



Suntharalingam Professional Corporation

Chartered Accountant and Business Advisor

Authorized to practice public accounting by The Chartered Professional Accountants of Ontario

Independent Auditor's Report

To the Chief Agent for the
Communist Party of Canada

Report on the Audit of the Financial Return

Qualified Opinion

I have audited the accompanying Registered Party Financial Transactions Return (the "Return") of the Communist Party of Canada for the year ending December 31, 2022. The financial information in the Return has been prepared by the Chief Agent of the Communist Party of Canada based on the financial reporting provisions of Section 432 of the *Canada Elections Act* and in the prescribed form issued by Elections Canada.

In my opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion section of my report, the Return of the Communist Party of Canada for the year ending December 31, 2022, 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 Communist Party of Canada derives revenue from contributions, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the Communist Party of Canada and I was 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.

I conducted my audit in accordance with Canadian generally accepted auditing standards. 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 Communist Party of Canada 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 those requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter – Basis of Accounting and Restriction on Use

Without modifying my opinion, I 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 Communist Party of Canada to meet the requirements of the *Canada Elections Act*. As a result, the Return may not be suitable for another purpose. My report is intended solely for the Chief Agent of the Communist Party of Canada and the Chief Electoral Officer and should not be 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 Communist Party of Canada's financial reporting process.

Auditor's Responsibilities for the Audit of the Return

My 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 my 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, 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 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Agent.

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.

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.

SPC

Krishan Suntharalingam
Chartered Accountant
Chartered Professional Accountant
Licensed Public Accountant
July 26, 2023

Communist Party of Canada
Note to the Registered Party Financial Transactions Return
December 31, 2022

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 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 Elections 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.

COMMUNIST PARTY OF CANADA
Financial Statements
Year Ended December 31, 2022

COMMUNIST PARTY OF CANADA
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Year Ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of COMMUNIST PARTY OF CANADA

Qualified Opinion

I have audited the financial statements of COMMUNIST PARTY OF CANADA (the Organization), which comprise the statement of financial position as at December 31, 2022, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2022, 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 Organization derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, I was not able to determine whether any adjustments might be necessary to donations, excess of revenues over expenses, and cash flows for the years ended December 31, 2022, and 2021, and current assets and net assets as of January 1 and December 31 for both the 2022 and 2021 years. My audit opinion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with those requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Organization'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 Organization'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 financial statements 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 Organization 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.

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.

Toronto, Ontario
July 26, 2023

SPC

LICENSED PUBLIC ACCOUNTANT
CHARTERED PROFESSIONAL ACCOUNTANT
CHARTERED ACCOUNTANT

COMMUNIST PARTY OF CANADA
Statement of Financial Position
December 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 120,469	\$ 80,908
Deposit	7	6
	120,476	80,914
EQUIPMENT (Notes 3, 4)	871	43
	\$ 121,347	\$ 80,957
 LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 5.)	\$ 13,966	\$ 4,869
NET ASSETS - UNRESTRICTED	107,381	76,088
	\$ 121,347	\$ 80,957

Approved on behalf of the Organization's Executive committee:

_____ Chief Agent

_____ Leader

See accompanying notes to financial statements

COMMUNIST PARTY OF CANADA
Statement of Changes in Net Assets
Year Ended December 31, 2022

	<u>2022</u>	<u>2021</u>
NET ASSETS - UNRESTRICTED, BEGINNING OF YEAR	\$ 76,088	\$ 40,811
EXCESS OF REVENUE OVER EXPENSES	<u>31,293</u>	<u>35,277</u>
NET ASSETS - UNRESTRICTED, END OF YEAR	<u>\$ 107,381</u>	<u>\$ 76,088</u>

See accompanying notes to financial statements

COMMUNIST PARTY OF CANADA**Statement of Operations****Year Ended December 31, 2022**

