



**Auditors' Report on Registered Party's Return Respecting
Financial Transactions Pursuant to the *Canada Elections Act***

To **Macdonald-Cartier PC Fund**, Chief Agent for **Progressive Canadian Party**,

Section 403.37 of the *Canada Elections Act* requires an audit of the Financial Transactions Returns of registered parties, we have audited the Financial Transactions Return of the **Progressive Canadian Party**, prepared in accordance with the accounting requirements of Sections 415 through 435.05 of the *Canada Elections Act* and the Elections Canada's *Guide to Registered Party Handbook*, for the fiscal period ending December 31, 2007, including the Statement of Assets and Liabilities and the Statements of Surplus (Deficit) and Revenue and Expenses ("the financial statements") set out in Part 4 of the Financial Transactions Return, prepared in accordance with Canadian generally accepted accounting principles as required by Section 424.2(f) and (g) of the *Act*. This financial information is your responsibility as chief agent for the party. Our responsibility 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, which require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information in the Return. An audit also includes assessing the accounting principles used and significant estimates made by the chief agent, as well as evaluating the overall presentation of the financial information in the Return.

Due to the inherent nature of the transactions of registered parties, the completeness of contributions and other revenue and expenses is not susceptible to satisfactory audit verification. Accordingly, our verification of these amounts was limited to the amounts recorded in the party's accounting records. Further, the *Act* does not require us to report that the accounting records include all transactions relating to the party.

In our opinion, except for the adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of contributions and other revenues and expenses referred to in the preceding paragraph:

- a. the Financial Transactions Return of **Progressive Canadian Party** presents fairly, in all material respects, the information contained in the financial records on which it is based in accordance with the accounting requirements of the *Canada Elections Act* and the Elections Canada's *Guide to Registered Party Handbook*, and
- b. Statement of Assets and Liabilities and Statements of Surplus (Deficit) and the Statement of Revenue and Expenses set out in Part 4 of the Financial Transactions Return present fairly, in all material respects, the financial position of the party as at December 31, 2007 and its revenue and expenses for the fiscal period then ended in accordance with Canadian generally accepted accounting principles.

Markham, Canada
June 13, 2008

Chim & Seto LLP
Chartered Accountants
Licensed Public Accountants

**PROGRESSIVE CANADIAN PARTY
STATEMENT OF SURPLUS (DEFICIT)**

FOR THE YEAR ENDED DECEMBER 31	2007	2006
BALANCE, BEGINNING OF YEAR	\$ 367	\$ 4,207
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)	735	(3,840)
BALANCE, END OF YEAR	\$ 1,102	\$ 367

PROGRESSIVE CANADIAN PARTY
STATEMENT OF REVENUE AND EXPENSES

FOR THE YEAR ENDED DECEMBER 31

2007

2006

REVENUE

Contributions	\$	6,388	\$	17,199
Membership fees		2,375		925
Fundraising		-		805
Conferences fees		180		450
Transfers received from candidates		-		926

8,943

20,305

EXPENSES

Advertising and promotion		127		781
Bank charges		1,411		1,696
Fundraising expenses		-		529
Office expenses		439		2,887
Professional services		3,090		6,938
Telephone		2,417		3,982
Transfers to candidates		-		4,603
Travel and hospitality		724		2,729

TOTAL EXPENSES

8,208

24,145

EXCESS OF REVENUE OVER EXPENSES

(EXPENSES OVER REVENUE)

\$

735

\$

(3,840)

**PROGRESSIVE CANADIAN PARTY
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2007

1. OPERATION

The Organization is a political organization registered under the Canada Elections Act on May 29, 2004. The purpose of the organization is to participate in public affairs by endorsing one or more of its members as candidates and supporting their election.

2. SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

All revenues are recognized when received by the Chief Agent for the Party.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported 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. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they became known. Actual results could differ from those estimates.

Financial Instruments

The carrying values of cash and account payable and accrued liabilities approximate fair value due to the short-term maturities of these instruments.