



**Suntharalingam
Professional Corporation**
Chartered Accountant and Business Advisor

INDEPENDENT AUDITOR'S REPORT

To the Chief Agent and Central Executive Committee of
Communist Party of Canada

I have audited the accompanying Registered Party Financial Transaction Return of the **Communist Party of Canada** as at **December 31, 2011** and for the year then ended. The financial information in the Registered Party Financial Transaction Return has been prepared by management based on the financial reporting provisions of Section 424 under the Canada Elections Act.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial information in accordance with the financial reporting provisions of Section 424 under the Canada Elections Act, and for such internal control as management determines is necessary to enable the preparation of the Registered Party Financial Transaction Return that is 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 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 judgement, 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 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 audit opinion.

In my opinion the Registered Party Financial Transaction Return of the **Communist Party of Canada** presents fairly, in all material respects, the financial information required to be reported under the Canada Elections Act for the year-ended December 31, 2011 in accordance with provisions of Section 424 Canada Elections Act.

Toronto, Ontario
May 28, 2012


Chartered Accountant

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



**Suntharalingam
Professional Corporation**
Chartered Accountant and Business Advisor

INDEPENDENT AUDITOR'S REPORT

To the Chief Agent and Central Executive Committee of
Communist Party of Canada

I have audited the accompanying financial statements of **Communist Party of Canada**, which comprise the statement of financial position as at **December 31, 2011** and the statement 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 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 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 statements are 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 judgement, including the assessment of the risks of material misstatement of the financial statements, 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 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 audit opinion.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the **Communist Party of Canada** as at **December 31, 2011** and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario
May 28, 2012


Chartered Accountant

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

COMMUNIST PARTY OF CANADA
FINANCIAL STATEMENTS
DECEMBER 31, 2011

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COMMUNIST PARTY OF CANADA
Statement of Financial Position
as at December 31, 2011

	2011	2010
ASSETS		
Current		
Cash	\$ 20,958	\$ 26,729
Accounts receivable	1,000	-
Prepaid expense	-	175
	<u>21,958</u>	<u>26,904</u>
Capital assets (Note 2(b), 3)	<u>226</u>	<u>456</u>
	<u>\$ 22,184</u>	<u>\$ 27,360</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 5,165	\$ 1,639
Convention fund payable	3,143	3,143
	<u>8,308</u>	<u>4,782</u>
NET ASSETS		
Net assets	<u>13,876</u>	<u>22,578</u>
	<u>\$ 22,184</u>	<u>\$ 27,360</u>

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

_____ Director

_____ Director

See accompanying notes to financial statements.

COMMUNIST PARTY OF CANADA
Statement of Changes in Net Assets
for the year ended December 31, 2011

	2011	2010
	<hr/>	<hr/>
Net assets, Beginning of year	\$ 22,578	\$ 19,348
Excess of (deficiency) revenue over expense	<hr/> (8,702)	<hr/> 3,230
Net assets, End of year	<hr/> <u>\$ 13,876</u>	<hr/> <u>\$ 22,578</u>

See accompanying notes to financial statements.

COMMUNIST PARTY OF CANADA
Statement of Operations
for the year ended December 31, 2011

	2011	2010
REVENUE		
Political donations	\$ 96,513	\$ 76,632
Transfers	800	5,403
Other income	1,592	-
Literature sales	95	290
Copyright	-	955
Convention fund	-	6,392
	<u>99,000</u>	<u>89,672</u>
Expenses		
Salaries and benefits	33,495	30,283
General election expense	24,665	-
Professional fees	13,105	7,015
Office expense (Note 2(f))	12,885	8,874
Travel	12,228	10,426
Advertising	5,965	12,011
Youth subsidy	3,705	4,236
Literature purchases	1,018	-
Bank charges	406	235
Amortization	230	114
Convention expense	-	10,105
Provision for Convention Fund	-	3,143
	<u>107,702</u>	<u>86,442</u>
Excess (deficiency) of revenue over expense	<u><u>\$ (8,702)</u></u>	<u><u>\$ 3,230</u></u>

See accompanying notes to financial statements.

COMMUNIST PARTY OF CANADA
Statement of Cash Flows
for the year ended December 31, 2011

	2011	2010
Operating activities		
Excess (deficiency) of revenue over expense	\$ (8,702)	\$ 3,230
Amortization	\$ 230	\$ 114
Net change in working capital items	<u>2,701</u>	<u>(1,344)</u>
	<u>(5,771)</u>	<u>2,000</u>
Financing activities		
Convention fund payable	<u>-</u>	<u>(3,249)</u>
Investing activities		
Net increase (decrease) in cash during the year	(5,771)	(1,249)
Cash Position, beginning of year	<u>26,729</u>	<u>27,978</u>
Cash Position, end of year	<u>\$ 20,958</u>	<u>\$ 26,729</u>

See accompanying notes to financial statements.

COMMUNIST PARTY OF CANADA
Notes to Financial Statements
December 31, 2011

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, 2011

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) Income taxes

The organization qualifies as a not for profit political organization for Canadian income tax purposes. As such the corporation is exempt from income tax under the Income Tax Act.

(g) Office expense

Office expense for the year-ended December 31, 2011 consist of a) Rent and utilities - \$2,851 (2010 - \$1,490) b) Internet - \$1,614 (2010 - \$1,286) c) Office supplies - \$1,490 (2010 - \$1,926) d) Telephone and communication - \$2,851 (2010 - \$741 and e) Postage and delivery - \$3,056 (2010 - \$3,310) and f) Other - \$1,023 (2010 - \$121)

(h) Financial Instruments

It is the Central executive committee's opinion that the organization is not exposed to significant interest rate, currency or credit risks for the year.

3. Capital Assets

	2011		2010	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office equipment	\$ 1,224	\$ 998	\$ 226	\$ 456

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, 2011 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 accounts receivable, accounts payable and accrued liabilities and convention fund payable approximate their carrying amounts.