	2022	2021
REVENUE		
Political donations	\$ 115,411	\$ 145,167
Laurier Ste. Marie - EDA	8,930	7,930
Other income	1,569	10
	<u>125,910</u>	<u>153,107</u>
EXPENSES		
Convention	25,543	-
Salaries and benefits	21,527	44,647
Travel	11,929	370
Office expenses	11,593	21,506
Professional fees	10,114	7,866
Advertising	5,064	-
Telephone and communication	2,877	1,079
Repayment of over-contribution of donation	2,200	3,155
Utilities	2,050	1,735
Membership fees	850	-
Bank charges	645	1,148
Amortization	156	11
Interest and penalties	69	-
Election expenses	-	36,313
	<u>94,617</u>	<u>117,830</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 31,293</u>	<u>\$ 35,277</u>

See accompanying notes to financial statements

COMMUNIST PARTY OF CANADA
Statement of Cash Flows
Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 31,293	\$ 35,277
Item not affecting cash:		
Amortization	156	11
	<u>31,449</u>	<u>35,288</u>
Changes in non-cash working capital:		
Deposit	(1)	-
Accounts payable and accrued liabilities	9,098	(9,618)
	<u>9,097</u>	<u>(9,618)</u>
Cash flow from operating activities	<u>40,546</u>	<u>25,670</u>
INVESTING ACTIVITY		
Purchase of equipment	<u>(985)</u>	-
INCREASE IN CASH FLOW	39,561	25,670
CASH - BEGINNING OF YEAR	<u>80,908</u>	<u>55,238</u>
CASH - END OF YEAR	<u>\$ 120,469</u>	<u>\$ 80,908</u>

See accompanying notes to financial statements

COMMUNIST PARTY OF CANADA
Notes to Financial Statements
Year Ended December 31, 2022

1. PURPOSE OF THE ORGANIZATION

The Communist Party of Canada (the "Organization") is a not-for-profit political organization. The organization is a registered official political party under the Elections Canada Act. The organization strives to unite within its ranks all those who defend and advance the interests of the working class in Canada and who aspire for a socialist future. The organization participates in federal elections and is active in a wide range of extra parliamentary activities across Canada on a consistent and ongoing basis. The organization is a not-for-profit organization under the Income Tax Act (Canada) and as such, is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. BASIS OF PRESENTATION

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash is defined as cash on hand, cash on deposit, and short-term deposits with maturity dates of less than 90 days, net of cheques issued and outstanding at the reporting date.

Equipment

Equipment is stated at cost less accumulated amortization. Equipment is amortized over its estimated useful life at the following rates and methods:

Office equipment	20%	declining balance method
Computer	30%	declining balance method

In the year of acquisition, equipment are amortized at 50% of the annual rate.

Use of estimates

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the estimated useful lives of equipment. Actual results could differ from management's best estimates as additional information becomes available in the future.

Contributed services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

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COMMUNIST PARTY OF CANADA
Notes to Financial Statements
Year Ended December 31, 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Unrestricted donations to the Communist Party of Canada are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Other income, transfers with other party divisions, Laurier Ste. Marie - EDA income, and literature sales are recognized as revenue when earned.

Financial instruments policy

The organization initially measures its financial assets and financial liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash and deposit. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

4. EQUIPMENT

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Office equipment	\$ 1,348	\$ 1,314	\$ 34	\$ 43
Computer	985	148	837	-
	\$ 2,333	\$ 1,462	\$ 871	\$ 43

5. GOVERNMENT REMITTANCES PAYABLE OTHER THAN INCOME TAX

Government remittances (other than income taxes) include, for example, federal and provincial sales taxes, payroll taxes, health taxes, and workers' safety insurance premiums. The following government remittances were payable at year end:

	2022	2021
Employee deductions payable	\$ 1,485	\$ -

6. LEASE COMMITMENT

The organization has a lease with respect to its premises on a month-to-month basis.

7. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2022:

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COMMUNIST PARTY OF CANADA
Notes to Financial Statements
Year Ended December 31, 2022

7. FINANCIAL INSTRUMENTS *(continued)*

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization's cash is exposed to credit risk. To mitigate the risk, it is held at a major financial institution with investment grade credit ratings.

Liquidity risk

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

8. SIGNIFICANT EVENT

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

Impacts to December 31, 2022 have been accounted for in these financial statements to the extent known. Further impacts on the organization and its operations are too uncertain to be estimated at this time and will be accounted for when they are known and can be assessed.