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**INDEPENDENT AUDITOR'S REPORT**

**PURSUANT TO SECTION 88.25 OF THE MUNICIPAL ELECTIONS ACT, 1996**

*To City Clerk and Returning Officer, City of Markham*

**Qualified Opinion**

I have audited the Financial Statement- (Form 4) of Karen Rea, Candidate, for the campaign period from May 6, 2022, to January 3, 2023, relating to the election held on October 24, 2022, including Box C: Statement of Campaign Income & Expense and Box D: Calculation of Surplus or Deficit. The financial information has been prepared by Karen Rea, the Candidate, based on the financial reporting provisions of Section 88.22 of the Municipal Elections Act, 1996.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself as to the records as described in the Basis of Qualified Opinion paragraph, these accompanying financial statements present fairly, in all material respects, the income and expenses of the campaign period from May 6, 2022, to January 3, 2023, and the calculation of surplus or deficit in accordance with the accounting treatment described by the section 88.22 of Municipal Elections Act 1996.

**Basis for Qualified Opinion**

I conducted my 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. I am independent of the campaign in accordance with the ethical requirements that are relevant to our audit of the financial statements 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.

Due to the nature of the types of transactions inherent in an election campaign, it is impracticable through auditing procedures to determine that the accounting records include all donations of goods and services, and receipts and disbursements. Accordingly, my verification of these transactions was limited to ensuring that the financial statements reflect the amounts recorded in the accounting records of Karen Rea, Candidate, in accordance with the accounting procedures established by the Municipal Elections Act, 1996 and I was not able to determine whether any adjustments might be necessary to income and expenses, and surplus/deficit

### **Basis of Accounting**

Without modifying our qualified opinion, I draw attention to the fact that the financial statement is prepared to assist the Candidate to meet the requirements of the Municipal Elections Act, 1996, and as a result, the financial statement may not be suitable for another purpose.

### **Responsibilities of Candidate and Those Charged with Governance for the Financial Statements**

The Candidate is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of section 88.25 of the Municipal Elections Act, 1996 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.

Those charged with governance are responsible for overseeing Canadite'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 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 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 Company entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- 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 we identify during our audit.
- I also provide those charged with governance with a statement that we 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 our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Markham, Ontario

March 15, 2023

*SHCPA Professional Corporation*

*Authorized to practice public accounting by  
The Chartered Public Accountants of Ontario*