

# **GREEN PARTY OF CANADA FUND**

**Consolidated Financial Statements**

**December 31, 2006**

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Associated with

**Porter Hétu  
International**  
Professional Services Group

## Auditors' Report on Financial Transactions Return

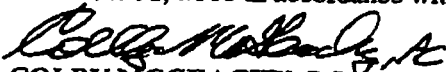
To the Chief Agent for the  
**GREEN PARTY OF CANADA FUND**

At the request of the **Green Party of Canada Fund** (the Fund) we have audited its Financial Transactions Return prepared in accordance with Section 424 of the Canada Elections Act (the "Act") for the year ended December 31, 2006. The Financial Transactions Return is the responsibility of the Fund's management. Our responsibility, in accordance with Section 426(1) of the Act, is to express an opinion on the Financial Transactions Return based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards and Section 424 of the Act. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the Financial Transactions Return 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 Transactions Return.

In common with organizations of this type, the Fund derives revenue from contributions, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of revenues from contributions was limited to the amounts received by the Fund and we were not able to determine whether any adjustments might be necessary to the amount of contributions reported.

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 referred to in the preceding paragraph, this Financial Transactions Return presents fairly, in all material respects, the contributions received and the financial information required to be reported under the Act for the year ended December 31, 2006 in accordance with the provisions of Section 424 of the Act.

  
**COLBY MCGEACHY, PC**  
Certified General Accountants

June 26, 2007  
Almonte, Ontario

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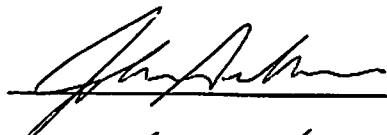
ALMONTE, ON, K0A 1A0


**GREEN PARTY OF CANADA FUND**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at December 31, 2006

**STATEMENT 1**

|  | 2006       | 2005 (Note 10) |
|--|------------|----------------|
| <b>ASSETS</b>                            |            |                |
| <b>Current assets</b>                    |            |                |
| Cash and cash equivalents                | \$ 106,410 | \$ 278,847     |
| Accounts receivable                      | 367,952    | 330,809        |
| Advances and deposits                    | 11,000     | 156,000        |
| Prepaid expenses                         | 11,501     | 6,000          |
|  | 496,863    | 771,656        |
| <b>Capital assets (Note 5)</b>           | 34,766     | 12,629         |
| <b>Intangible assets (Note 6)</b>        | 12,000     | 13,500         |
|  | \$ 543,629 | \$ 797,785     |
| <b>LIABILITIES</b>                       |            |                |
| <b>Current liabilities</b>               |            |                |
| Accounts payable and accrued liabilities | \$ 234,643 | \$ 52,988      |
| Current portion of long-term debt        | 217,000    | 670,000        |
|  | 451,643    | 722,988        |
| <b>Long-term debt (Note 7)</b>           | -          | 82,000         |
|  | 451,643    | 804,988        |
| <b>Commitments (Note 8)</b>              |            |                |
| <b>NET ASSETS (LIABILITIES)</b>          |            |                |
| Unrestricted (deficiency)                | 43,720     | (33,332)       |
| Invested in capital assets               | 48,266     | 26,129         |
|  | 91,986     | (7,203)        |
|  | \$ 543,629 | \$ 797,785     |

On behalf of the Board

 Director

 Director

The attached notes are an integral part of these financial statements.

  
**COLBY**  
**McGEACHY, PC**  
Certified General Accountants  
Associated with  
**Porter Hétu**  
**International**  
Professional Services Group

