

COMMUNIST PARTY OF CANADA
Financial Statements
Year Ended December 31, 2017

COMMUNIST PARTY OF CANADA
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Year Ended December 31, 2017

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**Suntharalingam
Professional Corporation**
Chartered Accountant and Business Advisor

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, 2017 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, 2017, current assets and net assets as at January 1, 2017 and December 31, 2017.

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, 2017 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.

Toronto, Ontario
June 20, 2018



CHARTERED PROFESSIONAL ACCOUNTANT
CHARTERED ACCOUNTANT

COMMUNIST PARTY OF CANADA
Statement of Financial Position
December 31, 2017

	2017	2016
ASSETS		
CURRENT		
Cash	\$ 22,975	\$ 7,513
Prepaid expense and deposit	5	53
	<u>22,980</u>	<u>7,566</u>
EQUIPMENT (Note 4)	<u>105</u>	<u>131</u>
	<u>\$ 23,085</u>	<u>\$ 7,697</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 6,503	\$ 5,607
NET ASSETS - UNRESTRICTED	<u>16,582</u>	<u>2,090</u>
	<u>\$ 23,085</u>	<u>\$ 7,697</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, 2017

	<u>2017</u>	<u>2016</u>
NET ASSETS - UNRESTRICTED, BEGINNING OF YEAR	\$ 2,090	\$ 23,279
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	14,492	(21,189)
NET ASSETS - UNRESTRICTED, END OF YEAR	\$ 16,582	\$ 2,090

See accompanying notes to financial statements

COMMUNIST PARTY OF CANADA**Statement of Operations****Year Ended December 31, 2017**

	2017	2016
REVENUE		
Political donations	\$ 86,334	\$ 81,421
Other income	1,550	1,317
	<u>87,884</u>	<u>82,738</u>
EXPENSES		
Salaries and benefits	40,419	49,404
Travel	15,304	27,637
Office expenses	8,193	9,618
Professional fees	4,520	4,520
Telephone and communication	2,407	3,577
Utilities	2,084	1,708
Bank charges	411	293
Advertising	44	2,222
Amortization	26	33
Interest on loans from members	-	98
Transfers with other party divisions	(16)	4,817
	<u>73,392</u>	<u>103,927</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 14,492</u>	<u>\$ (21,189)</u>

See accompanying notes to financial statements

COMMUNIST PARTY OF CANADA

Statement of Cash Flows

Year Ended December 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 14,492	\$ (21,189)
Item not affecting cash:		
Amortization	26	33
	<u>14,518</u>	<u>(21,156)</u>
Changes in non-cash working capital:		
Donations receivable	-	1,551
Prepaid expense and deposit	48	26,005
Accounts payable and accrued liabilities	896	(5,702)
Loans from members	-	(9,750)
	<u>944</u>	<u>12,104</u>
INCREASE (DECREASE) IN CASH FLOW	15,462	(9,052)
CASH - BEGINNING OF YEAR	7,513	16,565
CASH - END OF YEAR	\$ 22,975	\$ 7,513

See accompanying notes to financial statements

COMMUNIST PARTY OF CANADA

Notes to Financial Statements

Year Ended December 31, 2017

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 from 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.

Equipment

Equipment is stated at cost less accumulated amortization. Equipment is amortized over its estimated useful life at the following rates and methods:

Office equipment	20%	declining balance method
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In the year of acquisition, equipment 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 equipment. 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.

(continues)

COMMUNIST PARTY OF CANADA
Notes to Financial Statements
Year Ended December 31, 2017

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 with other party divisions and literature sales are recognized as revenue when earned.

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. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

4. EQUIPMENT

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Office equipment	\$ 1,348	\$ 1,243	\$ 105	\$ 131

5. 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.

6. 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, 2017:

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization's cash is exposed to credit risk. To mitigate the risk, it is held at a major financial institution with investment grade credit ratings.

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 donors and other related sources, and accounts payable.