JUSTICE CENTRE FOR CONSTITUTIONAL FREEDOMS

FINANCIAL STATEMENTS

Year ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Justice Centre for Constitutional Freedoms

Qualified Opinion
We have audited the financial statements of Justice Centre for Constitutional Freedoms (the "Organization"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in net assets, cash flows and schedule, 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 Organization as at December 31, 2022, and its results of 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 to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses for the years ended December 31, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at January 1 and December 31 for both the 2022 and 2021 years. Our opinion as at and for the year end December 31, 2021 was qualified becaused of this limitation of 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 Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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
We draw attention to Note 4 to the financial statements, which indicates that the Organization is economically dependent on revenue received from donations; without which, the Organization may not be able to provide its services. Our opinion is not modified in respect of this matter.

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.

INDEPENDENT AUDITOR'S REPORT, continued

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT, continued

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.

Ascend

Ascend LLP
Chartered Professional Accountants
Airdrie, Alberta
April 9, 2024

JUSTICE CENTRE FOR CONSTITUTIONAL FREEDOMS
STATEMENT OF OPERATIONS
Year ended December 31, 2022

	2022	2021
Revenues, Schedule 1	$ 6,961,377	$ 6,632,353
Expenditures		
Litigation program	6,383,031	2,662,233
Education program	1,234,396	495,966
Advertising, promotion and fundraising	772,586	536,495
Office	422,308	245,452
French Canada program	204,806	-
Professional fees	196,825	35,315
Goods and services tax expense	162,729	52,817
Interest and bank charges	59,398	51,214
Legal settlements - note 9	55,000	25,000
Insurance	22,564	3,772
Travel	10,229	2,960
Website maintenance and development	10,177	11,616
Amortization	4,960	450
	9,539,009	4,123,290
(Deficiency) excess of revenues over expenditures from operations	(2,577,632)	2,509,063
Other income (expense)		
Interest and investment income	27,195	14,597
Unrealized loss on marketable securities	(23,337)	(4,039)
Loss on disposal of marketable securities	-	(546)
	3,858	10,012
(Deficiency) excess of revenues over expenditures	**$ (2,573,774)**	**$ 2,519,075**

JUSTICE CENTRE FOR CONSTITUTIONAL FREEDOMS
STATEMENT OF CHANGES IN NET ASSETS
Year ended December 31, 2022

	2022	2021
Balance, beginning of year	$ 4,179,152	$ 1,660,077
(Deficiency) excess of revenues over expenditures	(2,573,774)	2,519,075
Balance, end of year	**$ 1,605,378**	**$ 4,179,152**

JUSTICE CENTRE FOR CONSTITUTIONAL FREEDOMS
STATEMENT OF FINANCIAL POSITION
December 31, 2022

	2022	2021
ASSETS		
Current		
Cash	$ 888,771	$ 2,800,032
Marketable securities	1,201,402	1,493,699
Prepaid expenses	32,442	-
Goods and service tax receivable	208,951	52,181
	2,331,566	4,345,912
Tangible capital assets - note 5	23,325	6,568
	$ 2,354,891	**$ 4,352,480**
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities - note 6	$ 639,978	$ 118,662
Employee deductions payable	109,535	54,666
	749,513	173,328
Net Assets	1,605,378	4,179,152
	$ 2,354,891	**$ 4,352,480**

RELATED PARTY TRANSACTIONS (Note 7)
LEASE COMMITMENTS (Note 10)
CONTINGENT LIABILITY (Note 11)

On behalf of the board

_______________ Director
PETER STOCK

_______________ Director
Andrew Lawton

JUSTICE CENTRE FOR CONSTITUTIONAL FREEDOMS
STATEMENT OF CASH FLOWS
Year ended December 31, 2022

	2022	2021
Operating activities		
(Deficiency) excess of revenues over expenditures	$ (2,573,774)	$ 2,519,075
Adjustments for items which do not affect cash		
Amortization	4,960	450
Loss on disposal of marketable securities	-	546
Unrealized loss on marketable securities	23,337	4,039
Donations received as gifts in-kind - note 2	(2,630)	(28,209)
Donated office space - note 8	(24,000)	(24,000)
Office expensed from gifts in-kind	24,000	24,000
	(2,548,107)	2,495,901
Change in non-cash working capital items		
Prepaid expenses	(32,442)	-
Goods and service tax	(156,770)	(22,851)
Accounts payable and accrued liabilities	521,316	58,340
Employee deductions payable	54,869	32,751
	(2,161,134)	2,564,141
Investing activities		
Purchase of marketable securities	-	(1,497,738)
Proceeds from disposal of marketable securities	271,590	60,154
Purchase of tangible capital assets	(21,717)	(7,018)
	249,873	(1,444,602)
Increase (decrease) in cash	(1,911,261)	1,119,539
Cash, beginning of year	2,800,032	1,680,493
Cash, end of year	**$ 888,771**	**$ 2,800,032**

JUSTICE CENTRE FOR CONSTITUTIONAL FREEDOMS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

1. NATURE OF OPERATIONS

Justice Centre for Constitutional Freedoms (the "Organization") is a not-for-profit organization incorporated federally under the Canada Corporation Act on October 4, 2010 and continued under the Canada Not-for-profit Corporations Act. As a registered charity, the Organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The mission of the Organization is to protect and promote Canada's core principles of freedom and equality through education and litigation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were presented in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Cash and cash equivalents

Cash and cash equivalents include cash funds held at the entity's bank and any term deposits with a maturity date less than 90 days.

Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized over their useful lives using declining balance method at the following rate:

Computer equipment	30%

The Organization regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not available for use are not amortized until they are placed into use.

Amortization is recorded beginning in the month the tangible capital assets are available for use until the tangible capital assets are disposed or use is discontinued.

Goods and Services Tax

Contributed materials and services are recoverable at 50% as a rebate. The unrecoverable portion is recorded as an expense with the rebate treated as a receivable.

JUSTICE CENTRE FOR CONSTITUTIONAL FREEDOMS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Revenue recognition

The Justice Centre for Constitutional Freedoms 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 (donations, sales of goods and ticket sales for dinners/events) are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue in the year in which it was earned.

All other donations and receipts are recognized as revenue when they are received. Donations received by mail within two weeks following year end are recorded as revenue in the current year as long as the cheque and envelope are dated before the year end.

Donated goods

Donated goods are recorded at their fair market value at the time of the donation. During the year, $2,630 (2021 - $28,209) of marketable securities were donated.

Contributed and volunteer services

The Organization benefits from pro bono legal assistance and advice received from more than 20 lawyers across Canada. The fair market value of these legal services is difficult to calculate with accurancy, and these services have not been recorded within these financial statements.

Measurement uncertainty

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. Actual results could differ from those estimates. Significant items subject to estimates and assumptions include accrued liabilities.

JUSTICE CENTRE FOR CONSTITUTIONAL FREEDOMS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Financial instruments

Measurement of financial instruments

The Organization initially measures its financial assets and liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of the transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The Organization subsequently measures its financial assets and liabilities at cost or amortized cost, except for derivatives and equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at fair value include marketable securities.

Impairment

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. Where there is an indication of impairment, and the Organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. A previously recognized impairment loss may be reversed. The carrying amount of the financial asset may not be 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.

JUSTICE CENTRE FOR CONSTITUTIONAL FREEDOMS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

3. FINANCIAL INSTRUMENT RISKS

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 Decembr 31, 2022:

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 comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Organization is mainly exposed to interest rate risk and other price risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities. The Organization is exposed to interest rate fluctuations on its cash balances as the rate of interest is at a floating rate.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is exposed to other price risk through its investments in marketable securities traded in an active market.

Unless it is otherwise noted, it is management's opinion that the Organization is not subject to significant credit or currency risks from these financial instruments.

4. ECONOMIC DEPENDENCE

The Organization's ongoing operations depend entirely on fundraising results. 99% of its revenue (2021 - 99%) is generated from donations. A decrease in donations could result in the Organization being unable to provide their services.

5. TANGIBLE CAPITAL ASSETS

			2022	2021
	Cost	Accumulated amortization	Net Book Value	Net Book Value
Computer equipment	$ 30,105	$ 6,780	$ 23,325	$ 6,568

JUSTICE CENTRE FOR CONSTITUTIONAL FREEDOMS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
Trade payables	$ 309,887	$ 68,402
Accrued liabilities	330,091	50,260
	$ 639,978	$ 118,662

The Organization has a credit card facility with Scotiabank with a maximum authorized limit of $21,000 (2021 - $15,000). As at year end, $13,792 (2021 - $10,513) is available for use. The credit card payable is included in trade payables.

7. RELATED PARTY TRANSACTIONS

The following is a summary of the Organization's related party transactions:

John V. Carpay Professional Corporation, which is owned by John Carpay, President of the Organization.

	2022	2021
John V. Carpay Professional Corporation		
Administration, management and legal services	$ 289,400	$ 342,000

These transactions are in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

8. DONATED OFFICE SPACE

The Organization conducted its operations using donated office space. The value of this donated space is recorded at fair market value. During the year, $24,000 of donated office space has been recorded in the records of the Organization with the offsetting rental expense included in office expense.

9. LEGAL SETTLEMENT

As of December 31, 2022, the Organization was involved in two ongoing legal disputes with two separate former employees related to their dismissal. One of these legal disputes was settled in February 2023. The terms of the settlement resulted in a resolution of the matter, and the Organization incurred settlement cost of $55,000, which was accrued in these financial statements.

For the other ongoing dispute, the possibility of resolution and a reasonable estimate of the liability cannot be determined at year end. Thus, no accrual has been made in relation to this dispute.

10. LEASE COMMITMENTS

The Organization has an operating lease with respect to equipment. The lease term is from May 2019 to November 2024. Future minimum lease payments as at December 31, 2022, are as follows:

2023	$	7,746
2024		5,934

11. CONTINGENT LIABILITY

For the purpose of the accompanying financial statements, contingent liabilities have been evaluated by management.

The Company is currently engaged in an ongoing legal dispute with a former employee (Note 9). As at December 31, 2022, there is uncertainty in the resolution of the amount can be determined at year end. As such, no accruals have been made for this in the financial statements. Any losses related to the dispute will be recorded in the period which it becomes known.

12. SUBSEQUENT EVENT

For the purpose of the accompanying financial statements, subsequent events have been evaluated by management.

There were no subsequent events that would have a material impact on these financial statements.

JUSTICE CENTRE FOR CONSTITUTIONAL FREEDOMS
SCHEDULE TO THE FINANCIAL STATEMENTS
Year ended December 31, 2022

SCHEDULE OF REVENUES **Schedule 1**

	2022	2021
Donations	$ 6,883,391	$ 6,542,773
Ticket sales for dinners and events	74,937	29,754
Sales of goods	3,049	59,826
	$ 6,961,377	**$ 6,632,353**