**GREEN PARTY OF CANADA FUND**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
For the year ended December 31, 2006

**STATEMENT 2**

|  | 2006             | 2005 (Note 10)      |
|--|------------------|---------------------|
| <b>Revenue</b>                                   |                  |                     |
| Government allowance                             | \$ 1,199,286     | \$ 1,061,906        |
| Contributions                                    | 962,927          | 409,357             |
| Election rebates                                 | 455,489          | -                   |
| Transfers  | 20,357           | 31,632              |
| Other  | 6,969            | 251                 |
|  | <b>2,645,028</b> | <b>1,503,146</b>    |
| <b>Expenses</b>                                  |                  |                     |
| Salaries and benefits                            | 802,024          | 726,341             |
| Professional fees                                | 368,522          | 85,376              |
| Transfers  | 354,730          | 98,712              |
| Pre-election and election expenses (Note 9)      | 346,192          | 307,638             |
| Office and general                               | 311,937          | 281,018             |
| Convention and annual general meeting            | 119,137          | 20,576              |
| Travel and promotion                             | 77,760           | 40,536              |
| Bank charges and interest                        | 69,752           | 9,149               |
| Occupancy costs                                  | 56,930           | 42,707              |
| Advertising                                      | 25,783           | 1,891               |
| Amortization                                     | 13,072           | 7,126               |
|  | <b>2,545,839</b> | <b>1,621,070</b>    |
| <b>Excess of revenue (expenses) for the year</b> | <b>\$ 99,189</b> | <b>\$ (117,924)</b> |

The attached notes are an integral part of these financial statements.

**GREEN PARTY OF CANADA FUND****CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (LIABILITIES) STATEMENT 3**

For the year ended December 31, 2006

|  | Unrestricted | Invested in<br>Capital Assets | 2006       | 2005 (Note 10) |
|--|--------------|-------------------------------|------------|----------------|
| Balance, beginning of year                   | \$ (33,332)  | \$ 26,129                     | \$ (7,203) | \$ 110,721     |
| Excess (deficiency) of revenue over expenses | 110,761      | (11,572)                      | 99,189     | (117,924)      |
| Net acquisition of capital assets            | (33,709)     | 33,709                        | —          | —              |
| Balance, end of year                         | \$ 43,720    | \$ 48,266                     | \$ 91,986  | \$ (7,203)     |

The attached notes are an integral part of these financial statements.

**GREEN PARTY OF CANADA FUND**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
For the year ended December 31, 2006

**STATEMENT 4**

|   | 2006              | 2005 (Note 10)    |
|---|-------------------|-------------------|
| <b>Cash flow from operating activities</b>              |                   |                   |
| Excess of revenue (expenses) for the year               | \$ 99,189         | \$(117,924)       |
| Items not requiring an outlay of funds                  |                   |                   |
| Amortization  | 13,072            | 7,126             |
|   | 112,261           | (110,798)         |
| Changes in non-cash working capital                     | 284,011           | 171,323           |
|   | 396,272           | 60,525            |
| <b>Cash flow from investing activities</b>              |                   |                   |
| Acquisition of capital assets                           | (33,709)          | (17,089)          |
| Acquisition of intangible asset                         | -                 | (15,000)          |
|   | (33,709)          | (32,089)          |
| <b>Cash flow from financing activities</b>              |                   |                   |
| Loan advances (repayments)                              | (535,000)         | 242,046           |
|   | (535,000)         | 242,046           |
| <b>Increase (decrease) in cash and cash equivalents</b> | <b>(172,437)</b>  | <b>270,482</b>    |
| <b>Cash and cash equivalents, beginning of year</b>     | <b>278,847</b>    | <b>8,365</b>      |
| <b>Cash and cash equivalents, end of year</b>           | <b>\$ 106,410</b> | <b>\$ 278,847</b> |
| <b>Cash and cash equivalents consist of</b>             |                   |                   |
| Cash  | \$ 106,410        | \$ 278,847        |

The attached notes are an integral part of these financial statements.

**GREEN PARTY OF CANADA FUND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2006

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**1. ACTIVITIES OF THE FUND**

The Green Party of Canada (the "Party") is a Registered Political Party as defined by the *Canada Elections Act*. It has appointed the Green Party of Canada Fund (the "Fund") to act as its Chief Agent in connection with the receipt of contributions and payment of expenses and all other financial transactions of the Party as required by the *Canada Elections Act*. The Fund is exempt from income taxes.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of presentation**

The consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles.

As required under amendments to the *Canada Elections Act* effective for the year ended December 31, 2005, these financial statements of the Fund consolidate the financial position and results of federal operations of:

- Federal Green Party of Canada
- Green Party of Canada – British Columbia
- Green Party of Canada – Alberta
- Green Party of Canada – Saskatchewan
- Green Party of Canada – Prince Edward Island

All transactions of the provincial divisions that relate to a provincial jurisdiction have been excluded from the results.

Under the *Canada Elections Act*, local Electoral District Associations (EDAs) are registered separately with Elections Canada and must file separate financial statements with Elections Canada. Accordingly, these financial statements exclude the operations of the EDAs.

