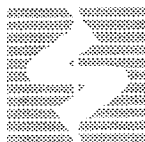


**CHRISTIAN HERITAGE PARTY
OF CANADA
COMBINED FINANCIAL STATEMENTS**

DECEMBER 31, 2012



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

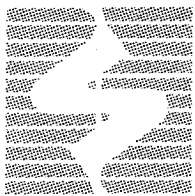
CHRISTIAN HERITAGE PARTY OF CANADA
COMBINED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2012

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

**INDEPENDENT AUDIT REPORT ON REGISTERED PARTY
FINANCIAL TRANSACTIONS RETURN**

**To the Board of Directors of the Christian Heritage Party of Canada and
Elections Canada :**

I have audited the accompanying Registered Party Financial Transaction Return of the Christian Heritage Party of Canada (the "Party") as at December 31, 2012 and for the year then ended. The financial information in the Transaction Return has been prepared by management based on the financial reporting provisions of Sections 424(2)(a), (b), (c), (f), (g), (h), (h.1), (h.2), (i), (j), and 404.3(2) of the Canada Elections Act (the "Act").

Management's responsibility for the financial statements

Management is responsible for the fair presentation of this financial information in accordance with the financial reporting provisions of Sections 424(2)(a), (b), (c), (f), (g), (h), (h.1), (h.2), (i), (j), and 404.3(2) of the Act, and for such internal controls as management determines is necessary to enable the preparation of the 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 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 controls 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 controls. An audit also includes evaluating the appropriateness of the 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 audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Christian Heritage Party of Canada 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 reported.

Qualified Opinion

In my opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, the Registered Party Financial Transaction Return of the Christian Heritage Party of Canada presents fairly, in all material respects, the financial information required to be reported under the Act for the year ended December 31, 2012 in accordance with the provisions of Sections 424(2)(a), (b), (c), (f), (g), (h), (h.1), (h.2), (i), (j), and 404.3(2) of the Act.



BEAMSVILLE, Canada
July 4, 2013

HENRY SALOMONS
CHARTERED ACCOUNTANT
LICENSED PUBLIC ACCOUNTANT #13867




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

CHRISTIAN HERITAGE PARTY OF CANADA
COMBINED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2012

	Dec 31 2012 \$	Dec 31 2011 \$ (restated-note 8)	Jan 1 2011 \$ (note 2)
<u>ASSETS</u>			
Current assets			
Cash	59,954	44,291	55,787
Amounts receivable	1,445	2,496	18,543
Prepaid rent	-	375	375
Inventory	3,285	3,811	3,961
	<u>64,684</u>	<u>50,973</u>	<u>78,666</u>
<u>LIABILITIES AND NET ASSETS</u>			
Current liabilities			
Accounts payable and accrued liabilities	20,952	13,834	10,115
Due to ridings (note 4)	10,523	10,523	10,523
Government remittances payable	3,698	3,399	4,165
	<u>35,173</u>	<u>27,756</u>	<u>24,803</u>
Net assets			
Unrestricted	29,511	23,217	53,863
	<u>29,511</u>	<u>23,217</u>	<u>53,863</u>
	<u>64,684</u>	<u>50,973</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:

 Treasurer
RONALD BENELL



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

CHRISTIAN HERITAGE PARTY OF CANADA
COMBINED STATEMENT OF OPERATIONS
AS AT DECEMBER 31, 2012

	2012 \$	2011 \$ (restated-note 8)
Revenues		
Contributions non-directed	284,320	282,804
Contributions to leader contestants	-	-
Contributions received as operating loans	-	-
Transfers from EDA's	27,291	20,839
Transfers from candidates	591	-
Memberships	11,035	32,375
Other revenues (note 7)	26,068	27,804
	<u>349,305</u>	<u>363,822</u>
Expenses		
Advertising - radio	1,291	-
Advertising - other	20,481	27,465
Bank charges and interest	6,642	7,149
By-election expenses (note 5)	-	41,960
Campaign expenses	-	-
Depreciation	-	-
Donations and contributions	-	-
Fundraising activities	-	-
Office expenses	31,001	50,826
Polling	-	-
Professional fees	8,878	9,860
Research	-	-
Salaries and benefits	182,973	184,233
Travel and hospitality	7,888	19,052
Transfers to EDA's	-	-
Transfers to candidates	200	1,973
Unpaid claims	-	-
Other expenses (schedule 1)	83,657	51,950
	<u>343,011</u>	<u>394,468</u>
Excess (deficiency) of revenues over expenses	<u>6,294</u>	<u>(30,646)</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, 2012

