
INDEPENDENT AUDITOR'S REPORT

To The Chief Agent of the PACT

Report on the Election Expenses Return

Report on the return

I have audited the accompanying Registered Party Return (the "Return") in respect of the Party for Accountability, Competency, and Transparency ("the Party"), which comprise the Statement of Revenue & Expenses and Balance Sheet, as at December 31, 2016 and the statements of operations and changes in net assets and cash flows for the year then ended and the related Notes, which comprise a summary of significant accounting policies and other explanatory information.

The Chief Agent's responsibility for the Return

The Chief Agent is responsible for the preparation and fair presentation of the Return in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines necessary to enable the preparation of a return that is free from material misstatements, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on the Return 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 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 auditor considers internal control relevant to the 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 internal control. 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

Due to the inherent nature of the transactions of registered political parties, the completeness of general election expenses is not susceptible of satisfactory audit verification. Accordingly, my verification of these amounts was limited to the amounts recorded in the registered party's accounting records and I was not able to determine whether any adjustments might be necessary to general election expenses.

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion" paragraph, the Return of the Registered Party PACT, presents fairly, in all material respects, the combined financial position of the Party as at December 31, 2016 and the results of its combined operations for the year ended in accordance with Canadian accounting standards for not-for-profit organizations.



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PRACTITIONER:Neil Sharma, CPA CMA.....
City:Ajax.....
Date:January 27, 2017.....

PACT
Combined Statement of Operations for Fiscal Year 2015

		2016	2015	2014	2013
		\$	\$	\$	\$
<u>Revenues</u>					
Contributions non directed	(Note 6)		6,245.00	1,505.00	4,631.00
Transfers from EDA's					
Transfers from Candidates		68.40			383.43
Memberships					
Other Revenue					
		68.40	6,245.00	1,505.00	5,014.43
<u>Expenses</u>					
Advertising - radio					
Advertising - tv					
Advertising - other			5,618.79		663.08
Bank Charges & interest		59.40	64.51	59.40	78.66
Depreciation	(Note 5)	3,500.00	3,500.00	3,500.00	3,476.00
Donations & Contributions					
Fundraising Activities					
Office Expenses					113.43
Polling					
Professional Fees		2,200.00	2,347.50	2,730.00	290.00
Research					
Salaries & benefits					734.00
Travel & Hospitality					
Transfers to EDA's					
Transfers to Candidates			100.00		20.00
		5,759.40	11,630.80	6,289.40	5,375.17
Excess (Deficiency) of Revenues over Expenses		(5,691.00)	(5,385.80)	(4,784.40)	(360.74)

PACT
Combined Statement of Operations for Fiscal Year 2015

	2016	2015	2014	2013
	\$	\$	\$	\$
<u>ASSETS</u>				
Current Assets				
Cash Bank Account		5,954.46	3,515.00	4,980.57
Paypal		777.74		
Amounts Receivable				
Inventory				
Current Assets				
www.onlineparty.ca; design, programming, content (Note 5)	3,500.00	7,000.00	10,500.00	14,000.00
	3,500.00	13,732.20	14,015.00	18,980.57
<u>LIABILITIES & NET ASSETS</u>				
Current Liabilities				
Accounts Payable & Accrued Liabilities		6,718.79		
Due to ridings				
Government remittances payable				
Current Liabilities				
Other Liabilities (Note 7)	45,302.25	45,302.25	45,302.25	45,302.25
	45,302.25	52,021.04	45,302.25	45,302.25
Net Assets				
Unrestricted (Note 8)	(41,802.25)	(38,288.84)	(31,287.25)	(26,321.68)

**Combined Statement of Changes in Net Assets
For the Year ended December 31, 2013**

	Unrestricted	Total 2016 \$
Net Assets, beginning of year		(38,288.84)
Excess (deficiency) of revenues over expenses		<u>(3,513.41)</u>
Net Assets (end of year)		<u><u>(41,802.25)</u></u>

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 \$3,500 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.

8 End Balance of Net Assets

The organization closes the books with this liability that cannot be settled - see Note 7.

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