

**THE CANADIAN ACTION PARTY /  
PARTI ACTION CANADIENNE  
2003 FINANCIAL STATEMENTS**

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## AUDITORS' REPORT

### TO THE CHIEF AGENT FOR THE CANADIAN ACTION PARTY / PARTI ACTION CANADIENNE

We have audited the balance sheet of the Canadian Action Party / Parti Action Canadienne as at December 31, 2003 and the statements of receipts and expenditures and cash flows for the year then ended. These financial statements are the responsibility of the Party's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Our examination was designed to enable us to report as required under the Canada Elections Act. The Act does not require us to report that the accounting records include all the transactions of the Party and, thus, our examination was not designed to determine the extent of omissions, if any, from the accounting records.

In our opinion, these financial statements present fairly the information contained in the accounting records of the Canadian Action Party / Parti Action Canadienne as at December 31, 2003 and the receipts and expenditures and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Brampton, Ontario  
March 5, 2004

McCARNEY GREENWOOD LLP  
Chartered Accountants

**THE CANADIAN ACTION PARTY / PARTI ACTION CANADIENNE**  
**BALANCE SHEET**  
**AS AT DECEMBER 31, 2003**

	2003	2002
	\$	\$
<b>ASSETS</b>		
Current		
Cash	19,388	3,121
Receivables	-	700
	19,388	3,821
Capital assets <i>(Note 3)</i>	3,506	5,009
	22,894	8,830
<b>LIABILITIES</b>		
Current		
Payable and accrued liabilities	4,191	3,043
Loan payable to Paul Hellyer <i>(Note 4)</i>	49,296	1,269
	53,487	4,312
Note payable to Paul Hellyer <i>(Note 5)</i>	750,000	750,000
	803,487	754,312
<b>NET LIABILITIES</b>	<b>(780,593)</b>	<b>(745,482)</b>

*See Accompanying Notes*

On behalf of the Party:

..... Director

..... Director

**THE CANADIAN ACTION PARTY / PARTI ACTION CANADIENNE**  
**STATEMENT OF RECEIPTS AND EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

	2003	2002
	\$	\$
<b>RECEIPTS</b>		
Contributions	47,282	42,255
Memberships and other	14,056	7,562
	<b>61,338</b>	<b>49,817</b>
<b>EXPENDITURES</b>		
Administrative	10,877	6,665
Advertising	7,337	16,814
Legal and audit	848	954
Miscellaneous	64	200
Salaries, wages and benefits	71,377	54,313
Telephone	5,946	5,619
	<b>96,449</b>	<b>84,565</b>
<b>DEFICIENCY OF RECEIPTS OVER EXPENDITURES FOR THE YEAR</b>	<b>(35,111)</b>	<b>(34,748)</b>
<b>NET LIABILITIES, BEGINNING OF YEAR</b>	<b>(745,482)</b>	<b>(710,734)</b>
<b>NET LIABILITIES, END OF YEAR</b>	<b>(780,593)</b>	<b>(745,482)</b>

*See Accompanying Notes*

**THE CANADIAN ACTION PARTY / PARTI ACTION CANADIENNE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

	2003 \$	2002 \$
<b>OPERATING ACTIVITIES</b>		
Deficiency of receipts over expenditures for the year	(35,111)	(34,748)
Add item not involving cash		
Amortization	1,503	2,146
	<b>(33,608)</b>	<b>(32,602)</b>
Net change in non-cash components of assets and liabilities		
Accounts receivable	700	16,196
Accounts payable	1,148	(3,747)
Loan payable	48,027	(726,726)
Note payable	-	750,000
	<b>49,875</b>	<b>35,723</b>
<b>NET INCREASE IN CASH</b>	<b>16,267</b>	<b>3,121</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>3,121</b>	<b>-</b>
<b>CASH, END OF YEAR</b>	<b>19,388</b>	<b>3,121</b>

*See Accompanying Notes*

**CANADIAN ACTION PARTY / PARTI ACTION CANADIENNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2003**

**ORGANIZATION**

The organization is a registered political party under the Canada Elections Act. It is currently led by Paul Hellyer.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Estimates and Assumptions Used in Preparing Financial Statements**

Preparation of these financial statements requires the use of estimates and assumptions that affect amounts reported and disclosed in the statements and related notes. Such estimates are not expected to change materially in the near term.

**Contributions**

Contributions are recorded at fair market value and are recognized in the year of receipt.

**Capital Assets**

Capital assets are recorded at cost less accumulated amortization. Amortization is calculated on a declining balance basis at per annum rates which are expected to amortize the cost of the capital asset over their estimated useful lives as follows:

Computer equipment	30%
Telephone equipment	20%
Furniture and fixtures	20%

**3. CAPITAL ASSETS**

	2003		2002
	Cost	Accumulated Amortization	Net
	\$	\$	\$
Computer equipment	8,910	7,740	1,170
Telephone equipment	5,760	5,053	707
Furniture and fixtures	6,356	4,727	1,629
	<b>21,026</b>	<b>17,520</b>	<b>3,506</b>
			5,009

Amortization in the year was \$1,503 (2002 - \$2,146) and is included in administrative expenditures.

**CANADIAN ACTION PARTY / PARTI ACTION CANADIENNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2003**

**4. LOAN PAYABLE TO PAUL HELLYER**

The loan payable to Paul Hellyer is without interest and with no specific terms of repayments.

**5. NOTE PAYABLE TO PAUL HELLYER**

The note payable to Paul Hellyer is payable on demand. It bears interest at 4% per annum payable yearly commencing January 1, 2003.

**6. FINANCIAL INSTRUMENTS**

Unless otherwise noted, it is management's opinion that the party is not exposed to significant interest rate, currency, or credit risks arising from its cash, receivables, accounts payable and accrued liabilities, and loans payable.