

COMMUNIST PARTY OF CANADA
FINANCIAL STATEMENTS
DECEMBER 31, 2007

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**Suntharalingam & Associates
Chartered Accountants**

AUDITOR'S REPORT

To David Rigby, Chief Agent and to the Central Executive Committee of
COMMUNIST PARTY OF CANADA

We have audited the balance sheet of **COMMUNIST PARTY OF CANADA** as at **December 31, 2007** and the statements of operations, cash flows, net assets and political party financial transactions return derived from the completed financial statements for the year then ended. These financial statements are the responsibility of the Organization's central executive committee. Our responsibility is to express an opinion on these financial statements based on our audit.

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 and political party financial transactions return are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and political party financial transactions return under Section 426 of Canada Elections Act. An audit also includes assessing the accounting principles used and significant estimates made by central executive committee, as well as evaluating the overall financial statement and political party financial transactions return presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at **December 31, 2007** and the results of its operations, cash flows, net assets, and political party financial transactions return under Section 424 of Canada Elections Act for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario
June 9, 2008

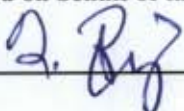
Suntharalingam & Associates

Licensed Public Accountants
Chartered Accountants

COMMUNIST PARTY OF CANADA
Balance Sheet
as at December 31, 2007

	2007	2006
ASSETS		
Current		
Cash	\$ 15,580	\$ 19,026
Accounts receivable	3,850	-
Prepaid expense	1,352	1,804
	20,782	20,830
Capital assets (Note 2(b), 3)	891	467
	\$ 21,673	\$ 21,297
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 5,233	\$ 6,056
Convention fund payable	1,913	7,432
	7,146	13,488
NET ASSETS		
Net assets	14,527	7,809
	\$ 21,673	\$ 21,297

Approved on behalf of the Organization's Central Executive committee:

 _____ Director

_____ Director

See accompanying notes to financial statements.

COMMUNIST PARTY OF CANADA
Statement of Net Assets
for the year ended December 31, 2007

	<u>2007</u>	<u>2006</u>
Net assets, Beginning of year	\$ 7,809	\$ 27,478
Excess (deficiency) of revenue over expense	<u>6,718</u>	<u>(19,669)</u>
Net assets, End of year	<u>\$ 14,527</u>	<u>\$ 7,809</u>

See accompanying notes to financial statements.

COMMUNIST PARTY OF CANADA
Statement of Operations
for the year ended December 31, 2007

	2007	2006
REVENUE		
Political donations	\$ 81,860	\$ 111,617
Convention fund	7,432	-
Literature sales	354	-
Legal settlement recovery	-	47,765
	<u>89,646</u>	<u>159,382</u>
Expenses		
Salaries and benefits	29,455	28,232
Professional fees	13,888	22,940
Office expense (Note 2(f))	12,269	9,177
Travel	9,314	16,956
Youth subsidy	8,641	-
Convention expense	3,314	150
Advertising	2,243	6,816
Provision for Convention Fund	1,913	3,432
Subsidies to various regions	803	45,293
Press subsidy	613	28,500
Bank charges	324	239
Amortization	151	117
General election expense	-	16,469
Donations	-	730
	<u>82,928</u>	<u>179,051</u>
Excess (deficiency) of revenue over expense	<u>\$ 6,718</u>	<u>\$ (19,669)</u>

See accompanying notes to financial statements.

COMMUNIST PARTY OF CANADA
Statement of Cash Flows
for the year ended December 31, 2007

	<u>2007</u>	<u>2006</u>
Operating activities		
Excess (deficiency) of revenue over expense	\$ 6,718	\$ (19,669)
Amortization	\$ 151	\$ 117
Net change in working capital items	(4,221)	31,649
	<u>2,648</u>	<u>12,097</u>
Financing activities		
Convention fund payable	<u>(5,519)</u>	<u>(24,650)</u>
Investing activities		
Purchase of capital assets	<u>(575)</u>	-
Net increase (decrease) in cash during the year	(3,446)	(12,553)
Cash Position, beginning of year	<u>19,026</u>	<u>31,579</u>
Cash Position, end of year	<u>\$ 15,580</u>	<u>\$ 19,026</u>

See accompanying notes to financial statements.

COMMUNIST PARTY OF CANADA
Notes to Financial Statements
December 31, 2007

1. Nature of operations

The Communist Party of Canada (the "Organization") is a not-for-profit political organization. The Communist Party of Canada strives to unite within its ranks all those who defend and advance the interests of the working class in Canada and who aspire for a socialist future. The organization participates in federal elections and is active in a wide range of extra parliamentary activities across Canada on a consistent and ongoing basis.

2. Significant Accounting Policies

(a) General

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

(b) Capital assets

Capital assets are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets as follows:

Office equipment	20% declining balance basis
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In the year of acquisition, capital assets are amortized at 50% of the annual rate.

(c) Revenue

Donations to the Communist Party of Canada are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(d) Contributed services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(e) Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires central executive committee to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure

COMMUNIST PARTY OF CANADA
Notes to Financial Statements
December 31, 2007

of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(f) Office expense

Office expense for the year-ended December 31, 2007 consist a) Rent - \$2,200 (2006 - \$1,400) b) Internet - \$940 (2006 - \$518) c) Office supplies - \$2,146 (2006 - \$987) d) Telephone and communication - \$2,461 (2006 - \$1,876 and e) Postage and delivery - \$1,959 (2006 - \$3,275) and f) Other - \$1,558 (2006 - \$1,121 and g) Utilities - \$1,005 (2006 - Nil)

3. Capital Assets

	2007		2006	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office equipment	\$ 1,224	\$ 333	\$ 891	\$ 467

4. Political party returns

Political party financial transactions return is derived from the completed financial statements of the Communist Party of Canada as at December 31, 2007 and is filed with Elections Canada - Chief Electoral Officer.

5. Fair value of financial assets and financial liabilities

The fair value of the Organization's accounts receivable, prepaid expense, accounts payable and accrued liabilities and convention fund payable approximate their carrying amounts.