	Unrestricted	Total	Total
	\$	2012	2011
		\$	\$
			(restated-note 8)
Net assets, beginning of year (as previously reported)	23,217	23,217	53,863
Prior period adjustment (note 7)	<u>-</u>	<u>-</u>	<u>(17,663)</u>
Net assets, beginning of year (as restated)	23,217	23,217	36,200
Excess (deficiency) of revenues over expenses	<u>6,294</u>	<u>6,294</u>	<u>(12,983)</u>
Net assets, end of year	<u><u>29,511</u></u>	<u><u>29,511</u></u>	<u><u>23,217</u></u>

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, 2012

	2012 \$	2011 \$ (restated-note 8)
Cash flow from operations:		
Excess (deficiency) of revenues over expenses	6,294	(30,646)
Changes in non-cash working capital:		
Amounts receivable	1,051	16,047
Prepaid rent	375	-
Inventory change	526	150
Accounts payable and accrued liabilities	7,118	3,719
Government remittances payable	299	(766)
Net cash flow	15,663	(11,496)
Cash, beginning of year	44,291	55,787
Cash, end of year	59,954	44,291

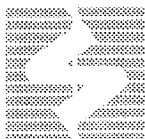
The attached notes to the financial statements are an integral part of these statements



CHRISTIAN HERITAGE PARTY OF CANADA
SCHEDULE 1: OTHER EXPENSES
AS AT DECEMBER 31, 2012

	2012	2011
	\$	\$
Other Expenses		
Bad debts	1,096	-
Conventions	44,181	7,690
Election readiness	-	-
National board meetings and events	10,217	22,820
Promotional items	527	1,868
Training	510	195
Update publication and distribution	26,333	18,540
Miscellaneous	794	836
	<u>83,657</u>	<u>51,950</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, 2012

1. Nature of Activities

The Christian Heritage Party of Canada ("CHP") 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. Adoption of Accounting Standards for Not-For-Profit Organizations

These financial statements were prepared in accordance with Part III of the CICA Handbook - Canadian accounting standards for not-for-profit organizations.

CHP's first reporting period using Part III is for the year ended December 31, 2012. As a result, the date of transition to Part III is January 1, 2011. CHP presented financial statements under its previous Canadian generally accounting principles annually to December 31st of each fiscal year up to, and including, December 31, 2011.

As these financial statements are the first financial statements for which CHP has applied Part III, the financial statements have been prepared in accordance with the provisions set out in Section 1501 of Part III, First-time Adoption by not-for-profit organizations.

There have been no adjustments resulting from adopting Part III related to comparative figures.



CHRISTIAN HERITAGE PARTY OF CANADA
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2012

3. Significant Accounting Policies

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 contributions dated up to December 31, 2012 are included in revenue.

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.

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, 2012

4. 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, 2012 is \$10,523.

5. Pre-Election and Election Expense Schedule

	2012	2011
	\$	\$
Advertising - radio and television	-	15,403
National office expenses	-	552
Leader's tour	-	1,362
Travel (other than leader's tour)	-	31
Salaries and wages	-	21,571
Other miscellaneous expenses	-	3,041
		<hr/>
Total expenses	-	41,960
		<hr/>

6. Comparative Figures

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

7. Over Revenues

Other revenues include advertising in magazines to members up to October 2012, when Elections Canada disallowed members-only advertising.

8. Prior Year Restatement

a) Correction of errors

As a result of an Elections Canada review of the contributions and transfers, errors in prior period financial statements were identified. These errors have been corrected in the comparative information presented for year ended December 31, 2011 as follows:



CHRISTIAN HERITAGE PARTY OF CANADA

NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2012

8. Prior year restatement (continued)

- i) Balance on the statement of financial position at December 31, 2011 have been restated to reflect the following:

Increase in cash - to correct the recording of prior year outstanding deposits	4,749
Reduction in accounts receivable - to correct the recording of contributions received	(22,520)
Reduction in accounts payable - to reverse 2010 accruals	108
Net reduction in net assets at December 31, 2011	(17,663)

- ii) Excess of revenue over expenditures for the year ended December 31, 2011 has been restated to reflect the following:

Increase in contributions revenue - to correct recording of contributions received	958
Reduction in membership revenues - to correct member contributions received	(18,621)
Net reduction in excess of revenues over expenditures at December 31, 2011	(17,663)

b) Correction of cash flow information

In addition to the impact on reported cash balance resulting from the error corrections noted above, cash flow from operation for the year ended December 31, 2011 has been restated accordingly

The prior year amounts have been restated to reconcile with the Elections Canada numbers. The Party has taken steps to reconcile the contributions, over-contributions and transfers between Electoral District Associations (EDA's) to prevent this from happening in the future.

