

GREEN PARTY OF CANADA FUND

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008

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Auditors' Report

To the Directors of Green Party of Canada Fund

We have audited the consolidated statement of financial position of **GREEN PARTY OF CANADA FUND** (the Fund) as at December 31, 2008 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these consolidated 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

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

In our opinion, except for the effect 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 expenses referred to in the preceding paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

COLBY MCGEACHY, PC
CERTIFIED GENERAL ACCOUNTANTS

Almonte, Ontario
June 9, 2009

GREEN PARTY OF CANADA FUND
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2008

	2008	2007
ASSETS		
Current assets		
Cash and cash equivalents	\$ 396,755	\$ 277,852
Accounts receivable	1,761,070	386,433
Advances and deposits	50,000	6,000
Prepaid expenses	8,313	7,159
Loans receivable (Note 3)	149,000	-
	2,365,138	677,444
Capital assets (Note 4)	52,247	25,032
Intangible assets (Note 5)	9,000	10,500
	\$ 2,426,385	\$ 712,976
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 425,167	\$ 225,156
Loan payable (Note 6)	200,000	-
Current portion of long-term debt	1,235,800	210,000
	1,860,967	435,156
Long-term debt (Note 7)	1,303,690	2,500
	3,164,657	437,656
NET ASSETS (LIABILITIES)		
Unrestricted	(790,519)	250,288
Invested in capital assets	52,247	25,032
	(738,272)	275,320
	\$ 2,426,385	\$ 712,976

On behalf of the board

Muiru Murphy Director
Carmelle Labchuk Director

The attached notes are an integral part of these financial statements

GREEN PARTY OF CANADA FUND
CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended December 31, 2008

	2008	2007
Revenue		
Contributions	\$ 1,640,491	\$ 972,022
Election rebates	1,397,900	-
Government allowance	1,292,385	1,262,642
Other	47,540	12,828
Transfers	36,038	21,040
	4,414,354	2,268,532
Expenditures		
Pre-election and election expenses (Schedule 1)	2,756,332	64,139
Transfers	860,486	319,721
Professional fees	656,523	571,060
Wages and benefits	457,169	535,363
Office and general	288,101	298,697
Travel and promotion	162,751	118,889
Occupancy costs	80,113	80,780
Amortization	64,383	13,382
Interest and bank charges	36,454	46,121
Advertising	28,864	20,466
Interest on long-term debt	26,225	-
Convention and annual general meetings	10,545	16,578
	5,427,946	2,085,196
(Deficiency) excess of revenue over expenditures	\$ (1,013,592)	\$ 183,336

The attached notes are an integral part of these financial statements

GREEN PARTY OF CANADA FUND
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (LIABILITIES)
 For the year ended December 31, 2008

	Balance, beginning of year	Acquisition of capital assets	Amortization of capital assets	Transfer between funds	Deficiency of revenue over expenditures	2008 Balance, end of year
Unrestricted	\$ 250,288	\$ -	\$ -	\$ (27,215)	\$ (1,013,592)	\$ (790,519)
Invested in capital assets	25,032	90,099	(62,884)	-	-	52,247
	\$ 275,320	\$ 90,099	\$ (62,884)	\$ (27,215)	\$ (1,013,592)	\$ (738,272)
	Balance, beginning of year	Acquisition of capital assets	Amortization of capital assets	Transfer between funds	Excess of revenue over expenditures	2007 Balance, end of year
Unrestricted	\$ 57,218	\$ -	\$ -	\$ 9,734	\$ 183,336	\$ 250,288
Invested in capital assets	34,766	2,148	(11,882)	-	-	25,032
	\$ 91,984	\$ 2,148	\$ (11,882)	\$ 9,734	\$ 183,336	\$ 275,320

The attached notes are an integral part of these financial statements

GREEN PARTY OF CANADA FUND
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2008

	2008	2007
Cash flows from operating activities		
(Deficiency) excess of revenue over expenditures	\$ (1,013,592)	\$ 183,336
Adjustment for Amortization	64,383	13,382
	(949,209)	196,718
Changes in non-cash working capital	(1,168,779)	(18,628)
	(2,117,988)	178,090
Cash flows from investing activity		
Purchase of capital assets	(90,099)	(2,148)
Cash flows from financing activities		
Proceeds from (repayment of) long-term debt	2,126,990	(4,500)
Loan advances	200,000	-
	2,326,990	(4,500)
Increase in cash and cash equivalents	118,903	171,442
Cash and cash equivalents, beginning of year	277,852	106,410
Cash and cash equivalents, end of year	\$ 396,755	\$ 277,852

The attached notes are an integral part of these financial statements

GREEN PARTY OF CANADA FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2008

1. ACTIVITIES OF THE FUND

The Green Party of Canada (the "Party") 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 payment of expenses and all other financial transactions of the Party as required by the Canada Elections Act. The Fund is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles on a going concern basis which assumes that the Fund will be able to realize its assets and discharge its liabilities in the normal course of business.