**Measurement uncertainty**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from estimates.

**Cash and cash equivalents**

Cash and cash equivalents consist of liquid investments with terms to maturity at the date of acquisition of three months or less and are recorded at cost, which approximates fair value.



**GREEN PARTY OF CANADA FUND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2006

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Revenue recognition**

Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Government allowance is calculated based on the number of votes the Party received in the most recent general election at an approved rate per valid vote. The allocation is recognized when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Contributions and participant fees for conventions and annual general meetings are recognized as revenue when received by the Fund.

Operating payments from EDAs are recognized when received or receivable if the collection of the amount can be reasonably assured.

Election rebates are recognized in the year of the election expenditure, when the amount is determinable and collection assured. The Party's claim for election rebates is based upon management's interpretation of the applicable regulations in the *Canada Elections Act*. These amounts are subject to review and acceptance by Elections Canada prior to collection.

Contributed materials and services, except volunteer labour, are recorded at fair value. Except where required by the *Canada Elections Act*, the value of volunteer labour is not recorded in the financial statements.

**Capital assets**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the assets' estimated useful lives. Amortization expense is reported as follows:

|                        |     |
|------------------------|-----|
| Computer equipment     | 30% |
| Furniture and fixtures | 20% |

**Intangible assets**

Intangible assets are recorded at cost. Amortization is provided on a straight-line basis over a ten-year period, subject to an impairment test at the end of each year.

**Impairment of long-lived assets**

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of impairment loss is determined as the excess of the carrying value of the asset over its fair value.

**GREEN PARTY OF CANADA FUND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2006

**3. FINANCIAL INSTRUMENTS**

Financial instruments recognized in the balance sheet consist of cash, bank indebtedness, accounts receivable, accounts payable and accrued liabilities and demand bank loans. It is management's opinion that the Fund 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 due to their short maturity.

The fair value of the long-term debt and the lease obligation has not been determined because such information is not easily obtainable and would not provide additional information at this time.

**4. BANK DEBT**

The Fund has a revolving demand loan with a chartered bank in the amount of \$50,000 at an interest rate of the bank's prime plus three per cent. The loan is collateralized with a general security agreement against assets of the Fund.

**5. CAPITAL ASSETS**

|                        |           |                             | 2006           | 2005      |
|------------------------|-----------|-----------------------------|----------------|-----------|
|                        | Cost      | Accumulated<br>Amortization | Net book value |           |
| Computer equipment     | \$ 10,791 | \$ 4,237                    | \$ 6,554       | \$ 666    |
| Furniture and fixtures | 41,673    | 13,461                      | 28,212         | 11,963    |
|                        | \$ 52,464 | \$ 17,698                   | \$ 34,766      | \$ 12,629 |

**6. INTANGIBLE ASSETS**

|                    |           |                             | 2006           | 2005      |
|--------------------|-----------|-----------------------------|----------------|-----------|
|                    | Cost      | Accumulated<br>Amortization | Net book value |           |
| Rights to G4G logo | \$ 15,000 | \$ 3,000                    | \$ 12,000      | \$ 13,500 |

**GREEN PARTY OF CANADA FUND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2006

**7. LONG-TERM DEBT**

|   | 2006             | 2005             |
|---|------------------|------------------|
| David Kay (a)                             | \$ 40,000        | \$ —             |
| Derek Pinto (b)                           | 37,000           | 37,000           |
| Shayne Robinson (c)                       | 30,000           | —                |
| Darla Drader (d)                          | 25,000           | 100,000          |
| John Lackey (e)                           | 20,000           | 20,000           |
| Adrian Cole (e)                           | 13,000           | 13,000           |
| Wayne Crookes (f)                         | 10,000           | 400,000          |
| Bill Wilson (g)                           | 7,500            | 30,000           |
| David Parker (h)                          | 7,000            | 7,000            |
| Michael de Pencier (i)                    | 6,250            | 25,000           |
| Adrian Visentin (j)                       | 6,250            | 25,000           |
| Cellular Networking Prospectives Ltd. (k) | 5,000            | 20,000           |
| Peter Marks (l)                           | 2,500            | 10,000           |
| Walter Meyer zu Erpen (m)                 | 2,500            | 10,000           |
| Ted and Linda Mosquin (m)                 | 2,500            | —                |
| GPC Beaches East York (n)                 | 2,500            | —                |
| Lori Gadzala (o)                          | —                | 50,000           |
| Gus Gustoki (p)                           | —                | 5,000            |
|   | <b>217,000</b>   | <b>752,000</b>   |
| Less current portion                      | <b>(217,000)</b> | <b>(670,000)</b> |
| <b>Long-term debt</b>                     | <b>\$ —</b>      | <b>\$ 82,000</b> |

