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AUG 01 2012

July 31, 2012

INDEPENDENT AUDITORS' REPORT

ELECTIONS MANITOBA

To the Chief Financial Officer of The Progressive Conservative Party of Manitoba:

We have audited the accompanying Form 921 - Statement of Income, Transfers and Election Expenses of a Registered Political Party for a Campaign Period, which comprises the Statement of Income, Transfers and Election Expenses, and Schedules 1 - 3 for the campaign period from September 6, 2011 to December 5, 2011 relating to the election held on October 4, 2011 and a note describing the basis of accounting (the Statement). The Statement have been prepared by the Chief Financial Officer based on the financial reporting provisions of the *The Elections Finances Act* as issued by Elections Manitoba.

Chief Financial Officer's Responsibility for the Statement

The Chief Financial Officer is responsible for the preparation of the Statement in accordance with the financial reporting provisions of the *Elections Finances Act* as issued by Elections Manitoba, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of the Statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the Statement 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 about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Statement 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 the Chief Financial Officer, as well as evaluating the overall presentation of the Statement.

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 nature of the types of transactions inherent in any political party, the completeness of campaign period income and election expenses is not susceptible of satisfactory audit verification. Accordingly, our testing of campaign period income and election expenses was limited to the amounts recorded in the accounting records of the Party and we were not able to determine whether any adjustments might be necessary to campaign period income, election expenses, and the election surplus (deficit).

Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, Form 921 - Statement of Income, Transfers and Election Expenses of a Registered Political Party for a Campaign Period for The Progressive Conservative Party of Manitoba for the campaign period of September 6, 2011 to December 5, 2011 relating to the election held on October 4, 2011 are prepared, in all material respects, in accordance with the financial reporting provisions of the *The Elections Finances Act* as issued by Elections Manitoba.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the Statement, which describes the basis of accounting. The Statement is prepared to comply with the financial reporting provisions of the *The Elections Finances Act* as issued by Elections Manitoba. The Statement is filed with Elections Manitoba in accordance with the *The Elections Finances Act*. As a result, the Statement may not be suitable for another purpose.

Our previous auditors' report dated February 6, 2012, has been withdrawn. The previous Form 921 was amended to decrease transfers to nominated candidates by \$522 and to decrease the election deficit by \$522.



Chartered Accountants
Winnipeg, Canada

For this communication, together with the work done to prepare this communication and for the opinions we have formed, if any, we accept and assume responsibility only to the addressee of this communication, as specified in our letter of engagement.

The Progressive Conservative Party of Manitoba
Note to Form 921 - Statement of Income, Transfers and Election Expenses of a Registered Political Party
for a Campaign Period
for the Campaign Period from September 6, 2011 to December 5, 2011

1. Basis of accounting

The Form 921- Statement of Income, Transfers and Election Expenses of a Registered Political Party for a Campaign Period ("Statement"), is prepared to comply with the financial reporting provisions of *The Elections Finances Act* as issued by Elections Manitoba. Income, transfers and expenses have been accounted for in accordance with *The Elections Finances Act*. The Statement is filed with Elections Manitoba in accordance with *The Elections Finances Act*. As a result, the Statement may not be suitable for another purpose.

921

Statement of Income, Transfers and
Election Expenses of a Registered
Political Party for a Campaign Period

Elections
Manitoba **X**

(To be filed within 4 months after the end of the Election Day)

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AUG 01 2012

For the campaign period:

Date September 06, 2011 To Date December 05, 2011

ELECTIONS MANITOBA

Political
Party

Name
The Progressive Conservative Party of Manitoba

Auditor

Name of Auditor
Scarrow & Donald LLP

Name of Professional Accountant to Whom Inquiry May be Directed (if different than above)
K. G. Findlay, FCA

Declaration

I, the undersigned, Chief Financial Officer hereby file the Statement of Income, Transfers and Election Expenses of a Registered Political Party for a Campaign Period along with an Auditor's Report from a qualified auditor. I declare that to the best of my knowledge and belief the information contained herein is complete, true and correct and in compliance with *The Elections Finances Act*.

