
INDEPENDENT AUDITOR'S REPORT

To The Chief Agent for the PACT

To the Chief Electoral Officer for Elections Canada

Report on the return

We have audited the accompanying Registered Party Financial Transactions Return (the "Return") of the PACT for the year ended December 31, 2015. This return has been prepared by the Chief Agent of the PACT based on the financial reporting provisions of section 432(1) of the Canada Elections Act and in the prescribed form issued by Elections Canada.

The Chief Agent's responsibility for the Return

The Chief Agent is responsible for the preparation of the Return in accordance with the financial reporting provisions of Section 432(1) of the Canada Elections Act and in the prescribed form issued by Elections Canada and for such internal control as the Chief Agent determines necessary to enable the preparation of a Return that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the Return 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 whether the Return is free of material misstatement.

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

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

Basis for Qualified Opinion

The Canada Elections Act does not require me to report, nor was it practical to determine, that the accounting records include all transactions relating to the PACT for the year ended December 31, 2015. Accordingly, my verification of the election expenses was limited to the financial transactions recorder in the PACT accounting records.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the Return of the PACT for the year ended December 31, 2015 is prepared, in all material respects, in accordance with the financial reporting provisions of Section 432(1) of the Canada Elections Act and in the prescribed form issued by Elections Canada.

Report on other legal and regulatory requirements

As required by subsection 432(1) of the Canada Elections Act, in our opinion, the Return presents the information contained in the financial records on which it is based.

N. Shaw

June 28, 2016

64 Hinsley Crescent,
Ajax, ON L1T 0B6

PACT**Combined Statement of Operations for Fiscal Year 2015**

		2015	2014	2013
		\$	\$	\$
<u>Revenues</u>				
Contributions non directed	(Note 6)	6,245.00	1,505.00	4,631.00
Transfers from EDA's				
Transfers from Candidates				383.43
Memberships				
Other Revenue				
		6,245.00	1,505.00	5,014.43
<u>Expenses</u>				
Advertising - radio				
Advertising - tv				
Advertising - other		5,618.79		663.08
Bank Charges & interest		64.51	59.40	78.66
Depreciation	(Note 5)	3,500.00	3,500.00	3,476.00
Donations & Contributions				
Fundraising Activities				
Office Expenses				113.43
Polling				
Professional Fees		2,347.50	2,730.00	290.00
Research				
Salaries & benefits				734.00
Travel & Hospitality				
Transfers to EDA's				
Transfers to Candidates		100.00		20.00
		11,630.80	6,289.40	5,375.17
Excess (Deficiency) of Revenues over Expenses		(5,385.80)	(4,784.40)	(360.74)

PACT
Combined Statement of Operations for Fiscal Year 2015

	2015	2014	2013
	\$	\$	\$
<u>ASSETS</u>			
Current Assets			
Cash Bank Account	5,954.46	3,515.00	4,980.57
Paypal	777.74		
Amounts Receivable			
Inventory			
Current Assets			
www.onlineparty.ca; design, programming, content	7,000.00	10,500.00	14,000.00
(Note 5)	<u>13,732.20</u>	<u>14,015.00</u>	<u>18,980.57</u>
<u>LIABILITIES & NET ASSETS</u>			
Current Liabilities			
Accounts Payable & Accrued Liabilities	6,718.79		
Due to ridings			
Government remittances payable			
Current Liabilities			
Other Liabilities	45,302.25	45,302.25	45,302.25
(Note 7)	<u>52,021.04</u>	<u>45,302.25</u>	<u>45,302.25</u>
Net Assets			
Unrestricted	<u>(38,288.84)</u>	<u>(31,287.25)</u>	<u>(26,321.68)</u>

**Combined Statement of Changes in Net Assets
For the Year ended December 31, 2013**

	Unrestricted	Total 2015 \$
Net Assets, beginning of year	(32,903.04)	(32,903.04)
Excess (deficiency) of revenues over expenses	<u>(5,385.80)</u>	<u>(5,385.80)</u>
Net Assets (end of year)	<u>(38,288.84)</u>	<u>(38,288.84)</u>

PACT

Combined Nature of Activities

PACT (formerly "Online Party of Canada") is a registered federal political party operating under Canada's Election Laws.

2 Statement of Compliance with Canadian Accounting Standards

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

3 Significant Accounting Policies

Financial Instruments

The Party's financial liabilities may include cash, accounts receivable, accounts payable and accrued liabilities, due to ridings or candidate election campaigns, and due to government agencies.

Financial assets and liabilities are initially recognized at fair value. Subsequently all financial instruments are measured at amortized cost, except for cash which is measured at fair value.

Related Party transactions in the normal course of business are recognized in Canadian dollars.

Interest earned, interest accrued, gains and losses realized on disposal and unrealized gains are included in other revenue.

The preparation of financial statements in conformity 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 reported amounts of revenue and expense during the reporting year. Significant estimates include the allowance for doubtful accounts, and accrued liabilities. Actual results could differ from these estimates.

Revenue Recognition

The Party follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognized in the year to which it relates.

Membership revenue is recognized in the year to which it relates.

All other revenue is recognized when received or receivable, if the amount can be reasonably estimated and collected when it is reasonably assured.

Volunteer Time, Goods and Services

Volunteer Time, goods and services (except volunteer labour) are recorded at fair value. Except where required by the Act, the value of volunteer labour is not recorded in the financial statements, as the value is not easily determinable.

4 Comparative Figures

Some of the comparative figures have been reclassified to conform to the presentation of the current year's financial statements.

5 Fair Value

The fair value of cash, accounts receivable, accounts payable, accrued liabilities, and due to government agencies approximate their carrying value due to their short-term nature.

It is the management's opinion that the party is not exposed to significant credit, liquidity, or market risk arising from these instruments.

We allowed a depreciation of \$3,500 which is approximately 20% of the capitalized value of the website. We used a 5-year depreciation scale.

6 Contributions

There were no contributions made to the Party with an "Advantage Received" by the donor, as defined by the Canada Revenue Agency.

7 Contingencies and Commitments

The Party has an outstanding debt that represents the Invoiced value of the website design, programming, deployment, hosting and content. The management expected to raise sufficient contributions in the first two years to be in position to cover this debt. Due to the shortfall of the actual contributions, the Party is not in position to submit the payment this fiscal year.

The Party is not involved with any claims or lawsuits. The Party is not committed to any other leases or other agreements.