

COMMUNIST PARTY OF CANADA

FINANCIAL STATEMENTS

DECEMBER 31, 2005

INDEX

	Page
Auditor's Report	1
Balance Sheet	2
Statement of Net assets	3
Statement of Operations	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 7



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, 2005** 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, 2005** 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 8, 2006

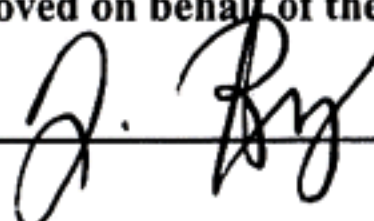
Suntharalingam & Associates
Chartered Accountants

COMMUNIST PARTY OF CANADA

Balance Sheet **as at December 31, 2005**

	2005	2004
ASSETS		
Current		
Cash	\$ 31,579	\$ 6,612
Accounts receivable	21,378	1,200
Deposits - Elections Canada	-	34,000
Prepaid expense	5,660	-
	<u>58,617</u>	<u>41,812</u>
Capital assets (Note 2(b), 3)	<u>584</u>	<u>-</u>
	<u><u>\$ 59,201</u></u>	<u><u>\$ 41,812</u></u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 3,073	\$ 5,039
Convention fund payable	4,000	1,940
Loans payable (Note 6)	24,650	27,500
	<u>31,723</u>	<u>34,479</u>
NET ASSETS		
Net assets	<u>27,478</u>	<u>7,333</u>
	<u><u>\$ 59,201</u></u>	<u><u>\$ 41,812</u></u>

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, 2005

	<u>2005</u>	<u>2004</u>
Net assets, Beginning of year	\$ 7,333	\$ (12,594)
Excess of revenue over expense	<u>20,145</u>	<u>19,927</u>
Net assets, End of year	<u>\$ 27,478</u>	<u>\$ 7,333</u>

See accompanying notes to financial statements.

COMMUNIST PARTY OF CANADA
Statement of Operations
for the year ended December 31, 2005

	2005	2004
Revenue		
Political donations	\$ 132,196	\$ 139,124
Literature sales	141	-
	<u>132,337</u>	<u>139,124</u>
Expenses		
Subsidies to various regions	46,263	47,157
Press subsidy	16,600	-
Office expense (Note 2(f))	10,424	13,128
General election expense	9,645	25,307
Travel	9,168	1,852
Salaries and benefits	8,927	11,177
Advertising	4,473	3,611
Professional fees	4,280	7,454
Provision for Convention Fund	2,060	8,347
Bank charges	287	241
Amortization	65	-
Donations	-	923
	<u>112,192</u>	<u>119,197</u>
Excess of revenue over expense	<u><u>\$ 20,145</u></u>	<u><u>\$ 19,927</u></u>

See accompanying notes to financial statements.

COMMUNIST PARTY OF CANADA
Statement of Cash Flows
for the year ended December 31, 2005

	2005	2004
Operating activities		
Excess of revenue over expense	\$ 20,145	\$ 19,927
Amortization	\$ 65	\$ -
Net change in working capital items	7,607	(49,020)
	<u>27,817</u>	<u>(29,093)</u>
Financing activities		
Loans payable	<u>(2,850)</u>	27,500
Net increase (decrease) in cash during the year	24,967	(1,593)
Cash Position, beginning of year	<u>6,612</u>	8,205
Cash Position, end of year	<u>\$ 31,579</u>	<u>\$ 6,612</u>

See accompanying notes to financial statements.

COMMUNIST PARTY OF CANADA
Notes to Financial Statements
December 31, 2005

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) Capital assets

Capital assets are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets as follows:

Office equipment	20% declining balance basis
------------------	-----------------------------

In the year of acquisition, capital assets are amortized at 50% of the annual rate.

(c) 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.

(d) 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.

(e) 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

COMMUNIST PARTY OF CANADA
Notes to Financial Statements
December 31, 2005

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.

(f) Office expense

Office expense for the year-ended December 31, 2005 consist a) Rent - \$2,215 b) Internet - \$602 c) Office supplies - \$2,060 d) Telephone and communication - \$3,128 and e) Postage and delivery - \$1,857 and f) Other - \$562.

3. Capital Assets

	2005		2004	
	Cost	Accumulated Amortization	Net Book Value	
Office equipment	\$ 649	\$ 65	\$ 584	\$ -

4. 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, 2005 and is filed with Elections Canada - Chief Electoral Officer.

5. 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.

6. Loans payable

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