If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments may be necessary in the carrying value of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used.

As required under amendments to the Canada Elections Act effective for the year ended December 31, 2005, these financial statements of the Fund consolidate the financial position and results of federal operations of:

Federal Green Party of Canada
Green Party of Canada - British Columbia
Green Party of Canada - Alberta
Green Party of Canada - Saskatchewan
Green Party of Canada - Prince Edward Island

All transactions of the provincial associations that relate to a provincial jurisdiction have been excluded from the results.

Under the Canada Elections Act, local Electoral District Associations (EDAs) are registered separately with Elections Canada and must file separate financial statements with Elections Canada. Accordingly, these financial statements exclude the operations of EDAs.

The significant policies of the Fund are detailed as follows:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Capital management

The Fund's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue as a Registered Political Party.

The Fund sets the amount of capital in proportion to risk. The Fund manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Fund monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown on the statement of financial position) less cash and cash equivalents. Adjusted capital is comprised of unrestricted net assets.

During 2008, the Fund's strategy was to maintain the debt-to-adjusted capital ratio in order to secure access to financing at a reasonable cost by maintaining a positive credit rating, but also to permit adequate funding of election expenses.

The increase in the debt-to-adjusted capital ratio during 2008 resulted primarily from the increase in net debt that occurred in order to finance the 40th general election expenses. Externally imposed requirements related to this financing have been met for the year. If these requirements had not been met the Fund may have had an inability to continue as a going concern.

Measurement uncertainty

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

Cash and cash equivalents

Cash and cash equivalents consist of liquid investments with terms to maturity at the date of acquisition of three months or less and are recorded at cost, which approximates fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 allowance is calculated based on the number of votes the Party received in the most recent general election at an approved rate per valid vote. The allowance is recognized when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Contributions and participant fees for conventions and annual general meetings are recognized as revenue when received by the Fund.

Operating payments from Constituencies are recognized when received or receivable if the collection of the amount can be reasonably assured.

Election rebates are recognized in the year of the election expenditure, when the amount is determinable and collection assured. The Party's claim for election rebates is based upon management's interpretation of the applicable regulations in the Canada Elections Act. These amounts are subject to review and acceptance by Elections Canada prior to collection.

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.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. The Fund provides for amortization using the following methods at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates and methods are as follows:

Furniture and fixtures	5 years
Computer equipment	3 years
Computer software	100%

Intangible assets

Intangible assets are recorded at cost. Amortization is provided on a straight-line basis over a ten-year period, subject to an impairment test at the end of each year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Impairment of long-lived assets

The Fund reviews long-lived assets for impairment whenever events or circumstances arise that indicate that the carrying amount may not be recoverable. Recoverability is assessed by comparing the carrying amount of the asset or group of assets to its fair value, as determined by the undiscounted future cash flows the long-lived assets are expected to generate. An impairment loss is recognized in the period where the carrying amount exceeds the fair value.

Financial instruments

Financial instruments recognized in the statement of financial position consist of cash, bank indebtedness, accounts receivable, accounts payable and accrued liabilities and long term debt. It is management's opinion that the Fund 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 due to their short maturity.

The fair value of the lease obligation has not been determined because such information is not easily obtainable and would not provide additional useful information at this time.

All invested financial instruments are designated as "held for trading." Consequently, the financial instrument assets are reported at fair value, and unrealized gains and losses resulting from fair valuation is reported in the statement of operations. On conversion, the reduction in value from cost to fair value would be charged to unrestricted net assets.

Accounting policy changes

Commencing January 1, 2008, the Fund implemented the new CICA Handbook - Accounting Section 1400, Going Concern, that requires management to make an assessment of an entity's ability to continue as a going concern and to disclose material uncertainties related to events or conditions that may cast doubt upon the entity's ability to continue as a going concern.

Also commencing January 1, 2008, the Fund implemented the new CICA Handbook - Accounting Section 1535, Capital Disclosures that requires entities to disclose their objectives, policies and processes for managing capital, as well as quantitative data about capital.

GREEN PARTY OF CANADA FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2008

3. LOANS RECEIVABLE

Loans receivable represent amounts advanced for by-election and election campaigns, interest-free, due in full upon receipt of allowable election reimbursements.

