

**COMMUNIST PARTY OF CANADA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2004**

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**Suntharalingam & Associates  
Chartered Accountants**

**AUDITOR'S REPORT**

To David Rigby, Chief Agent and to the Central Executive Committee of  
**COMMUNIST PARTY OF CANADA**

We have audited the balance sheet of **COMMUNIST PARTY OF CANADA** as at **December 31, 2004** and the statements of operations, cash flows, net assets and political party financial transactions return derived from the completed financial statements for the year then ended. These financial statements are the responsibility of the Organization's central executive committee. Our responsibility is to express an opinion on these financial statements based on our audit.

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 and political party financial transactions return are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, and political party financial transactions return. An audit also includes assessing the accounting principles used and significant estimates made by central executive committee, as well as evaluating the overall financial statement, and political party financial transactions return presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at **December 31, 2004** and the results of its operations, cash flows, net assets, and political party financial transactions return for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario  
June 12, 2005

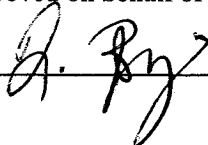
*Suntharalingam & Associates*

Chartered Accountants

**COMMUNIST PARTY OF CANADA**  
**Balance Sheet**  
**as at December 31, 2004**

	2004	2003
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 6,612	\$ 8,205
Accounts receivable	1,200	-
Deposits - Elections Canada	34,000	-
	\$ 41,812	\$ 8,205
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 5,039	\$ 17,901
Convention fund payable	1,940	-
Loans payable (Note 5)	27,500	-
Taxes payable	-	2,898
	34,479	20,799
<b>NET ASSETS</b>		
<b>Net assets</b>	7,333	(12,594)
	\$ 41,812	\$ 8,205

Approved on behalf of the Organization's Central Executive committee:

 \_\_\_\_\_ Director

\_\_\_\_\_ Director

See accompanying notes to financial statements.

**COMMUNIST PARTY OF CANADA**  
**Statement of Net Assets**  
**for the year ended December 31, 2004**

	<u>2004</u>	<u>2003</u>
<b>Net assets, Beginning of year</b>	<b>\$ (12,594)</b>	<b>\$ (8,476)</b>
<b>Excess of revenue over expense (expense over revenue)</b>	<b><u>19,927</u></b>	<b><u>(4,118)</u></b>
<b>Net assets, End of year</b>	<b><u><u>\$ 7,333</u></u></b>	<b><u><u>\$ (12,594)</u></u></b>

See accompanying notes to financial statements.

**COMMUNIST PARTY OF CANADA**  
**Statement of Operations**  
**for the year ended December 31, 2004**

	2004	2003
<b>Revenue</b>		
Political donations	\$ 139,124	\$ 95,918
<b>Expenses</b>		
Subsidies to various regions	47,157	62,253
General election expense	25,307	-
Office expense (Note 2(e))	13,128	9,992
Salaries and benefits	11,177	9,474
Provision for Convention Fund	8,347	1,676
Professional fees	7,454	4,415
Printing and literature	3,611	3,791
Travel	1,852	2,367
Donations	923	-
Bank charges	241	-
Press subsidy	-	5,250
34th Convention - Year 2004	-	818
	119,197	100,036
<b>Excess of revenue over expense (expense over revenue)</b>	<b>\$ 19,927</b>	<b>\$ (4,118)</b>

See accompanying notes to financial statements.

**COMMUNIST PARTY OF CANADA**  
**Statement of Cash Flows**  
**for the year ended December 31, 2004**

	2004	2003
<b>Operating activities</b>		
<b>Excess of revenue over expense (expense over revenue)</b>	\$ 19,927	\$ (4,118)
Net change in working capital items	\$ (49,020)	\$ 11,006
	<u>(29,093)</u>	<u>6,888</u>
<b>Financing activities</b>		
Loans payable	<u>27,500</u>	-
<b>Net (decrease) increase in cash during the year</b>	<b>(1,593)</b>	<b>6,888</b>
<b>Cash Position, beginning of year</b>	<u>8,205</u>	<u>1,317</u>
<b>Cash Position, end of year</b>	<u>\$ 6,612</u>	<u>\$ 8,205</u>

See accompanying notes to financial statements.

**COMMUNIST PARTY OF CANADA**  
**Notes to Financial Statements**  
**December 31, 2004**

**1. Nature of operations**

The Communist Party of Canada (the "Organization") is a not-for-profit political organization. The Communist Party of Canada 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.

**2. Significant Accounting Policies**

**(a) General**

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

**(b) Revenue**

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.

**(c) 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.

**(d) Use of estimates**

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires central executive committee to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(e) Office expense**

Office expense for the year-ended December 31, 2004 consist a) Rent - \$4,200 b) Utilities - \$925 c) Supplies - \$1,924 d) Telephone and communication - \$3,654 and e) Postage and delivery - \$2,424.

**COMMUNIST PARTY OF CANADA**  
**Notes to Financial Statements**  
**December 31, 2004**

**3. Political party returns**

Political party financial transactions return is derived from the completed financial statements of the Communist Party of Canada as at December 31, 2004 and is filed with Elections Canada - Chief Electoral Officer.

**4. Fair value of financial assets and financial liabilities**

The fair value of the Organization's accounts receivable, accounts payable and accrued liabilities and convention fund payable approximate their carrying amounts.

**5. Loans payable**

Loans payable are non-interest bearing with, in each case, a term of repayment not exceeding 18 months.

**6. Comparative figures**

The comparative figures have been restated to conform with the current year's presentation.