

INDEPENDENT AUDITORS' REPORT

To **Macdonald-Cartier PC Fund**, Chief Agent of the **Progressive Canadian Party** for submission to the Chief Electoral Officer of Canada in accordance with subsection 430(1) of the *Canada Elections Act*.

Report on the Return

We have audited the Registered Party Return in Respect of General Election Expenses (the "Return") of the **Progressive Canadian Party** for the general election held on May 2, 2011, which is comprised of a statement of general election expenses and a statement of unpaid claims.

This Return has been prepared by the Chief Agent of the **Progressive Canadian Party** based on the provisions in subsection 429(1), (2) and 422(1) of the *Canada Elections Act* and the accounting guidelines issued by Elections Canada.

The Chief Agent's Responsibility for the Return

The Chief Agent is responsible for the preparation and the fair presentation of the Return in accordance with the *Canada Elections Act*, and for such internal control as the Chief Agent determines is necessary to enable the preparation of a Return that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the Return based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance whether the financial information in the Return is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial information, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial information 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 the Chief Agent, as well as evaluating the overall presentation of the financial information. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

Due to the inherent nature of the transactions of electoral campaigns, the completeness of expenses is not susceptible of satisfactory audit verification. Accordingly, our verification of these amounts was limited to the amounts recorded in the Chief Agent's accounting records.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion" paragraph, the Registered Party Return in Respect of General Election Expenses of the **Progressive Canadian Party** presents fairly, in all material respects, in accordance with the provisions of subsections 429(1), (2) and 422(1) of the *Canada Elections Act* and the accounting guidelines issued by Elections Canada.

Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to the first section in our auditors' report, which describes the basis of accounting. The Return is prepared to assist the Chief Agent to meet the requirements of the *Canada Elections Act* and the accounting guidelines issued by Elections Canada. As a result, the Return may not be suitable for another purpose. Our report is intended solely for the Chief Agent and the Chief Electoral Officer of Canada, and should not be used by parties other than the Chief Agent and the Chief Electoral Officer.

Report on Other Legal and Regulatory Requirements

As required by subsections 430(1) of the *Canada Elections Act*, in our opinion, the Return presents fairly the information contained in the financial records on which the Return is based.

**Richmond Hill, Canada
November 22, 2011**

**Chartered Accountants
Licensed Public Accountants**