

**THE CANADIAN ACTION PARTY /  
PARTI ACTION CANADIENNE  
2005 FINANCIAL STATEMENTS**

**INDEX**

	Page
Auditors' Report	1
Balance Sheet	2
Statement of Receipts and Expenditures	3
Statement of Cash Flows	4
Notes to the Financial Statements	5



## 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, 2005 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.

In common with organizations of this type, the Party derives revenue from contributions and incurs election and other expenses, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of revenues from contributions and election and other expenses is limited to the amounts recorded in the records of the Party and we were not able to determine whether any adjustment might be necessary to contributions, election and other expenses, excess of receipts over expenditures for the year, assets and net liabilities.

In our opinion, except for the effects of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of contributions and election and other expenses referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Canadian Action Party / Parti Action Canadienne as at December 31, 2005 and the receipts and expenditures and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Brampton, Ontario  
June 21, 2006

*McCahey Greenwood LLP*

McCARNEY GREENWOOD LLP  
Chartered Accountants

**THE CANADIAN ACTION PARTY / PARTI ACTION CANADIENNE**  
**BALANCE SHEET**  
**AS AT DECEMBER 31, 2005**

	2005	2004
	\$	\$
<b>ASSETS</b>		
Current		
Cash	31,969	13,752
Due from candidates	18,000	21,000
Prepaid expense	2,294	-
	52,263	34,752
Equipment	-	2,688
	52,263	37,440
<b>LIABILITIES</b>		
Current		
Accounts payables and accrued liabilities	2,827	1,402
Due to William Krehm <i>(Note 2)</i>	29,992	
Due to Paul Hellyer <i>(Note 4)</i>	-	100,296
	32,819	101,698
Note payable to Paul Hellyer <i>(Note 4)</i>	-	750,000
	32,819	851,698
<b>NET ASSETS (LIABILITIES)</b>	<b>19,444</b>	<b>(814,258)</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, 2005**

	2005 \$	2004 \$
<b>RECEIPTS</b>		
Contributions, membership and other	44,666	55,770
Debt forgiven by Paul Hellyer <i>(Note 4)</i>	829,296	-
	<b>873,962</b>	<b>55,770</b>
<b>EXPENDITURES</b>		
Administrative	4,172	8,875
Advertising	6,487	8,360
Amortization	-	818
Election expenses	2,400	14,540
Interest	-	30,000
Loss on disposal of equipment	2,688	-
Professional services	1,000	1,815
Repair, maintenance and technical support	10,896	-
Salaries and benefits	8,485	20,272
Telephone	4,132	4,755
	<b>40,260</b>	<b>89,435</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENDITURES FOR THE YEAR</b>	<b>833,702</b>	<b>(33,665)</b>
<b>NET LIABILITIES, BEGINNING OF YEAR</b>	<b>(814,258)</b>	<b>(780,593)</b>
<b>NET ASSETS (LIABILITIES), END OF YEAR</b>	<b>19,444</b>	<b>(814,258)</b>

*See Accompanying Notes*

**THE CANADIAN ACTION PARTY / PARTI ACTION CANADIENNE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	2005 \$	2004 \$
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of receipts over expenditures for the year	833,702	(33,665)
Add items not involving cash		
Amortization	-	818
Loss on disposal of equipment	2,688	-
Debt forgiven by Paul Hellyer <i>(Note 4)</i>	(829,296)	-
	7,094	(32,847)
Net change in non-cash components of assets and liabilities		
Prepaid expense	(2,294)	-
Accounts payables and accrued liabilities	13,417	(2,789)
Due to Paul Hellyer	-	30,000
<b>INCREASE (DECREASE) IN CASH</b>	<b>18,217</b>	<b>(5,636)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>13,752</b>	<b>19,388</b>
<b>CASH, END OF YEAR</b>	<b>31,969</b>	<b>13,752</b>

*See Accompanying Notes*

**CANADIAN ACTION PARTY / PARTI ACTION CANADIENNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

**1. ORGANIZATION**

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

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Estimates**

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

**Contributions**

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

**3. DUE TO WILLIAM KREHM**

The amount due to William Krehm is without interest and is repayable to him within one year. Subsequent to the year-end, \$11,992 of the loan has been re-paid and the balance will be repaid from the repayment of the amounts advanced to Candidates.

**4. DEBT FORGIVEN BY PAUL HELLYER**

The 4% note payable and other amounts due to Paul Hellyer were forgiven during the year.

**5. FINANCIAL INSTRUMENTS**

Financial instruments recognized in the balance sheet consists of cash and accounts payables and accrued liabilities. It is management's opinion that the Party is not exposed to significant credit risks arising from these financial instruments. Management also believes the carrying value of these instruments approximates their fair values.



**AUDITORS' REPORT ON REGISTERED PARTY FINANCIAL TRANSACTION  
RETURN**

**TO THE CHIEF ELECTORAL OFFICER, ELECTIONS CANADA  
FOR THE CANADIAN ACTION PARTY / PARTI ACTION CANADIENNE**

We have audited the Political Party Financial Transactions Return of the Canadian Action Party / Parti Action Canadienne for the year ended December 31, 2005 prepared in accordance with the Canada Elections Act (the "Act"). This financial information is the responsibility of the management of the Canadian Action Party / Parti Action Canadienne. Our responsibility in accordance with the Act is to express an opinion on this financial information 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 information is free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In common with many not-for-profit organizations, the Party derives contributions the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts received by the Party and we were not able to determine whether any adjustments might be required to the amount of contributions reported.

In our opinion, except for the effects of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the contributions referred to in the preceding paragraph, this financial information presents fairly, in all material respects, the contributions received and the financial information required to be reported under the Act by the Canadian Action Party / Parti Action Canadienne for the year ended December 31, 2005.

Brampton, Ontario  
June 21, 2006

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