

COMMUNIST PARTY OF CANADA

FINANCIAL STATEMENTS

DECEMBER 31, 2010

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Suntharalingam
Professional Corporation
Chartered Accountants and Advisors

AUDITOR'S REPORT

To David Rigby, Chief Agent and to the Central Executive Committee of
COMMUNIST PARTY OF CANADA

We have audited the balance sheet of **COMMUNIST PARTY OF CANADA** as at **December 31, 2010** and the statements of operations, cash flows, net assets and political party financial transactions return derived from the completed financial statements for the year then ended. These financial statements are the responsibility of the Organization's central executive committee. Our responsibility is to express an opinion on these financial statements based on our audit.

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 and political party financial transactions return are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and political party financial transactions return under Section 426 of Canada Elections Act. An audit also includes assessing the accounting principles used and significant estimates made by central executive committee, as well as evaluating the overall financial statement and political party financial transactions return presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at **December 31, 2010** and the results of its operations, cash flows, net assets, and political party financial transactions return under Section 424 of Canada Elections Act for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario
June 18, 2011

Chartered Accountants

Authorized to practice public accounting by The Institute of Chartered Accountants of Ontario.

COMMUNIST PARTY OF CANADA**Balance Sheet
as at December 31, 2010**

	2010	2009
	<hr/>	
ASSETS		
Current		
Cash	\$ 26,729	\$ 27,978
Prepaid expense	175	116
	<hr/> 26,904	<hr/> 28,094
Capital assets (Note 2(b), 3)	456	571
	<hr/> \$ 27,360	<hr/> \$ 28,665
	<hr/>	
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 1,639	\$ 2,925
Convention fund payable	3,143	6,392
	<hr/> 4,782	<hr/> 9,317
	<hr/>	
NET ASSETS		
Net assets	22,578	19,348
	<hr/> \$ 27,360	<hr/> \$ 28,665
	<hr/>	

Approved on behalf of the Organization's Central Executive committee:

_____ Director _____ Director

See accompanying notes to financial statements.

COMMUNIST PARTY OF CANADA
Statement of Net Assets
for the year ended December 31, 2010

	2010	2009
	<hr/>	<hr/>
Net assets, Beginning of year	\$ 19,348	\$ 7,501
Excess of revenue over expense	<hr/> 3,230	11,847 <hr/>
Net assets, End of year	<hr/> \$ 22,578 <hr/>	\$ 19,348 <hr/>

See accompanying notes to financial statements.

COMMUNIST PARTY OF CANADA
Statement of Operations
for the year ended December 31, 2010

	2010	2009
REVENUE		
Political donations	\$ 76,632	\$ 88,184
Transfers	5,403	7,204
Copyright	955	505
Literature sales	290	-
Convention fund	6,392	-
Services to Communist Party of BC	-	2,980
	89,672	98,873
Expenses		
Salaries and benefits	30,283	49,035
Advertising	12,011	2,978
Travel	10,426	7,634
Convention expense	10,105	-
Office expense (Note 2(f))	8,874	3,407
Professional fees	7,015	12,192
Youth subsidy	4,236	3,284
Provision for Convention Fund	3,143	1,753
Bank charges	235	310
Amortization	114	143
Subsidies to various regions	-	4,313
Literature purchases	-	1,120
General election expense	-	857
	86,442	87,026
Excess of revenue over expense	\$ 3,230	\$ 11,847

See accompanying notes to financial statements.

COMMUNIST PARTY OF CANADA
Statement of Cash Flows
for the year ended December 31, 2010

	2010	2009
Operating activities		
Excess (deficiency) of revenue over expense	\$ 3,230	\$ 11,847
Amortization	\$ 114	\$ 143
Net change in working capital items	(1,344)	(7,860)
	2,000	4,130
Financing activities		
Convention fund payable	(3,249)	1,753
Investing activities		
Net increase (decrease) in cash during the year	(1,249)	5,883
Cash Position, beginning of year	27,978	22,095
Cash Position, end of year	\$ 26,729	\$ 27,978

See accompanying notes to financial statements.

COMMUNIST PARTY OF CANADA
Notes to Financial Statements
December 31, 2010

1. Nature of operations

The Communist Party of Canada (the "Organization") is a not-for-profit political organization. The Communist Party of Canada strives to unite within its ranks all those who defend and advance the interests of the working class in Canada and who aspire for a socialist future. The organization participates in federal elections and is active in a wide range of extra parliamentary activities across Canada on a consistent and ongoing basis.

2. Significant Accounting Policies

(a) General

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

(b) Capital assets

Capital assets are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets as follows:

Office equipment	20% declining balance basis
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In the year of acquisition, capital assets are amortized at 50% of the annual rate.

(c) Revenue

Donations to the Communist Party of Canada are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(d) Contributed services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(e) Use of estimates

The preparation of these financial statements in conformity with Canadian generally accepted accounting principles requires central executive committee to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure

COMMUNIST PARTY OF CANADA
Notes to Financial Statements
December 31, 2010

of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(f) Office expense

Office expense for the year-ended December 31, 2010 consist of a) Rent and utilities - \$1,490 (2009 - \$634) b) Internet - \$1,286 (2009 - \$879) c) Office supplies - \$1,926 (2009 - \$551) d) Telephone and communication - \$741 (2009 - \$713 and e) Postage and delivery - \$3,310 (2009 - \$615) and f) Other - \$121 (2009 - \$15)

3. Capital Assets

	2010		2009	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office equipment	\$ 1,224	\$ 768	\$ 456	\$ 571

4. Political party returns

Political party financial transactions return is derived from the completed financial statements of the Communist Party of Canada as at December 31, 2010 and is filed with Elections Canada - Chief Electoral Officer.

5. Fair value of financial assets and financial liabilities

The fair value of the Organization's prepaid expense, accounts payable and accrued liabilities and convention fund payable approximate their carrying amounts.