

Neil Sharma
Certified Management Accountant
64 Hinsley Crescent, Ajax L1T 0B6 | (416) 316-7130

Auditor's Report

June 30th, 2015

To: Michael Nicula, Party Leader, Online Party of Canada (currently PACT)
Nicole Dronca CGA CPA, Chief Agent
Elections Canada

I have audited the Financial Statements for Fiscal Year 2014 and the supporting documents as at December 31st, 2014. The preparation of the financial statement is the responsibility of the Party's management. My responsibility is to express an opinion on these Statements based on my audit.

I conducted the audit in accordance with the Canadian Generally Accepted Accounting Principles and Sections 424 to 434 of the Canada Elections Act. These standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statement. An audit also includes assessing the accounting principles and practices used and significant estimates made by the management, as well as evaluating the overall financial statement preparation.

In my opinion, the Financial Statements presents fairly, in all material aspects, the financial position of the Party as at December 31st, 2014 and the results of its operations for the period then ended, in accordance with the Canadian Generally Accepted Accounting Principles and Sections 424 to 434 of the Canada Elections Act.



Toronto, Ontario

June 15, 2015

PACT**Combined Statement of Operations for Fiscal Year 2014**

		2014	2013
		\$	\$
<u>Revenues</u>			
Contributions non directed	(Note 6)	1,505.00	4,631.00
Transfers from EDA's			
Transfers from Candidates			383.43
Memberships			
Other Revenue			
		<u>1,505.00</u>	<u>5,014.43</u>
<u>Expenses</u>			
Advertising - radio			
Advertising - tv			
Advertising - other			663.08
Bank Charges & interest		59.40	78.66
Depreciation	(Note 5)	3,500.00	3,476.00
Donations & Contributions			
Fundraising Activities			
Office Expenses			113.43
Polling			
Professional Fees		2,730.00	290.00
Research			
Salaries & benefits			734.00
Travel & Hospitality			
Transfers to EDA's			
Transfers to Candidates			20.00
		<u>6,289.40</u>	<u>5,375.17</u>
Excess (Deficiency) of Revenues over Expenses		<u>(4,784.40)</u>	<u>(360.74)</u>

PACT
Combined Statement of Operations for Fiscal Year 2014

	2014	2013
	\$	\$
<u>ASSETS</u>		
Current Assets		
Cash (Bank Account + Paypal)	3,515.00	4,980.57
Amounts Receivable		
Inventory		
Current Assets		
www.onlineparty.ca; design, programming, content (Note 5)	10,500.00	14,000.00
	14,015.00	18,980.57
<u>LIABILITIES & NET ASSETS</u>		
Current Liabilities		
Accounts Payable & Accrued Liabilities		663.08
Due to ridings		
Government remittances payable		
Current Liabilities		
Other Liabilities (Note 7)	45,302.25	45,302.25
	45,302.25	45,965.33
Net Assets		
Unrestricted	(31,287.25)	(26,984.76)

PACT

Combined Nature of Activities

PACT (formerly "Online Party of Canada") is a registered federal political party operating under Canada's Election Laws.

2 Statement of Compliance with Canadian Accounting Standards

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

3 Significant Accounting Policies

Financial Instruments

The Party's financial liabilities may include cash, accounts receivable, accounts payable and accrued liabilities, due to ridings or candidate election campaigns, and due to government agencies.

Financial assets and liabilities are initially recognized at fair value. Subsequently all financial instruments are measured at amortized cost, except for cash which is measured at fair value.

Related Party transactions in the normal course of business are recognized in Canadian dollars.

Interest earned, interest accrued, gains and losses realized on disposal and unrealized gains are included in other revenue.

The preparation of financial statements in conformity 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 reported amounts of revenue and expense during the reporting year. Significant estimates include the allowance for doubtful accounts, and accrued liabilities. Actual results could differ from these estimates.

Revenue Recognition

The Party follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognized in the year to which it relates.

Membership revenue is recognized in the year to which it relates.

All other revenue is recognized when received or receivable, if the amount can be reasonably estimated and collected when it is reasonably assured.

Volunteer Time, Goods and Services

Volunteer Time, goods and services (except volunteer labour) are recorded at fair value. Except where required by the Act, the value of volunteer labour is not recorded in the financial statements, as the value is not easily determinable.

4 Comparative Figures

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

5 Fair Value

The fair value of cash, accounts receivable, accounts payable, accrued liabilities, and due to government agencies approximate their carrying value due to their short-term nature.

It is the management's opinion that the party is not exposed to significant credit, liquidity, or market risk arising from these instruments.

We allowed a depreciation of \$3,476 which is approximately 20% of the capitalized value of the website. We used a 5-year depreciation scale.

6 Contributions

There were no contributions made to the Party with an "Advantage Received" by the donor, as defined by the Canada Revenue Agency.

7 Contingencies and Commitments

The Party has an outstanding debt that represents the Invoiced value of the website design, programming, deployment, hosting and content. The management expected to raise sufficient contributions in the first two years to be in position to cover this debt. Due to the shortfall of the actual contributions, the Party is not in position to submit the payment this fiscal year.

The Party is not involved with any claims or lawsuits. The Party is not committed to any other leases or other agreements.