

**Auditors' Report on Registered Party's Return Respecting
Financial Transactions Pursuant to the *Canada Elections Act***

To **Macdonald-Cartier PC Fund, Chief Agent for Progressive Canadian Party,**

Section 426 of the *Canada Elections Act* requires an audit of the Financial Transactions Returns of registered parties. We have audited the Financial Transactions Return ("the Return") of the **Progressive Canadian Party**, prepared in accordance with the accounting requirements of Sections 415 through 435.02 of the *Canada Elections Act* and the Elections Canada's *Guide to Registered Party Handbook*, for the year ended **December 31, 2009**, including the Statement of Assets and Liabilities and the Statements of Surplus (Deficit) and Revenue and Expenses ("the financial statements") set out in Part 4 of the Financial Transactions Return, prepared in accordance with Canadian generally accepted accounting principles as required by Section 424(2)(f) and (g) of the *Act*. This financial information is your responsibility as chief agent for the Party. Our responsibility 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, which require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information in the Return. An audit also includes assessing the accounting principles used and significant estimates made by the chief agent, as well as evaluating the overall presentation of the financial information in the Return.

Due to the inherent nature of the transactions of registered parties, the completeness of contributions and other revenue and expenses is not susceptible to satisfactory audit verification. Accordingly, our verification of these amounts was limited to the amounts recorded in the Party's accounting records. Further, the *Act* does not require us to report that the accounting records include all transactions relating to the Party.

In our opinion, except for the adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of contributions and other revenues and expenses referred to in the preceding paragraph:

- a. the Financial Transactions Return of **Progressive Canadian Party** presents fairly, in all material respects, the information contained in the financial records on which it is based in accordance with the accounting requirements of the *Canada Elections Act* and the Elections Canada's *Guide to Registered Party Handbook*, and
- b. Statement of Assets and Liabilities and Statements of Surplus (Deficit) and the Statement of Revenue and Expenses set out in Part 4 of the Financial Transactions Return present fairly, in all material respects, the financial position of the Party as at December 31, 2009 and its revenue and expenses for the fiscal period then ended in accordance with Canadian generally accepted accounting principles.

Markham, Canada
June 2, 2010


Chartered Accountants
Licensed Public Accountants

**PROGRESSIVE CANADIAN PARTY
STATEMENT OF ASSETS AND LIABILITIES**

AS AT DECEMBER 31,	2009	2008
ASSETS		
Current		
Cash	\$ 4,112	\$ 1,792
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 7,154	\$ 7,469
Deferred revenue	-	25
Current portion of loans payable (note 5)	1,400	310
	8,554	7,804
Long term		
Loan payable (note 5)	1,118	808
	9,672	8,612
NET ASSETS		
Deficit	(5,560)	(6,820)
	\$ 4,112	\$ 1,792

ON BEHALF OF THE PARTY:

Director

Director

**PROGRESSIVE CANADIAN PARTY
STATEMENT OF SURPLUS (DEFICIT)**

FOR THE YEAR ENDED DECEMBER 31	2009	2008
BALANCE, BEGINNING OF YEAR	\$ (6,820)	\$ 1,102
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)	1,260	(7,922)
BALANCE, END OF YEAR	\$ (5,560)	\$ (6,820)

**PROGRESSIVE CANADIAN PARTY
STATEMENT OF REVENUE AND EXPENSES**

FOR THE YEAR ENDED DECEMBER 31	2009	2008
REVENUE		
Contributions	\$ 5,018	\$ 5,030
Membership fees	899	460
Transfers in (note 6)	653	-
Conferences fees	1,042	-
	7,612	5,490
EXPENSES		
Advertising and promotion	980	1,135
Bank charges and interest	1,407	1,552
Management fees	-	5,947
Office expenses	2,150	1,542
Professional fee	1,815	2,023
Telephone	-	13
Transfers out	-	1,200
	6,352	13,412
TOTAL EXPENSES	6,352	13,412
EXCESS OF REVENUE OVER EXPENSES		
(EXPENSES OVER REVENUE)	\$ 1,260	\$ (7,922)

DECEMBER 31, 2009

1. OPERATION

The **Progressive Canadian Party (Organization)** is a political organization registered under the Canada Elections Act on May 29, 2004. The purpose of the **Organization** is to participate in public affairs by endorsing one or more of its members as candidates and supporting their election.

2. CHANGES IN ACCOUNTING POLICIES

Capital Disclosures

Effective February 1, 2009, the company adopted the recommendations of the Canadian Institute of Chartered Accountants Handbook Section 1535, Capital Disclosures. This standard requires that an entity disclose information that enables users of its financial statements to evaluate an entity's objectives, policies and processes for managing capital, including disclosures of any externally imposed capital requirements and the consequences of non-compliance. Application of this requirement had no impact on the Company's Financial Statement disclosures.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are prepared in accordance with Canadian generally accepted accounting principles. Certain significant accounting principles are summarized below.

Revenue Recognition

All revenues are recognized when received by the Chief Agent for the **Organization** or receivable if the amount to be received can be reasonably estimated and collection is reasonable assured.

Cash and Cash Equivalents

The **Organization's** policy is to disclose bank balances excluded cash hold in trust under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and temporary investments with a maturity period of three months or less from the date of acquisition. Term deposits that the **Organization** cannot use for current transactions because they are pledged as security are also excluded from cash and cash equivalents.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported 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. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they became known. Actual results could differ from those estimates.

**PROGRESSIVE CANADIAN PARTY
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2009

4. FINANCIAL INSTRUMENTS

The **Organization** utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the **Organization** is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The **Organization** classifies each financial instrument into the following categories: held for trading financial assets, held for trading financial liabilities, loans and receivables, and other financial liabilities. All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instrument is based on their classification. Gains and losses on held for trading financial assets and financial liabilities are accounted for at amortized cost with related expenses charged to interest income or interest expenses.

Cash and equivalents are classified as held for trading financial assets. Accounts payable and accrued liabilities are classified as other financial liabilities.

5. LOAN PAYABLE

	2009	2008
Loan payable, bearing interest at a rate of 8% per Annum and payable on demand during the year.	\$ 1,118	\$ 1,118
Loans payable to three Organization members, bearing interest at a rate of 3% per annum and payable on demand.	1,400	-
	<hr/> 2,518	1,118
Less: Current portion	1,400	310
Long term portion	<hr/> \$ 1,118	\$ 808

**PROGRESSIVE CANADIAN PARTY
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2009

6. RELATED PARTY TRANSACTIONS

The **Organization** is a related party to Mr. Al Gullon, Mr. Nikolas Langlands and Mr. John McCrea, the candidates nominated by the members of the **Organization** in their respective Electoral Districts for the federal election held on October 14, 2008.

During the year

Transfers from Al Gullon Campaign, (Ottawa South Electoral District) to the Organization	\$ 207
Transfers from Nikolas Langlands Campaign (Surrey North Electoral District) to the Organization	15
Transfers from John McCrea Campaign (Leeds-Grenville Electoral District) to the Organization	431

7. CASH FLOW STATEMENT

A cash flow statement has not been prepared because it would not provide any additional useful information in understanding the cash flows for the year.