	2008	2007
Loans receivable	\$ 361,000	\$ -
Allowance for loan impairment	(212,000)	-
	\$ 149,000	\$ -

4. CAPITAL ASSETS

	2008		2007	
	Cost	Accumulated amortization	Net book value	
Furniture and fixtures	\$ 67,818	\$ 35,359	\$ 32,459	\$ 19,878
Computer equipment	38,677	18,889	19,788	5,154
Computer software	38,216	38,216	-	-
	\$ 144,711	\$ 92,464	\$ 52,247	\$ 25,032

5. INTANGIBLE ASSETS

	2008		2007	
	Cost	Accumulated amortization	Net book value	
Rights to G4G logo	\$ 13,500	\$ 4,500	\$ 9,000	\$ 10,500

GREEN PARTY OF CANADA FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2008

6. BANK LOANS

The Fund has a revolving demand loan with TD Canada Trust in the amount of \$300,000 at an interest rate of prime plus 1% per annum. This loan is collateralized with a general security agreement against the assets of the Fund. There was no balance outstanding at December 31, 2008 (2007 - \$NIL).

The Fund has a committed reducing term facility with TD Canada Trust in the amount of \$200,000 at an interest rate of prime plus 1% per annum. This loan is collateralized with a general security agreement against the assets of the Fund. The balance outstanding at December 31, 2008 was \$200,000 (2007 - \$NIL).

7. LONG-TERM DEBT

	2008	2007
Loan payable to TD Canada Trust, interest payable monthly at prime plus 1% per annum, principal repayments commencing at the end of the first quarter following October 2009, secured by a general security agreement representing a first charge on all assets of the Borrower, undertakings registered in first position and specific assignment of rebates. Maturing October 2010.	\$ 950,000	\$ -
Unsecured private loan, simple interest calculated at prime +1% monthly, due in five quarterly instalments, maturing April 30, 2010.	202,867	-
Unsecured private loan, simple interest calculated at 5.75%, maturing December 31, 2009.	152,524	-
Unsecured private loan, interest payable at lender's direct interest cost, due on demand.	150,000	200,000
Unsecured private loan, simple interest calculated at 7% monthly, due in one payment representing 50% of the principle in 2009, with the balance paid over four quarterly repayments, maturing April 30, 2010.	101,751	-
Unsecured private loan, simple interest calculated at prime +1% monthly, due in five quarterly instalments, maturing April 30, 2010.	101,434	-
Carried forward	\$ 1,658,576	\$ 200,000

GREEN PARTY OF CANADA FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2008

7. LONG-TERM DEBT (Cont'd)

	2008	2007
Carried forward	\$ 1,658,576	\$ 200,000
Unsecured private loan, simple interest calculated at prime +1% monthly, due in one payment representing 50% of the principle in 2009, with the balance paid over four quarterly instalments, maturing April 30, 2010.	76,075	-
Unsecured private loan, simple interest calculated at prime +1% monthly, due in one payment representing 50% of the principle in 2009, with the balance paid over four quarterly instalments, maturing April 30, 2010.	73,032	-
Unsecured private loan, simple interest calculated at 6.75%, maturing December 31, 2009.	50,841	-
Unsecured private loan, simple interest calculated at 6.75%, maturing December 31, 2009.	50,841	-
Unsecured private loan, simple interest calculated at prime +1% monthly, due in one payment representing 50% of the principle in 2009, with the balance paid over four quarterly instalments, maturing April 30, 2010.	50,717	-
Unsecured private loan, simple interest calculated at prime +1% monthly, due in one payment representing 50% of the principle in 2009, with the balance paid over four quarterly instalments, maturing April 30, 2010.	50,717	-
Unsecured private loan, simple interest calculated at prime +1% monthly, due in one payment representing 50% of the principle in 2009, with the balance paid over four quarterly instalments, maturing April 30, 2010	50,717	-
Unsecured private loan, simple interest calculated at 5.75% monthly, due in five quarterly instalments, maturing April 30, 2010.	50,717	-
Carried forward	\$ 2,112,233	\$ 200,000

GREEN PARTY OF CANADA FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2008

7. LONG-TERM DEBT (Cont'd)

	2008	2007
Carried forward	\$ 2,112,233	\$ 200,000
Unsecured private loan, simple interest calculated at prime +1% monthly, due in one payment representing 50% of the principle in 2009, with the balance paid over four quarterly instalments, maturing April 30, 2010.	37,530	-
Unsecured private loan, simple interest calculated at prime +1% monthly, due in one payment representing 50% of the principle in 2009, with the balance paid over four quarterly instalments, maturing April 30, 2010.	35,502	-
Unsecured private loan, simple interest calculated at 5.75% monthly, due in five quarterly instalments, maturing April 30, 2010.	30,430	-
Unsecured private loan, simple interest calculated at prime +1% monthly, due in one payment representing 50% of the principle in 2009, with the balance paid over four quarterly instalments, maturing April 30, 2010.	25,573	-
Unsecured private loan, simple interest calculated at prime +1% monthly, due in one payment representing 50% of the principle in 2009, with the balance paid over four quarterly instalments, maturing April 30, 2010.	25,358	-
Unsecured private loan, simple interest calculated at prime +1% monthly, due in one payment representing 50% of the principle in 2009, with the balance paid over four quarterly instalments, maturing April 30, 2010.	25,358	-
Unsecured private loan, simple interest calculated at prime +1% monthly, due in five quarterly instalments, maturing April 30, 2010.	25,358	-
Unsecured private loan, simple interest calculated at prime +1% monthly, due in one payment representing 50% of the principle in 2009, with the balance paid over four quarterly instalments, maturing April 30, 2010.	25,358	-
Carried forward	\$ 2,342,700	\$ 200,000