Kentler

Signature of Chief Financial Officer

Aug 1, 2012

Date

Statement of Income, Transfers and Election Expenses

Campaign Period Income

300 Contributions (Cash)	\$ 510,922.13	←	To Form 920, line 635
305 Contributions (Donation in Kind)	4,005.20	←	To Form 920, line 640
310 Transfers from constituency associations	20,000.00	←	From line 700
320 Transfers from nominated candidates	134,449.16	←	From line 710
330 Fund raising	24,994.98		
340 Investment income			
Other Income (provide details)			
350 _____	_____		
351 _____	_____		
352 _____	_____		
353 _____	_____		
354 _____	_____		
355 _____	_____		
356 _____	_____		
357 _____	_____		
358 _____	_____		
359 _____	_____		
360 _____	_____		
390 Total Income (total of line 300 to 360)		line 390	\$ 694,371.47

Election Expenses and Transfers

400 Election expenses	\$ 1,422,677.88	←	From line 595
410 Transfers to constituency associations	16,854.47	←	From line 720
420 Transfers to nominated candidates	605,844.48	←	From line 730
430 Total Election Expenses and Transfers (total of line 400 to 420)		line 430	\$ 2,045,376.83

440 Election Surplus/ (Deficit) (line 390 minus line 430) line 440 **\$ (1,351,005.36)**

To Form 920, line 265

Schedule 2 - Transfers from Constituency Associations and Nominated Candidates

(Complete only if transfers were received in the campaign period from any constituency association or nominated candidate of the registered political party.)

A. From Constituency Associations

Name of Constituency Association (attach list if necessary)	\$ Total of Transfers from each Constituency Association
Arthur Virden	20,000.00

Total Transfers from Constituency Associations

Line 700

\$ 20,000.00

↑
To line 310

1. List attached?

Yes _____

No X

Schedule 2 - Transfers from Constituency Associations and Nominated Candidates

continue...

(Complete only if transfers were received in the campaign period from any constituency association or nominated candidate of the registered political party.)

B. From Nominated Candidates

Name of Nominated Candidate (attach list if necessary)	\$ Total of Transfers from each Nominated Candidate
Ralph Eichler	6,909.16
Clifford Graydon	3,000.00
Reginald Helwer	2,000.00
Shaun D'Arcy McCaffrey	9,000.00
Hugh McFadyen	8,000.00
Blaine Pedersen	10,000.00
Leanne Rowat	2,000.00
Heather Stefanson	41,540.00
Mavis Taillieu	52,000.00

Total Transfers from Nominated Candidates

Line 710

\$ 134,449.16

To line 320

1. List attached?

Yes _____

No X

Schedule 3 - Transfers to Constituency Associations and Nominated Candidates

(The following information must be reported for any transfers sent during the campaign period by the registered political party to any constituency association or nominated candidate of the registered political party.)

A. To Constituency Associations

Name of Constituency Association (attach list if necessary)	\$ Total of Transfers sent to each Constituency Association
Assiniboia	3,851.67
Kirkfield Park	9,635.21
St. James	3,187.59
Steinbach	180.00
Total amount of Transfers to Constituency Associations	Line 720 \$ 16,854.47

To line 410

1. List attached?

Yes _____

No X

Schedule 3 - Transfers to Constituency Associations and Nominated Candidates

continue...

(The following information must be reported for any transfers sent during the campaign period by the registered political party to any constituency association or nominated candidate of the registered political party.)

B. To Nominated Candidates

Name of Nominated Candidate (attach list if necessary)	\$ Total of Transfers sent to each Nominated Candidate
Cris Aglugub	10,000.00
Susan Auch	22,860.00
David Bell	11,416.74
Stuart Briese	1,540.00
Mike Brown	20,890.00
Anita Campbell	8,398.00
Frank Clark	8,000.00
Cliff Cullen	2,520.00
Kelly de Groot	26,985.00
Sonny Francis Dominique	8,950.00
Myrna Driedger	1,350.00
Judy Eastman	25,625.00
Ralph Eichler	1,225.00
Wayne Ewasko	18,060.00
Cameron Friesen	2,900.00
Scott Gillingham	15,602.14
Kelvin Goertzen	200.00
Clifford Graydon	1,300.00
Reginald Helwer	800.00
David Hutten	10,550.00
Tyrone Krawetz	8,200.00
Ray Larkin	8,000.00
Darcy Byron Linklater	8,120.00
Steve Lupky	20,725.00
Larry Maguire	2,322.44
Shaun D'Arcy McCaffrey	14,417.75
William Alfred McDonald	3,900.00
Hugh McFadyen	11,687.50
Lloyd James McKinney	10,100.00
Bonnie Mitchelson	12,097.50
Martin Morantz	10,559.00
Rick Negrych	6,050.00
Blaine Pedersen	5,000.00
Darrell Grant Penner	16,400.00
Desmond Penner	17,475.00
David William Powell	10,040.00
Ian Rabb	18,563.00
Leanne Rowat	1,900.00
Ron Schuler	1,345.00
Kaur Sidhu	10,200.00
Dennis Smook	10,960.00
Belinda Squance	6,200.00
Rochelle Squires	21,497.00
Craig Stapon	11,951.80

