

COMMUNIST PARTY OF CANADA
Financial Statements
Year Ended December 31, 2015

COMMUNIST PARTY OF CANADA
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Year Ended December 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Chief Agent and Central Executive Committee for Communist Party of Canada

I have audited the accompanying financial statements of Communist Party of Canada, which comprise the statement of financial position as at December 31, 2015 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Authorized to practice public accounting by The Chartered Professional Accountants of Ontario.

Independent Auditor's Report to the the Chief Agent and Central Executive Committee of Communist Party of Canada *(continued)*

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from contributions, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, I was not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses and cash flows from operations for the year ended December 31, 2015, current assets and net assets as at January 1, 2015 and December 31, 2015.

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the basis of qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Communist Party of Canada as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

S P C

Toronto, Ontario
June 21, 2016

CHARTERED PROFESSIONAL ACCOUNTANT
CHARTERED ACCOUNTANT

COMMUNIST PARTY OF CANADA
Statement of Financial Position
December 31, 2015

	2015	2014
ASSETS		
CURRENT		
Cash	\$ 16,565	\$ 33,678
Donations receivable	1,551	1,278
Prepaid expense and deposit	26,058	53
	<u>44,174</u>	35,009
CAPITAL ASSETS (Note 4)	<u>164</u>	205
	<u>\$ 44,338</u>	<u>\$ 35,214</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 11,309	\$ 13,662
Loans from members (Note 5.)	9,750	-
	<u>21,059</u>	13,662
NET ASSETS - UNRESTRICTED	<u>23,279</u>	21,552
	<u>\$ 44,338</u>	<u>\$ 35,214</u>

Approved on behalf of the Organization's Executive committee:

_____ *Chief Agent*

_____ *Leader*

See accompanying notes to financial statements

COMMUNIST PARTY OF CANADA
Statement of Changes in Net Assets
Year Ended December 31, 2015

	2015	2014
NET ASSETS - UNRESTRICTED, BEGINNING OF YEAR	\$ 21,552	\$ 25,295
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	1,727	(3,743)
NET ASSETS - UNRESTRICTED, END OF YEAR	\$ 23,279	\$ 21,552

See accompanying notes to financial statements

COMMUNIST PARTY OF CANADA**Statement of Operations****Year Ended December 31, 2015**

	2015	2014
REVENUE		
Political donations	\$ 95,832	\$ 77,343
Other income	760	111
Literature sales	-	120
Transfers	14,070	3,200
	<u>110,662</u>	<u>80,774</u>
EXPENSES		
Salaries and benefits	41,112	42,052
General election expense	24,896	-
Office expense	14,914	20,923
Travel	11,716	7,518
Professional fees	7,233	5,733
Telephone and communication	3,938	3,935
Utilities	2,146	3,120
Advertising	1,884	-
Repairs and maintenance	642	-
Bank charges	413	157
Amortization	41	51
Bad Debt Expense	-	722
Repayment of over-contribution of donations	-	306
	<u>108,935</u>	<u>84,517</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 1,727</u>	<u>\$ (3,743)</u>

See accompanying notes to financial statements

COMMUNIST PARTY OF CANADA**Statement of Cash Flows****Year Ended December 31, 2015**

	2015	2014
OPERATING ACTIVITIES		
EXCESS OF REVENUE OVER EXPENSES	\$ 1,727	\$ (3,743)
Amortization	41	51
	<u>1,768</u>	<u>(3,692)</u>
Changes in non-cash working capital:		
Accounts receivable	(273)	(556)
Prepaid	(26,005)	969
Accounts payable and accrued liabilities	(2,353)	4,075
Loans from members	<u>9,750</u>	<u>-</u>
	<u>(18,881)</u>	<u>4,488</u>
INCREASE (DECREASE) IN CASH FLOW	(17,113)	796
CASH - BEGINNING OF YEAR	<u>33,678</u>	<u>32,882</u>
CASH - END OF YEAR	\$ 16,565	\$ 33,678

See accompanying notes to financial statements

COMMUNIST PARTY OF CANADA
Notes to Financial Statements
Year Ended December 31, 2015

1. PURPOSE OF THE ORGANIZATION

The Communist Party of Canada (the "Organization") is a not-for-profit political organization. The organization is a registered official political party under the Elections Canada Act. The organization 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. The organization is a not-for-profit organization under the Income Tax Act (Canada) and as such, is exempt for income taxes, provided certain requirements of the Income Tax Act are met.

2. BASIS OF PRESENTATION

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash is defined as cash on hand, cash on deposit, and short-term deposits with maturity dates of less than 90 days, net of cheques issued and outstanding at the reporting date.

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

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

Use of estimates

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the estimated useful lives of capital assets and the valuation allowances for accounts receivable. Actual results could differ from management's best estimates as additional information becomes available in the future.

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.

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COMMUNIST PARTY OF CANADA
Notes to Financial Statements
Year Ended December 31, 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Unrestricted 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.

Other income, transfers and literature sales are recognized as revenue when earned or if the amount to be received can be reasonably estimated and collection is reasonably assured.

Financial instruments policy

The organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions. The organization subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash and donations receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Office equipment	\$ 1,348	\$ 1,184	\$ 164	\$ 205

5. LOANS FROM MEMBERS

The organization has a \$9,750 loan with its members at the interest rate of 1% per annum. This loan is unsecured and repayable between August 9, 2016 to August 27, 2016. The loan balance as at December 31, 2015 is \$9,750.

6. CAPITAL DISCLOSURE

The organization's capital is made up of net assets. The organization manages its capital structure by monitoring its cash flows to maintain a satisfactory level of capital.

7. FINANCIAL INSTRUMENTS

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 December 31, 2015:

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization's cash and term deposit are exposed to credit risk. To mitigate the risk, such as investments are held with major financial institutions with investment grade credit ratings.

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COMMUNIST PARTY OF CANADA
Notes to Financial Statements
Year Ended December 31, 2015

7. FINANCIAL INSTRUMENTS *(continued)*

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, and accounts payable.

Other price risk

The organization is exposed to other price risk on its investments because of fluctuations in market prices.