GREEN PARTY OF CANADA FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008

7. LONG-TERM DEBT (Cont'd)

	2008	2007
Carried forward	\$ 2,342,700	\$ 200,000
Unsecured private loan, simple interest calculated at prime +1% monthly, due in five quarterly instalments, maturing April 30, 2010.	25,358	-
Unsecured private loan, simple interest calculated at prime +1% monthly, due in one payment representing 50% of the principle in 2009, with the balance paid over four quarterly instalments, maturing April 30, 2010.	25,358	-
Unsecured private loan, simple interest calculated at prime +1% monthly, due in five quarterly instalments, maturing April 30, 2010.	25,358	-
Unsecured private loan, simple interest, calculated at 6% monthly, due in one payment representing 50% of the principle in 2009, with the balance paid over four quarterly instalments, maturing April 30, 2010	20,299	-
Unsecured private loan, simple interest calculated at prime +1% monthly, due in one payment representing 50% of the principle in 2009, with the balance paid over four quarterly instalments, maturing April 30, 2010.	15,215	-
Unsecured private loan, simple interest calculated at prime +1% monthly, due in five quarterly instalments, maturing April 30, 2010.	10,143	-
Unsecured private loan, simple interest calculated at prime +1% monthly, due in one payment representing 50% of the principle in 2009, with the balance paid over four quarterly instalments, maturing April 30, 2010.	10,143	-
Unsecured private loan, simple interest calculated at prime +1% monthly, due in five quarterly instalments, maturing April 30, 2010.	10,143	-
Carried forward	\$ 2,484,717	\$ 200,000

GREEN PARTY OF CANADA FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2008

7. LONG-TERM DEBT (Cont'd)

	2008	2007
Carried forward	\$ 2,484,717	\$ 200,000
Unsecured private loan, simple interest calculated at prime +1% monthly, due in one payment representing 50% of the principle in 2009, with the balance paid over four quarterly instalments, maturing April 30, 2010.	10,143	-
Unsecured private loan, simple interest calculated at prime +1% monthly, due in one payment representing 50% of the principle in 2009, with the balance paid over four quarterly instalments, maturing April 30, 2010.	10,143	-
Unsecured private loan, simple interest calculated at prime +1% monthly, due in five quarterly instalments, maturing April 30, 2010.	10,143	-
Unsecured private loan, simple interest calculated at prime +1% monthly, due in one payment representing 50% of the principle in 2009, with the balance paid over four quarterly instalments, maturing April 30, 2010.	10,143	-
Unsecured private loan, simple interest calculated at prime +1% monthly, due in five quarterly instalments, maturing April 30, 2010.	8,115	-
Unsecured private loan, simple interest calculated at prime +1% monthly, due in one payment representing 50% of the principle in 2009, with the balance paid over four quarterly instalments, maturing April 30, 2010.	6,086	-
Unsecured private loan, interest-free with no fixed terms for repayment.	-	2,500
Unsecured private loan, interest payable at lender's direct interest cost, due in full January 31, 2008.	-	10,000
	2,539,490	212,500
Less current portion	1,235,800	210,000
Due beyond one year	\$ 1,303,690	\$ 2,500

GREEN PARTY OF CANADA FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008

7. LONG-TERM DEBT (Cont'd)

Estimated principal re-payments are as follows:

2009	\$ 1,235,800
2010	1,303,690
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	\$ 2,539,490

8. COMMITMENTS

The Fund is committed under the terms of various operating leases and other agreements with various expiration dates for the rental of premises and equipment. Annual payments related to these commitments will be as follows:

2009	\$ 65,054
2010	6,254
2011	4,238
2012	3,566
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	\$ 79,112

GREEN PARTY OF CANADA FUND
SCHEDULE OF PRE-ELECTION AND ELECTION EXPENSES
For the year ended December 31, 2008

	2008	2007
Advertising - television and radio	\$ 1,579,104	\$ -
Advertising - other	248,091	-
Polling	-	53,000
Salaries and wages	115,404	-
Expenses - other	813,733	11,139
	\$ 2,756,332	\$ 64,139