

A limited liability partnership between Chim & Seto LLP and Chim & Seto Inc. A Provincial Corporation

INDEPENDENT AUDITORS' REPORT

To **Macdonald-Cartier PC Fund**, Chief Agent for **Progressive Canadian Party** for submission to the Chief Electoral Officer of Canada in accordance with section 426 of the *Canada Elections Act*.

Report on the Return

We have audited the accompanying Financial Transactions Return (the "Return") of the **Progressive Canadian Party** which comprises the Statement of Assets and Liabilities as at December 31, 2010, Statement of Deficit, Statement of Revenues and Expenses and the Statement of Contributions Received, Statement of Directed Contributions Received and Transferred to a Leadership Contestant, Statement of Contributions Received – Details of Operating Loans, Statement of Contributions Received - Contributions Returned to Donors or Otherwise Dealt with in Accordance with the Act, Statement of Transfers Received, Summary of Contributions, Loans and Transfers Received, Statement of Election Expenses for a By-election, Statement of Transfers to a Candidate, an Electoral District Association, a Leadership Contestant or a Nomination Contestant, Statement of Unpaid Claims for the fiscal year ended December 31, 2010.

This Return has been prepared by the Chief Agent of the Party based on the financial reporting provisions of Section 424 of the *Canada Elections Act* and in the prescribed form issued by Elections Canada.

The Chief Agent's Responsibility for the Return

The chief agent of the party is responsible for the preparation of the Return in accordance with the financial reporting provisions of Section 424 of the *Canada Elections Act* and in the prescribed form issued by Elections Canada and for such internal control as the chief agent determines is necessary to enable the preparation of a Return that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the Return based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance whether the Return is free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Return. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Return, whether due to fraud or error. In making those risk assessments, the auditors consider internal control

relevant to the entity's preparation of the Return in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the chief agent, as well as evaluating the overall presentation of the Return. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified opinion

Due to the inherent nature of the transactions of registered party, the completeness of contributions and other revenue and expenses is not susceptible of satisfactory audit verification. Accordingly, our verification of these amounts was limited to the amounts recorded in the registered party's accounting records and we were not able to determine whether any adjustments might be necessary to contributions and other revenue, expenses, assets, liabilities and net assets.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the Financial Transactions Return of the **Progressive Canadian Party** for the fiscal year ended December 31, 2010 is prepared, in all material respects, in accordance with the financial reporting provisions of Section 424 of the *Canada Elections Act* and in the prescribed form issued by Elections Canada.

Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note 2 to the Return, which describes the basis of accounting. The Return is prepared to assist the chief agent of the registered party to meet the requirements of the *Canada Elections Act*. As a result, the Return may not be suitable for another purpose. Our report is intended solely for the chief agent and the chief electoral officer, and should not be used by parties other than the chief agent or the chief electoral officer.

Report on other Legal and Regulatory Requirements

As required by Subsection 426 of the *Canada Elections Act*, in our opinion, the Return presents the information contained in the financial records on which it is based.

**Markham, Canada
August 24, 2011**

Chim & Sato LLP

**Chartered Accountants
Licensed Public Accountants**

PROGRESSIVE CANADIAN PARTY
STATEMENT OF ASSETS AND LIABILITIES

AS AT DECEMBER 31,	2010	2009
ASSETS		
Current		
Cash	\$ 2,506	\$ 4,112
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 6,344	\$ 7,154
Current portion of loans payable (note 5)	1,400	1,400
	7,744	8,554
Long term		
Loan payable (note 5)	1,118	1,118
	8,862	9,672
NET ASSETS		
Deficit	(6,356)	(5,560)
	\$ 2,506	\$ 4,112

ON BEHALF OF THE PARTY:

Director

Director

PROGRESSIVE CANADIAN PARTY
STATEMENT OF DEFICIT

FOR THE YEAR ENDED DECEMBER 31	2010	2009
BALANCE, BEGINNING OF YEAR	\$ (5,560)	\$ (6,820)
EXCESS OF REVENUE OVER EXPENSES		
(EXPENSES OVER REVENUE)	(796)	1,260
BALANCE, END OF YEAR	\$ (6,356)	\$ (5,560)

PROGRESSIVE CANADIAN PARTY
STATEMENT OF REVENUE AND EXPENSES

FOR THE YEAR ENDED DECEMBER 31

2010

2009

REVENUE

Contributions	\$	2,780	\$	5,018
Membership fees		880		899
Transfers in		-		653
Conferences fees		-		1,042

3,660

7,612

EXPENSES

Advertising and promotion	-	980
Bank charges and interest	1,156	1,407
Office expenses	685	2,150
Professional fee	2,515	1,815
Transfers out	100	-

TOTAL EXPENSES

4,456

6,352

EXCESS OF REVENUE OVER EXPENSES

(EXPENSES OVER REVENUE)

\$ **(796)** \$ 1,260

PROGRESSIVE CANADIAN PARTY
NOTES TO FINANCIAL TRANSACTIONS RETURN

DECEMBER 31, 2010

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. BASIS OF PRESENTATION

The Financial Transactions Return has been prepared in accordance with the financial reporting provisions of Section 426 of the Canada Elections Acts and in the prescribed form issued by Elections Canada.

The Return is prepared to assist the financial agent to meet the requirements of the Canada Elections Act. The Return is intended solely for the use of the financial agent and the Chief Electoral Officer. Accordingly, readers are cautioned that the Return may not be suitable for another purpose. The Canada Elections Act requires that the Return be made available for public inspection.

Financial reporting provisions of Subsections 424(2)(f) and (g) of the Canada Elections Act require that the Statement of Assets and Liabilities and the Statement of Revenues and Expenses be prepared in accordance with generally accepted accounting principles. Elections Canada has interpreted generally accepted accounting principles as being the recognition and measurement requirements in CICA Handbook – Accounting – Part V – “Pre-changeover accounting standards” specifically related to the statements in Part 4 of the Financial Transactions Return, but not the presentation principles, i.e., the obligation to present all the financial statements and note disclosures required by generally accepted accounting principles for a complete set of financial statements. The financial agent has prepared the Statement of Assets and Liabilities and the Statement of Revenues and Expenses in accordance with the recognition and measurement requirements in CICA Handbook – Accounting – Part V – “Pre-changeover accounting standards”.

3. SIGNIFICANT ACCOUNTING POLICIES

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 reasonably assured.

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 TRANSACTIONS RETURN**

DECEMBER 31, 2010

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

	2010	2009
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	1,400
	2,518	2,518
<u>Less: Current portion</u>	1,400	1,400
<u>Long term portion</u>	\$ 1,118	\$ 1,118

6. RELATED PARTY TRANSACTIONS

The **Organization** is a related party to Newmarket-Aurora Progressive Canadian Party Association.

During the year-

Transfers to Newmarket-Aurora PC Party Association	\$ 100
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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.