

**THE CANADIAN ACTION PARTY /  
PARTI ACTION CANADIENNE  
2008 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, 2008 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 these revenues from contributions and election and other expenses was limited to the amounts recorded in the records of the Party and we were not able to determine whether any adjustments 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, 2008 and the receipts and expenditures and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*McCarney Greenwood LLP*

Brampton, Ontario  
May 7, 2009

McCARNEY GREENWOOD LLP  
Chartered Accountants  
Licensed Public Accountants

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

|   | 2008       | 2007          |
|---|------------|---------------|
|   | \$         | \$            |
| <b>ASSETS</b>                             |            |               |
| Current                                   |            |               |
| Cash                                      | 2,723      | 17,150        |
| Due from candidates                       | -          | 4,900         |
|   | 2,723      | 22,050        |
| <b>LIABILITIES</b>                        |            |               |
| Current                                   |            |               |
| Accounts payables and accrued liabilities | 2,291      | 1,346         |
| Due to Mark Stepnowski                    | -          | 1,000         |
|   | 2,291      | 2,346         |
| <b>NET ASSETS</b>                         | <b>432</b> | <b>19,704</b> |

*See Accompanying Notes*

On behalf of the Party:

..... Director

..... Director

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

|   | 2008            | 2007          |
|---|-----------------|---------------|
|   | \$              | \$            |
| <b>RECEIPTS</b>   |                 |               |
| Contributions, membership and other                                       | 78,872          | 86,039        |
| <b>EXPENDITURES</b>   |                 |               |
| Administrative  | 10,963          | 12,575        |
| Advertising and promotion   | -               | 1,024         |
| Bad debt  | 4,900           | 75            |
| Bank charges  | 1,732           | 862           |
| Conference  | 7,949           | 757           |
| Delivery and postage  | 2,979           | 10,424        |
| Professional services   | 2,592           | 4,588         |
| Repair, maintenance and technical support                                 | 8,216           | 4,958         |
| Salaries and benefits   | 48,381          | 29,227        |
| Telephone   | 7,713           | 11,022        |
| Utilities   | 2,719           | 2,727         |
|   | 98,144          | 78,239        |
| <b>EXCESS (DEFICIENCY) OF RECEIPTS OVER<br/>EXPENDITURES FOR THE YEAR</b> | <b>(19,272)</b> | <b>7,800</b>  |
| <b>NET ASSETS BEGINNING OF YEAR</b>                                       | <b>19,704</b>   | <b>11,904</b> |
| <b>NET ASSETS, END OF YEAR</b>  | <b>432</b>      | <b>19,704</b> |

*See Accompanying Notes*

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

|  | 2008            | 2007          |
|--|-----------------|---------------|
|  | \$              | \$            |
| <b>OPERATING ACTIVITIES</b>                                    |                 |               |
| Excess (deficiency) of receipts over expenditures for the year | (19,272)        | 7,800         |
| Net change in non-cash components of assets and liabilities    |                 |               |
| Due from candidates  | 4,900           | 1,100         |
| Accounts payables and accrued liabilities                      | 945             | (1,226)       |
| Due to Mark Stepnowski   | (1,000)         | 1,000         |
| Due to J. Bunker   | -               | (2,000)       |
| <b>INCREASE (DECREASE) IN CASH</b>                             | <b>(14,427)</b> | <b>6,674</b>  |
| <b>CASH, BEGINNING OF YEAR</b>                                 | <b>17,150</b>   | <b>10,476</b> |
| <b>CASH, END OF YEAR</b>                                       | <b>2,723</b>    | <b>17,150</b> |

*See Accompanying Notes*

**CANADIAN ACTION PARTY / PARTI ACTION CANADIENNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**

**1. ORGANIZATION**

The organization is a registered political party under the Canada Elections Act. It is currently led by Dr. Andrew Moulden.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**New Accounting Standards**

On January 1, 2008, the Party adopted and implemented Section 1506, "Accounting Changes", of the Canadian Institute of Chartered Accountants ("CICA") Handbook. This section requires disclosure about the nature and impact of new accounting standards that have been issued but not yet effective.

The Party adopted the provisions of CICA Handbook Section 3855, "Financial Instruments – Recognition and Measurement" and CICA Handbook Section 3861, "Financial Instruments – Disclosure and Presentation" in 2008.

Under the new CICA standards, financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification. The classification depends on the purpose for which the financial instruments were acquired and their characteristics. Except in very limited circumstances, the classification is not changed subsequent to initial recognition.

The new CICA standards require that all financial assets be classified in one of the five categories; 1) loans and receivables, 2) assets held-to-maturity, 3) assets available-for-sale, 4) other financial liabilities, and 5) held-for-trading.

Financial instruments that are classified as held-for-trading are re-measured each reporting period at fair value with the resulting gain or loss recognized immediately in net income.

Financial instruments that are classified as available-for-sale are re-measured each reporting period at fair value with the resulting gain or loss presented in the statement of changes of net assets in accordance with CICA Handbook section 4400.45 - Not-for-profit organizations.

All other financial instruments are accounted for at amortized cost.

The Party has applied the following classifications to each of its significant categories of financial instruments outstanding as of January 1, 2008:

|   |                       |
|---|-----------------------|
| Cash                                      | Held-for-trading      |
| Other receivables                         | Loans and receivables |
| Accounts payables and accrued liabilities | Other liabilities     |

The adoption of this standard has had no material impact the Party's financial statements.

**CANADIAN ACTION PARTY / PARTI ACTION CANADIENNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Contributions**

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

**Contributed Materials and Services**

Contributed materials and services, except volunteer labour, are recorded at fair value. Except where required by the Canada Elections Act, the value of volunteer labour is not recorded in the financial statements.

**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.

**3. 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 interest, credit or exchange risks arising from these financial instruments.

**CANADIAN ACTION PARTY / PARTI ACTION CANADIENNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**

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**CANADIAN ACTION PARTY / PARTI ACTION CANADIENNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**

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