



## INDEPENDENT AUDITOR'S REPORT

To Claudette Ricketts, official agent for Direct Democracy Party of Canada

### Qualified Opinion

Democracy Party of Canada for the year ending December 31, 2021. The financial information in the Return has been prepared by the Chief Agent of the Direct Democracy 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 for Qualified Opinion section of my report, the Return of the Direct Democracy Party of Canada for the year ending December 31, 2021 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, Direct Democracy Party of Canada derives revenue from contributions, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of revenues from contributions was limited to the amounts recorded in the records of the Direct Democracy 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 our 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 Direct Democracy 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 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 qualified opinion.

### **Emphasis of Matter - Basis of Accounting and Restriction on Distribution and 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 Direct Democracy 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 Direct Democracy Party of Canada 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 Direct Democracy Party of Canada's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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.

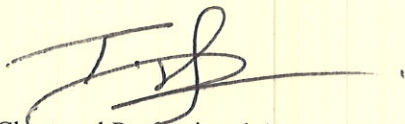
As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the 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 Direct Democracy Party of Canada'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.



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

Scarborough, Ontario  
June 18, 2022

## **DIRECT DEMOCRACY PARTY OF CANADA**

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Note to the Registered Party Financial Transaction Return  
December 31, 2021

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.

Audited financial statements of

**DIRECT DEMOCRACY PARTY OF CANADA**

For the year ended December 31, 2021



Audited financial statements of

**DIRECT DEMOCRACY PARTY OF CANADA**

For the year ended December 31, 2021

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**DIRECT DEMOCRACY PARTY OF CANADA**

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Statement of Financial Position  
As at December 31, 2021

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current		
Bank	\$ <u>214</u>	<u>161</u>
<b>LIABILITIES AND SHORTFALL</b>		
Liabilities		
Current		
Due to members	\$ 710	710
Shortfall	<u>(496)</u>	<u>(549)</u>
	\$ <u>214</u>	<u>161</u>

See accompanying notes to financial statements.

Approved by the Board \_\_\_\_\_ Director \_\_\_\_\_ Director

## DIRECT DEMOCRACY PARTY OF CANADA

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Statement of Operations and Change in Net Assets  
For the year ended December 31, 2021

	<u>2021</u>	<u>2020</u>
Revenue	\$ 4,535	18,976
Operating expenses		
Advertising	3,835	5,067
General election	300	13,894
Professional fees	250	376
Bank charges	97	188
	<u>4,482</u>	<u>19,525</u>
Excess (deficiency) of revenue over expenses	53	(549)
Short fall, beginning of the year	<u>(549)</u>	<u>-</u>
Short fall, end of the year	\$ <u>(496)</u>	<u>(549)</u>

See accompanying notes to financial statements.

## DIRECT DEMOCRACY PARTY OF CANADA

Statement of Cash Flows  
For the year ended December 31, 2021

	<u>2021</u>	<u>2020</u>
Cash provided by (used in)		
Operations		
Excess (deficiency) of revenue over expenses	\$ 53	(549)
Financing		
Proceeds from members	<u>-</u>	<u>710</u>
Net increase in cash for the year	53	161
Bank, beginning of year	<u>161</u>	<u>-</u>
Bank, end of year	\$ <u>214</u>	<u>161</u>
Bank comprises the following amounts:		
Bank balance	\$ <u>214</u>	<u>161</u>

See accompanying notes to financial statements.



## **DIRECT DEMOCRACY PARTY OF CANADA**

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Notes to Financial Statements  
For the year ended December 31, 2021

Direct Democracy Party of Canada (Organization) has changed its name during the year from Canada's Fourth Front which was formed on September 19, 2019. It is a not-for-profit political organization. The Organization is a registered official political party under the Elections Canada Act. The Organization participates in federal elections and is active in a wide range of extra parliamentary activities across Canada on a consistent and

These financial statements reflect the activities of Organization. The Organization is a not-for-profit organization under the Income Tax Act, accordingly, is exempt from income taxes provided certain requirements under the Income Tax Act are met. In the opinion of management, these requirements have been met.

In March 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. This contagious disease outbreak, and related public health developments, have adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Organization to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Organization's operations and its ability to maintain the current level services to its members.

Since the pandemic, the Organization has changed the method in which it conducts its operations with no physical events taking place. The Organizations operations have been significantly impacted due the COVID lockdown and guidelines.

### **1. Significant accounting policies**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and include the following significant accounting policies:

(a) *Revenue recognition*

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets in the year.

Donations and fundraising revenues are recognized up on receipt of cash.

(b) *Use of estimates*

The preparation of financial statements in accordance with ASNPO 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 revenue and expenses during the reporting period. Significant item subject to such estimates and assumptions include the estimated accuracy of accrued liabilities. Actual amounts could differ from those estimates.



Notes to Financial Statements, continued  
For the year ended December 31, 2021

**1. Significant accounting policies, continued**

(c) *Financial instruments*

Measurement of financial instruments

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, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income. The Organization's financial instruments measured at amortized cost consist of Bank and Due to members. Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant interest, currency, price and market risks arising from these financial instruments.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

The Organization recognizes its transaction costs in net income in the period incurred. However, the carrying amount of the financial instruments that will not be subsequently measured at fair value is reflected in the transaction costs that are directly attributable to their origination, issuance or assumption.

**2. Volunteer services**

The work of the Organization is accomplished by a significant contribution of voluntary services. The organization does not record the value of volunteer services unless the fair value can be reasonably estimated. These services are received gratuitously; therefore, no value has been included in these financial statements as the fair value is not determinable.

**3. Financial instruments**

The Organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the Organization's risk exposure at the balance sheet date, and there has been no change to the risk exposures from prior year.

Notes to Financial Statements, continued  
For the year ended December 31, 2021

**3. Financial instruments, continued**

*Liquidity risk*

Liquidity risk is the risk that the Organization will be unable to fulfil its obligations on a timely basis or at a reasonable cost. The Organization's exposure to liquidity risk is dependent on the donations, fundraising activities and grants, collection of receivables, purchasing commitments and obligations or raising of funds to meet commitments and sustain operations. Cash flow from operations provides a substantial portion of the Organization's cash requirements. Management is of the opinion that liquidity risk is not a significant risk.

**4. Subsequent events**

Due to the ongoing developments surrounding the COVID-19 outbreak and containment efforts of the pandemic, management is assessing the impact of the pandemic on operations. Given the unprecedented nature of this event, it is difficult to predict the length or breadth of any impact on revenue and expenses of the Organization.