepared as information relating to cash flows is otherwise adequately disclosed.

5. Comparative figures:

Certain balances of the preceding period have been reclassified to conform with the current year's financial statement presentation.

6. COVID-19 Pandemic:

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. COVID-19 is causing significant financial and social dislocation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. The Clinic continues to monitor and assess the impact of COVID-19 will have on its operations and activities. The extent of the impact of COVID-19 pandemic on the future cash flows of the Clinic is uncertain.