



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

INDEPENDENT AUDITOR'S REPORT

To the Chief Agent and Central Executive Committee for 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, 2014 and the 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 financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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 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 judgment, 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 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.

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

Independent Auditor's Report to the the Chief Agent and Central Executive Committee of Communist Party of Canada (continued)

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from contributions, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, I was not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses and cash flows from operations for the year ended December 31, 2014, current assets and net assets as at January 1, 2014 and December 31, 2014.

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the basis of qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Communist Party of Canada as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Toronto, Ontario
June 28, 2015


CHARTERED PROFESSIONAL ACCOUNTANT
CHARTERED ACCOUNTANT

COMMUNIST PARTY OF CANADA
Financial Statements
Year Ended December 31, 2014

COMMUNIST PARTY OF CANADA
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Year Ended December 31, 2014

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COMMUNIST PARTY OF CANADA
Statement of Financial Position
December 31, 2014

	2014	2013
ASSETS		
CURRENT		
Cash	\$ 33,678	\$ 32,882
Donations receivable	1,278	722
Prepaid expense and deposit	53	1,022
	35,009	34,626
CAPITAL ASSETS (Note 4)	205	256
	\$ 35,214	\$ 34,882
 LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 13,662	\$ 9,587
NET ASSETS - UNRESTRICTED	21,552	25,295
	\$ 35,214	\$ 34,882

Approved on behalf of the Organization's Executive committee:

_____ *Chief Agent*

_____ *Leader*

See accompanying notes to financial statements

COMMUNIST PARTY OF CANADA
Statement of Changes in Net Assets
Year Ended December 31, 2014

	2014	2013
NET ASSETS - UNRESTRICTED, BEGINNING OF YEAR		
As previously reported	\$ 35,195	\$ 29,394
Prior period adjustment (<i>Note 7</i>)	<u>(9,900)</u>	<u>-</u>
As restated	25,295	29,394
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>(3,743)</u>	<u>(4,099)</u>
NET ASSETS - UNRESTRICTED, END OF YEAR	<u>\$ 21,552</u>	<u>\$ 25,295</u>

See accompanying notes to financial statements

COMMUNIST PARTY OF CANADA**Statement of Operations****Year Ended December 31, 2014**

	2014	2013
REVENUE		
Political donations	\$ 77,343	\$ 91,859
Transfers	3,200	3,735
Literature sales	120	376
Other income	111	3
	<u>80,774</u>	<u>95,973</u>
EXPENSES		
Salaries and benefits	42,052	44,051
Office expense	20,923	20,462
Travel	7,518	23,298
Professional fees	5,733	5,388
Telephone and communication	3,935	3,847
Utilities	3,120	2,285
Bad Debt Expense	722	-
Repayment of over-contribution of donations	306	-
Bank charges	157	392
Amortization	51	49
Advertising	-	300
	<u>84,517</u>	<u>100,072</u>
DEFICIENCY OF REVENUE OVER EXPENSES	\$ (3,743)	\$ (4,099)

See accompanying notes to financial statements

COMMUNIST PARTY OF CANADA

Statement of Cash Flows

Year Ended December 31, 2014

	2014	2013
OPERATING ACTIVITIES		
EXCESS OF REVENUE OVER EXPENSES	\$ (3,743)	\$ (4,099)
Amortization	<u>51</u>	<u>49</u>
	<u>(3,692)</u>	<u>(4,050)</u>
Changes in non-cash working capital:		
Accounts receivable	(556)	15,824
Prepaid	969	(1,022)
Accounts payable and accrued liabilities	<u>4,075</u>	<u>1,350</u>
	<u>4,488</u>	<u>16,152</u>
Cash flow from operating activities	<u>796</u>	<u>12,102</u>
INVESTING ACTIVITY		
Purchase of equipment	<u>-</u>	<u>(124)</u>
INCREASE IN CASH FLOW	796	11,978
CASH - BEGINNING OF YEAR	<u>32,882</u>	<u>20,904</u>
CASH - END OF YEAR	<u>\$ 33,678</u>	<u>\$ 32,882</u>

See accompanying notes to financial statements

COMMUNIST PARTY OF CANADA

Notes to Financial Statements

Year Ended December 31, 2014

1. PURPOSE OF THE ORGANIZATION

The Communist Party of Canada (the "Organization") is a not-for-profit political organization. The organization is a registered official political party under the Elections Canada Act. The organization 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. The organization is a not-for-profit organization under the Income Tax Act (Canada) and as such, is exempt for income taxes, provided certain requirements of the Income Tax Act are met.

2. BASIS OF PRESENTATION

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash is defined as cash on hand, cash on deposit, and short-term deposits with maturity dates of less than 90 days, net of cheques issued and outstanding at the reporting date.

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

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

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the estimated useful lives of capital assets and the valuation allowances for accounts receivable. Actual results could differ from management's best estimates as additional information becomes available in the future.

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.

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COMMUNIST PARTY OF CANADA

Notes to Financial Statements

Year Ended December 31, 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Unrestricted 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.

Other income, transfers and literature sales are recognized as revenue when earned or shipped if the amount to be received can be reasonably estimated and collection is reasonably assured.

Financial instruments policy

The organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions. The organization subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash and donations receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Office equipment	\$ 1,348	\$ 1,143	\$ 205	\$ 256

5. CAPITAL DISCLOSURE

The organization's capital is made up of net assets. The organization manages its capital structure by monitoring its cash flows to maintain a satisfactory level of capital.

6. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2014:

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from members. In order to reduce its credit risk, the organization reviews a new member's credit history before extending credit and conducts regular reviews of its existing members' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization has a significant number of members which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, and accounts payable.

COMMUNIST PARTY OF CANADA

Notes to Financial Statements

Year Ended December 31, 2014

7. PRIOR PERIOD ADJUSTMENT

In the prior year, the funds transferred in the amount of \$9,900 from the Ontario Provincial Committee- Communist Party of Canada (ON-CPC) Division to CPC-National Division was recorded incorrectly. Correction of this error resulted in an increase in deficiency of revenue over expenses of \$9,900 for the year ended December 31, 2013, a decrease in cash and net assets of \$9,900 as at December 31, 2013.

8. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.