

GREEN PARTY OF CANADA FUND

DECEMBER 31, 2005

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AUDITOR'S REPORT

**To the Directors of Green Party of Canada Fund, Chief Agent for the
Green Party of Canada**

I have audited the balance sheet of Green Party Of Canada Fund (the Fund) as at December 31, 2005 and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as explained in the following paragraph I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of 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 the management as well as evaluating the overall financial statement presentation.

In common with other political parties, the Fund derives revenue from contributions and incur expenses, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of revenue from contributions and expenses was limited to the amounts recorded in the books of the Fund and I was not able to determine whether any adjustments might be necessary to contributions, expenses, excess of expenses over revenue, assets or net assets (liabilities).

In my opinion, except for the effect of adjustment, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of contributions and expenses mentioned in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2005 and the results of its operations, and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Richmond Hill, Ontario
July 29, 2006

Nara Manickam
CHARTERED ACCOUNTANT

GREEN PARTY OF CANADA FUND

BALANCE SHEET

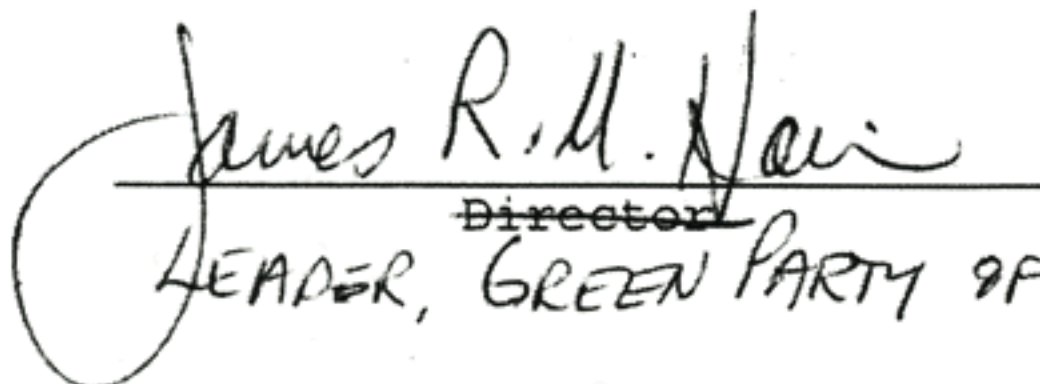
AS AT DECEMBER 31, 2005

ASSETS

	<u>2005</u>	<u>2004</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 278,847	\$ 8,365
Accounts receivable	330,809	590,099
Advances and deposits	156,000	104,000
Prepayment	<u>6,000</u>	<u>4,510</u>
	<u>771,656</u>	<u>706,974</u>
FIXED ASSETS (Note 3)		
Computer equipment	1,666	1,666
Furniture and fixtures	<u>17,089</u>	<u>-</u>
	18,755	1,666
Less: Accumulated depreciation	<u>(6,126)</u>	<u>(500)</u>
	<u>12,629</u>	<u>1,166</u>
INTANGIBLE ASSET (Note 4)	<u>13,500</u>	<u>-</u>
	<u>\$ 797,785</u>	<u>\$ 708,140</u>

APPROVED ON BEHALF OF THE BOARD

 
 Jean Langlois Directors Chris Bradshaw


 Director
 LEADER, GREEN PARTY OF CANADA

The accompanying notes are an integral part of these financial statements.

GREEN PARTY OF CANADA FUND
BALANCE SHEET

AS AT DECEMBER 31, 2005

LIABILITIES

	<u>2005</u>	<u>2004</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 52,988	\$ 87,465
Loans Payable (Note 5)	<u>670,000</u>	<u>509,954</u>
	<u>722,988</u>	<u>597,419</u>
LONG TERM LIABILITY		
Loans payable (Note 5)	<u>82,000</u>	<u>-</u>
	<u>804,988</u>	<u>597,419</u>
NET ASSETS (LIABILITIES)		
Unrestricted	(33,332)	109,555
Invested in Capital asset	<u>26,129</u>	<u>1,166</u>
	<u>(7,203)</u>	<u>110,721</u>
	<u>\$ 797,785</u>	<u>\$ 708,140</u>

The accompanying notes are an integral
part of these financial statements.

GREEN PARTY OF CANADA FUND

STATEMENT OF REVENUE AND EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>2005</u>	<u>2004</u>
REVENUE		
Government subsidy	\$ 1,061,906	\$ 523,693
Contributions received	409,357	351,031
Election rebates	-	298,908
Transfers received	31,632	300
Other	<u>251</u>	<u>6,294</u>
	<u>1,503,146</u>	<u>1,180,226</u>
TRANSFERS DISBURSED	<u>(98,712)</u>	<u>(47,175)</u>
	<u>1,404,434</u>	<u>1,133,051</u>
EXPENSES (Page 4)	<u>1,522,358</u>	<u>1,229,114</u>
EXPENSES OVER REVENUE FOR THE YEAR	(117,924)	(96,063)
NET ASSETS, BEGINNING OF YEAR	<u>110,721</u>	<u>206,784</u>
(LIABILITIES) NET ASSETS, END OF YEAR	<u>\$ (7,203)</u>	<u>\$ 110,721</u>

The accompanying notes are an integral
part of these financial statements.

