



ChimSeto
Chartered Accountants LLP

T: 905-513-7773 • F: 905-513-7775
Email: service@chimseto.ca • Website: www.chimseto.ca
9140 Leslie Street, Suite 110, Richmond Hill, Ontario, L4B 0A9

A limited liability partnership between Sandy CK Chim CA and Ben Seto FCA Professional Corporation

INDEPENDENT AUDITOR'S 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, 2012, Statement of Deficit, Statement of Revenues and Expenses, Statement of Cash Flows 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, 2012.

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.

Auditor's 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 auditor's 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, 2012 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 qualified 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.

**Richmond Hill, Canada
June 27, 2013**

Chim Seto

**Chartered Accountants LLP
Licensed Public Accountants
Chartered Professional Accountants**

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

AS AT DECEMBER 31,	2012	2011
ASSETS		
Current		
Cash	\$ 1,813	\$ 180
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 8,754	\$ 5,855
Loans payable (note 4)	10,864	9,818
NET ASSETS	19,618	15,673
Deficit	(17,805)	(15,493)
	\$ 1,813	\$ 180

ON BEHALF OF THE PARTY:


Director

Director

**PROGRESSIVE CANADIAN PARTY
STATEMENT OF DEFICIT**

FOR THE YEAR ENDED DECEMBER 31	2012	2011
BALANCE, BEGINNING OF YEAR	\$ (15,493)	\$ (6,356)
EXCESS OF EXPENSES OVER REVENUES	(2,312)	(9,137)
BALANCE, END OF YEAR	\$ (17,805)	\$ (15,493)

PROGRESSIVE CANADIAN PARTY
STATEMENT OF REVENUES AND EXPENSES

FOR THE YEAR ENDED DECEMBER 31	2012	2011
REVENUES		
Contributions	\$ 5,481	\$ 3,844
Transfers in	994	337
Other income	380	-
	6,855	4,181
EXPENSES		
Bank charges and interest	2,535	1,469
Office expenses	1,927	1,765
Professional fee	3,400	8,776
Transfers out	1,305	1,308
	9,167	13,318
EXCESS OF EXPENSES OVER REVENUES	\$ (2,312)	\$ (9,137)

**PROGRESSIVE CANADIAN PARTY
STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED DECEMBER 31	2012	2011
CASH FLOWS FROM (FOR) OPERATING ACTIVITIES:		
Excess of expenses over revenues	\$ (2,312)	\$ (9,137)
Changes in non-cash working capital		
Accounts payable and accrued liabilities	2,899	(489)
	587	(9,626)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loans payable	1,046	7,300
INCREASE (DECREASE) IN CASH	1,633	(2,326)
CASH AT BEGINNING OF YEAR	180	2,506
CASH AT END OF YEAR	\$ 1,813	\$ 180

PROGRESSIVE CANADIAN PARTY NOTES TO FINANCIAL TRANSACTIONS RETURN

DECEMBER 31, 2012

OPERATION

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

1. SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

All revenues are recognized when received by the Chief Agent for the Party 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. Items subject to such estimates and assumptions include accounts receivable, accounts payable and accrued liabilities. Actual results could differ from those estimates.

2. BASIS OF ACCOUNTING

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

The Return is prepared to assist the Chief Agent to meet the requirements of the Canada Elections Act. The Return is intended solely for the use of the Chief 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 III – "Accounting Standards for Not-for-Profit Organizations" 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 Chief 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 III – "Accounting Standards for Not-for-Profit Organizations".

**PROGRESSIVE CANADIAN PARTY
NOTES TO FINANCIAL TRANSACTIONS RETURN**

DECEMBER 31, 2012

2. BASIS OF ACCOUNTING continued

Going Concern

These financial statements have been prepared in accordance with accounting principles that apply to a going concern. Under the going concern assumption, the Party is viewed as being able to continue its operations in the foreseeable future and realize its assets and discharge its liabilities in the normal course of operations

A number of unfavourable conditions and events have left some doubt as to the appropriateness of this assumption. The Party has incurred operating losses in the last three years and its working capital is deficient. In addition, the Party will not be able to repay the loan principals if it is requested by the lenders.

The Party's ability to continue as going concern depends on its ability to find other sources of financing to address its chronic under-funding in a more permanent way.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate, because the Chief Agent feels that the measures it took or intends to take will mitigate the effect of the conditions and facts that raise doubt about the appropriateness of this assumption.

3. IMPACT OF THE CHANGE IN THE BASIS OF ACCOUNTING

These financial statements are the first financial statements for which the Party applied Canadian accounting standards for not-for-profit organization. First-time adoption of this new basis of accounting had no impact on the Party's excess of expenses over revenues for the year ended December 31, 2011 or on net assets as at January 1, 2012, the date of transition.

4. LOANS PAYABLE

	2012	2011
Loan payable, bearing interest at a rate of 8% per annum and payable on demand	\$ 1,540	\$ 1,118
Loans payable to five Party members, bearing interest at a rate of 6% or 3% per annum and payable on demand.	9,324	8,700
	<u>\$ 10,864</u>	<u>\$ 9,818</u>