- a) Unsecured, simple interest calculated at 7% annually, due in full January 31, 2007
- b) Unsecured, simple interest calculated at 7% annually, due in full March 31, 2007
- c) Unsecured, simple interest calculated at 7% annually, repayable in four equal instalments of \$20,000 plus interest per quarter, final payment due within fifteen days of receipt of the 4<sup>th</sup> quarter allowance from Elections Canada
- d) Unsecured, simple interest calculated at 6% annually, repayable in four equal instalments of \$25,000 plus interest per quarter, final payment due within fifteen days of receipt of the 4<sup>th</sup> quarter allowance from Elections Canada
- e) Unsecured, simple interest calculated at 5% annually, due in full March 31, 2007
- f) Unsecured, interest rate at 5.5% compounded annually with no fixed terms for repayment.
- g) Unsecured, simple interest calculated at 5.5% annually, repayable in four equal instalments of \$7,500 plus interest per quarter, final payment due within fifteen days of receipt of the 4<sup>th</sup> quarter allowance from Elections Canada
- h) Unsecured, simple interest calculated at 4.4% annually, due in full March 31, 2007

**GREEN PARTY OF CANADA FUND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2006

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**7. LONG-TERM DEBT (Cont'd)**

- i) Unsecured, simple interest calculated at 5% annually, repayable in four equal instalments of \$6,250 plus interest per quarter, final payment due within fifteen days of receipt of the 4<sup>th</sup> quarter allowance from Elections Canada
- j) Unsecured, simple interest calculated at 7% annually, repayable in four equal instalments of \$6,250 plus interest per quarter, final payment due within fifteen days of receipt of the 4<sup>th</sup> quarter allowance from Elections Canada
- k) Unsecured, simple interest calculated at 5% annually, repayable in four equal instalments of \$5,000 plus interest per quarter, final payment due within fifteen days of receipt of the 4<sup>th</sup> quarter allowance from Elections Canada
- l) Unsecured, simple interest calculated at 7% annually, repayable in four equal instalments of \$2,500 plus interest per quarter, final payment due within fifteen days of receipt of the 4<sup>th</sup> quarter allowance from Elections Canada
- m) Unsecured, simple interest calculated at 5% annually, repayable in four equal instalments of \$2,500 plus interest per quarter, final payment due within fifteen days of receipt of the 4<sup>th</sup> quarter allowance from Elections Canada
- n) Unsecured, interest-free with no fixed terms for repayment
- o) Unsecured, simple interest calculated at 6% annually, repayable in four equal instalments of \$12,500 plus interest per quarter, final payment due within fifteen days of receipt of the 4<sup>th</sup> quarter allowance from Elections Canada
- p) Unsecured, simple interest calculated at 5.5% annually, due in full March 31, 2007

**8. COMMITMENTS**

The Fund is committed under the terms of various operating leases and other agreements with various expiration dates for the rental of premises and equipment. Annual payments related to these commitments will be as follows:

|      |                          |
|------|--------------------------|
| 2007 | \$ 64,886                |
| 2008 | 80,963                   |
| 2009 | 63,649                   |
| 2010 | 3,284                    |
| 2011 | <u>737</u>               |
|      | <b><u>\$ 213,519</u></b> |

**9. ELECTION EXPENSES**

Included in elections expenses are the following expenses:

|                                    | 2006      | 2005       |
|------------------------------------|-----------|------------|
| Advertising – television and radio | \$ 191    | \$ 6,294   |
| Advertising – other                | \$ 23,282 | \$ 104,286 |

**GREEN PARTY OF CANADA FUND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2006

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**10. COMPARATIVE FIGURES**

The comparative figures were prepared by the predecessor auditor.

Certain reclassifications of the 2005 amounts have been made to facilitate comparison with the current year.