GREEN PARTY OF CANADA FUND

EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>2005</u>	<u>2004</u>
Salaries and related cost	\$ 726,341	\$ 322,120
Pre-election and election expenses (Note 6)	307,638	498,179
Office expenses	135,389	120,810
Other	129,378	44,680
Professional fees	85,376	75,114
Printing, postage and newsletter	79,534	52,115
Travel	40,536	55,844
Bank charges and interest	9,149	17,265
Advertising-other	1,891	42,487
Amortization	<u>7,126</u>	<u>500</u>
	<u>\$ 1,522,358</u>	<u>\$ 1,229,114</u>

The accompanying notes are an integral part of these financial statements.

GREEN PARTY OF CANADA FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>2005</u>	<u>2004</u>
Cash flows from (used in)		
Operating activities		
Excess of (expenses)		
for the year	\$ (117,924)	\$ (96,063)
Items not affecting cash:		
Depreciation	7,126	500
Net change in non-cash		
working capital items	<u>171,323</u>	<u>(483,251)</u>
	<u>60,525</u>	<u>(578,814)</u>
Investing activities		
Acquisition of intangible	(15,000)	-
Purchase of capital asset	<u>(17,089)</u>	<u>(1,666)</u>
	<u>(32,089)</u>	<u>(1,666)</u>
Financing activities		
Loans received, net		
of repayment	<u>282,046</u>	<u>485,628</u>
Net change in cash for the year	242,046	(93,852)
Cash - beginning of the year	<u>8,365</u>	<u>102,217</u>
Cash - End of the year	<u>\$ 278,847</u>	<u>\$ 8,365</u>

The accompanying notes are an integral part of these financial statements.

GREEN PARTY OF CANADA FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

1. ACTIVITIES OF THE FUND

The Green Party of Canada is a Registered Political Party as defined by the Canada Elections Act. It has appointed the Green Party of Canada Fund (the Fund) to act as its Chief Agent in connection with the receipt of contributions and payments of expenses and all other financial transactions of the Party as required by the Canada Elections Act. The Fund is not subject to income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Estimates

The preparation of financial statements in conformity with Canadian 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.

Revenue recognition

Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Government subsidy is calculated based on the number of votes the Party received in the general election at an approved rate per valid vote. The subsidy is recognized when received or receivable if the collection is reasonably assured.

Expenses

Expenses are recognized on an accrual basis.

GREEN PARTY OF CANADA FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

Capital Assets

Capital assets have been recorded at cost and depreciated using the straight-line basis at an annual rate of 30%.

Cash and cash equivalents

Cash and cash equivalents include cash and short term investments with maturity of three months or less from date of acquisition.

Intangible

Intangible has been recorded at cost and amortized on a straight-line basis over a 10 year period, subject to impairment test at the end of each year subsequent to the year of acquisition.

3. CAPITAL ASSETS

	2005			2004
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 1,666	\$ 1,000	\$ 666	\$ 1,166
Furniture & Fixtures	<u>17,089</u>	<u>5,126</u>	<u>11,963</u>	<u> </u>
	<u>\$ 18,755</u>	<u>\$ 6,126</u>	<u>\$12,629</u>	<u>\$ 1,166</u>

4. INTANGIBLE ASSET

	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE
Rights to G4G logo \$15,000		\$1,500	\$13,500

During the year the Fund acquired all the rights to the logo agreement that G4G Inc., operating under the style of "Goods for Greens" had with the Green Party of Ontario.

GREEN PARTY OF CANADA FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

5. LOANS PAYABLE

Current loans are from:

	2005		2004
Wayne Crooks	- \$400,000	(a)	\$439,754
Darla Drader	- 100,000	(g)	5,100
Lori Gadzala	- 50,000	(g)	-
Bill Wilson	- 30,000	(a)	30,000
Michael de Pencier	- 25,000	(a)	-
Adrian Visentin	- 25,000	(d)	-
Cellular Networking Prospectives Ltd.	- 20,000	(a)	-
Peter Marks	- 10,000	(d)	-
Walter Meyer zu Erpen	- 10,000	(a)	10,000
Dean Christie	- -	(a)	10,000
Susan Stratton	- -	(a)	10,000
Roy Ball	- -	(f)	5,100
Total	<u>\$670,000</u>		<u>\$509,954</u>

Long term loans are from:

Derek Pinto	- \$ 37,000	(d)
John Lackey	- 20,000	(a)
Adrian Cole	- 13,000	(a)
David Parker	- 7,000	(e)
Gus Gutoski	- 5,000	(b)

Total **\$ 82,000**

Interest rates per annum on all above loans are as hereunder:

- (a) - 5%
- (b) - 5.5%
- (d) - 7%
- (e) - 4.4%
- (f) - interest -free
- (g) - 6%

GREEN PARTY OF CANADA FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

6. Included in elections expenses are the following expenses:

	<u>2005</u>	<u>2004</u>
1. Advertising - Radio	\$ 6,294	\$ 15,551
2. Advertising - Other	\$ 104,286	\$150,366
3. Advertising - TV	\$ -	\$ 10,017

7.COMPARATIVE FIGURES

Comparative figures have been re-classified to conform with current year's presentation.