

**THE CANADIAN ACTION PARTY /  
PARTI ACTION CANADIENNE  
2006 FINANCIAL STATEMENTS**

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**AUDITORS' REPORT ON REGISTERED PARTY FINANCIAL TRANSACTION  
RETURN**

**TO THE CHIEF ELECTORAL OFFICER, ELECTIONS CANADA  
FOR THE CANADIAN ACTION PARTY / PARTI ACTION CANADIENNE**

We have audited the Political Party Financial Transactions Return of the Canadian Action Party / Parti Action Canadienne for the year ended December 31, 2006 prepared in accordance with the Canada Elections Act (the "Act"). This financial information is the responsibility of the management of the Canadian Action Party / Parti Action Canadienne. Our responsibility in accordance with the Act is to express an opinion on this financial information based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In common with organizations of this type, the Party derives revenue from contributions and incurs election and other expenses, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues from contributions and election and other expenses was limited to the amounts recorded in the records of the Party and we were not able to determine whether any adjustments might be necessary to contributions, election and other expenses, excess of receipts over expenditures for the year, assets and net liabilities.

In our opinion, except for the effects of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the contributions referred to in the preceding paragraph, this financial information presents fairly, in all material respects, the contributions received and the financial information required to be reported under the Act by the Canadian Action Party / Parti Action Canadienne for the year ended December 31, 2006.

Brampton, Ontario  
June 25, 2007

*McCarney Greenwood LLP*

McCARNEY GREENWOOD LLP  
Chartered Accountants  
Licensed Public Accountants

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## **AUDITORS' REPORT**

### **TO THE CHIEF AGENT FOR THE CANADIAN ACTION PARTY / PARTI ACTION CANADIENNE**

We have audited the balance sheet of the Canadian Action Party / Parti Action Canadienne as at December 31, 2006 and the statements of receipts and expenditures and cash flows for the year then ended. These financial statements are the responsibility of the Party's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with organizations of this type, the Party derives revenue from contributions and incurs election and other expenses, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues from contributions and election and other expenses was limited to the amounts recorded in the records of the Party and we were not able to determine whether any adjustments might be necessary to contributions, election and other expenses, excess of receipts over expenditures for the year, assets and net liabilities.

In our opinion, except for the effects of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of contributions and election and other expenses referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Canadian Action Party / Parti Action Canadienne as at December 31, 2006 and the receipts and expenditures and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*McCahey Greenwood LLP*

**McCARNEY GREENWOOD LLP**  
Chartered Accountants  
Licensed Public Accountants

Brampton, Ontario  
June 25, 2007

**THE CANADIAN ACTION PARTY / PARTI ACTION CANADIENNE**  
**BALANCE SHEET**  
**AS AT DECEMBER 31**

	2006 \$	2005 \$
<b>ASSETS</b>		
Current		
Cash	10,476	31,969
Due from candidates	6,000	18,000
Prepaid expense	-	2,294
	<b>16,476</b>	<b>52,263</b>
<b>LIABILITIES</b>		
Current		
Accounts payables and accrued liabilities	2,572	2,827
Due to William Krehm	-	29,992
Due to J. Bunker <i>(Note 2)</i>	2,000	-
	<b>4,572</b>	<b>32,819</b>
<b>NET ASSETS</b>	<b>11,904</b>	<b>19,444</b>

*See Accompanying Notes*

On behalf of the Party:

..... Director

..... Director

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**THE CANADIAN ACTION PARTY / PARTI ACTION CANADIENNE**  
**STATEMENT OF RECEIPTS AND EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31**

	2006 \$	2005 \$
<b>RECEIPTS</b>		
Contributions, membership and other	79,999	44,666
Debt forgiven by Paul Hellyer	-	829,296
	<b>79,999</b>	<b>873,962</b>
<b>EXPENDITURES</b>		
Administrative	8,604	2,742
Advertising and promotion	3,763	6,487
Bank charges	577	405
By-election expenses	8,832	-
Conference	7,363	-
Delivery and postage	12,883	1,025
Election expenses	8,049	2,400
Loss on disposal of equipment	-	2,688
Professional services	3,252	1,000
Repair, maintenance and technical support	12,369	10,896
Salaries and benefits	13,477	8,485
Telephone	5,359	4,132
Utilities	3,011	-
	<b>87,539</b>	<b>40,260</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENDITURES FOR THE YEAR</b>	<b>(7,540)</b>	<b>833,702</b>
<b>NET ASSETS (LIABILITIES), BEGINNING OF YEAR</b>	<b>19,444</b>	<b>(814,258)</b>
<b>NET ASSETS, END OF YEAR</b>	<b>11,904</b>	<b>19,444</b>

*See Accompanying Notes*

**THE CANADIAN ACTION PARTY / PARTI ACTION CANADIENNE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31**

	2006 \$	2005 \$
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of receipts over expenditures for the year	(7,540)	833,702
Add items not involving cash		
Loss on disposal of equipment	-	2,688
Debt forgiven by Paul Hellyer <i>(Note 4)</i>	-	(829,296)
	(7,540)	7,094
Net change in non-cash components of assets and liabilities		
Due from candidates	12,000	-
Prepaid expense	2,294	(2,294)
Accounts payables and accrued liabilities	(255)	13,417
Due to William Krehm	(29,992)	-
Due to J. Bunker	2,000	-
<b>INCREASE (DECREASE) IN CASH</b>	<b>(21,493)</b>	<b>18,217</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>31,969</b>	<b>13,752</b>
<b>CASH, END OF YEAR</b>	<b>10,476</b>	<b>31,969</b>

*See Accompanying Notes*

**CANADIAN ACTION PARTY / PARTI ACTION CANADIENNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006**

**1. ORGANIZATION**

The organization is a registered political party under the Canada Elections Act. It is currently led by Connie Fogal.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Contributions**

Contributions are recorded at fair market value and are recognized in the year of receipt.

**Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**3. DUE TO J. BUNKER**

The amount due to J. Bunker is without interest and is repayable to him within one year.

**4. FINANCIAL INSTRUMENTS**

Financial instruments recognized in the balance sheet consists of cash and accounts payables and accrued liabilities. It is management's opinion that the Party is not exposed to significant credit risks arising from these financial instruments. Management also believes the carrying value of these instruments approximates their fair values.

**5. COMPARATIVE AMOUNTS**

Certain comparative amounts have been restated to conform to the current year's presentation.