

Henry Salomons, B.A., C.A.
Chartered Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Christian Heritage Party of Canada:

I have audited the accompanying combined financial statements of the Christian Heritage Party of Canada (the "Fund"), which comprise the combined statement of financial position as at December 31, 2011 and the combined statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.


Basis for Qualified Opinion

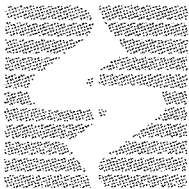
In common with many not-for-profit organizations, the Party derives revenue from contributions, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of revenue from contributions is limited to the amounts recorded in the books of the Party and I am not able to determine where any adjustment might be necessary to the amount of contributions, excess (deficiency) of revenues over expenses for the year, assets and net assets.

Qualified Opinion

In my opinion, except for the effect of the matter described in the basis for qualified opinion paragraph, these combined financial statements present fairly, in all material respects, the financial position of the Party as at December 31, 2011 and the results of its combined operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BEAMSVILLE, Canada
June 28, 2012


HENRY SALOMONS, B.A., C.A.
CHARTERED ACCOUNTANT
LICENSED PUBLIC ACCOUNTANT #13867



Henry Salomons, B.A., C.A.
Chartered Accountant

**CHRISTIAN HERITAGE PARTY
OF CANADA
COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2011**

CHRISTIAN HERITAGE PARTY OF CANADA
COMBINED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2011

	2011 \$	2010 \$
<u>ASSETS</u>		
Current assets		
Cash	43,353	59,748
Amounts receivable	25,016	18,543
Prepaid rent	375	375
	<u>68,744</u>	<u>78,666</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable and accrued liabilities	14,239	10,115
Due to ridings (Note 3)	10,523	10,523
Government remittances payable	3,102	4,165
	<u>27,864</u>	<u>24,803</u>
 Net assets		
Unrestricted	40,880	53,863
	<u>40,880</u>	<u>53,863</u>
	<u>68,744</u>	<u>78,666</u>

The attached notes to the financial statements are an integral part of these statements

Signed on behalf of the Board:

_____ **Executive Director**

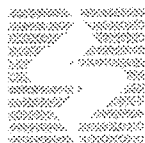
_____ **Treasurer**



CHRISTIAN HERITAGE PARTY OF CANADA
COMBINED STATEMENT OF OPERATIONS
AS AT DECEMBER 31, 2011

	2011 \$	2010 \$
Revenues		
Contributions	282,396	318,991
Product sales and sundry	27,255	26,974
Memberships	50,996	28,225
Transfers from provinces and ridings	20,839	25,271
	<u>381,486</u>	<u>399,461</u>
Expenses		
Advertising and promotion	80,541	61,092
Distribution to ridings	1,973	25
Electoral campaign	22,803	-
Insurance	1,868	1,728
Interest and bank charges	7,149	6,185
National board meetings	22,820	27,235
Office expenses	20,273	28,766
Professional fees	8,628	5,420
Rent	10,762	13,994
Salaries and benefits	184,233	222,583
Telecommunications	11,719	9,719
Travel	20,445	17,219
Website	1,255	13,661
	<u>394,469</u>	<u>407,627</u>
Excess (deficiency) of revenues over expenses	<u>(12,983)</u>	<u>(8,166)</u>

The attached notes to the financial statements are an integral part of these statements



CHRISTIAN HERITAGE PARTY OF CANADA
COMBINED STATEMENT OF CHANGES IN NET ASSETS
AS AT DECEMBER 31, 2011

	Unrestricted \$	Total 2011 \$	Total 2010 \$
Opening balance	53,863	53,863	62,029
Excess (deficiency) of revenues over expenses	(12,983)	(12,983)	(8,166)
Closing balance	40,880	40,880	53,863

The attached notes to the financial statements are an integral part of these statements



CHRISTIAN HERITAGE PARTY OF CANADA
COMBINED STATEMENT OF CASH FLOWS
AS AT DECEMBER 31, 2011

	2011 \$	2010 \$
Operating Activities		
Excess (deficiency) of revenues over expenses	(12,983)	(8,166)
Changes in non-cash working capital:		
Amounts receivable	(6,473)	(831)
Accounts payable and accrued liabilities	4,124	2,804
Government remittances payable	(1,063)	1,063
	<u>(16,396)</u>	<u>(5,130)</u>
Cash deficiency from operating activities	<u>(16,396)</u>	<u>(5,130)</u>
Decrease in cash during the year	(16,396)	(5,130)
Cash, beginning of year	<u>59,748</u>	<u>64,878</u>
Cash, end of year	<u><u>43,353</u></u>	<u><u>59,748</u></u>

The attached notes to the financial statements are an integral part of these statements



CHRISTIAN HERITAGE PARTY OF CANADA

NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2011

1. Nature of Activities

The Christian Heritage Party of Canada was registered as an official political party in May of 1986 under the Elections Canada Act.

In 2005, The Christian Heritage Party of Canada registered the following provincial divisions:

- Christian Heritage Party Ontario Council
- Manitoba Council of the Christian Heritage Party
- Alberta Council of the Christian Heritage Party
- BC Council of the Christian Heritage Party

The financial activities of these divisions are combined in these financial statements.

2. Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and include the following significant accounting policies:

Future Accounting Changes

The Canadian Institute of Chartered Accountants ("CICA") issued a new accounting framework applicable to Canadian on or after January 1, 2012, not-for-profit organizations may adopt either International Financial Reporting Standards or GAAP for not-for-profit organizations. The Fund currently plans to adopt GAAP for not-for-profit organization effective January 1, 2012. The impact of this transition has not yet been determined.

Financial Instruments

The organization's financial instruments consist of cash, amounts receivable, accounts payable and accrued liabilities, due to ridings and payroll liabilities. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest rate and 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.



CHRISTIAN HERITAGE PARTY OF CANADA

NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2011

2. Significant Accounting Policies (continued)

Accrual Basis of Accounting

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay. All donations dated up to December 31 are included in revenue.

Capital Assets

Capital assets that are considered material, are recorded at cost and are amortized over their estimated lives using the straight-line basis at the following annual rates:

Furniture & fixtures	10.0%
Computer hardware and software	33.3%
Library	20.0%

The Party has fully amortized capital assets totalling \$29,104 (2010 - \$29,104).

Volunteer Time Goods and Services

Volunteer time goods 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, as the value is not easily determinable.

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 periods. Actual results could differ from these estimates.



CHRISTIAN HERITAGE PARTY OF CANADA
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2011

3. Related Party Transactions

The Party received funds from and for the CHP Brampton. The CHP Brampton is not registered. The funds are deposited in a special bank account. The total amount received as at December 31, 2011 is \$10,523.

4. Comparative Figures

Certain of the comparative figures have been reclassified to conform to the presentation of the current year's financial statements.

