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ELECTIONS MANITOBA

January 4, 2012

ELECTIONS MANITOBA

INDEPENDENT AUDITORS' REPORT

To Kathryn Lee, Official Agent for William Alfred McDonald, and William Alfred McDonald, the Candidate:

We have audited the accompanying Form 922, Candidate's Financial Statements and Supporting Schedules, which comprises the Statement of Assets, Liabilities and Surplus as at December 5, 2011, Statement of Income, Expenses and Transfers for the Candidacy of Blaine Pedersen for the candidacy period from September 1, 2011 to December 5, 2011 relating to the election held on October 4, 2011 in the Electoral Division The Pas and a note describing the basis of accounting (the statements). The statements have been prepared by the Official Agent based on the financial reporting provisions of the Elections Finances Act as issued by Elections Manitoba.

Official Agent's Responsibility for the Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on the statements 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 statements are free from material misstatement.

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

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 election campaign, the completeness of contribution income and donations in kind income and expenses is not susceptible of satisfactory audit verification. Accordingly, our testing of contribution income and donations in kind income and expenses was limited to the amounts recorded in the candidate's election campaign records and we were not able to determine whether any adjustments might be necessary to assets, liabilities, income, expenses, and the campaign period surplus/deficit.

Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, Form 922, Candidate's Financial Statements and Supporting Schedules for William Alfred McDonald for the candidacy period of September 1, 2011 to December 5, 2011 relating to the election held on October 4, 2011 in the Electoral Division The Pas are prepared, in all material respects, in accordance with the financial reporting provisions of the Elections Finances Act as issued by Elections Manitoba.

Basis of Accounting

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



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.

**Notes to the Candidate's Financial Statements and Supporting Schedules – Form 922
for the Candidacy Period from September 1, 2011 to December 5, 2011**

1. Basis of accounting

The Candidate's Financial Statements and Supporting Schedules – Form 922, are prepared to comply with the financial reporting provisions of the *Elections Finances Act* as issued by Elections Manitoba. Income, expenses and transfers have been accounted for using the rules and regulations found within the Act. The statements are filed with Elections Manitoba in accordance with the Elections Finances Act. As a result, the statements may not be suitable for another purpose.

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**Candidate's Financial Statements
and Supporting Schedules**



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(To be filed within 4 months after Election Day.
Complete the form in ink.)

For the Candidacy Period

Date SEPTEMBER 1, 2011

To Date December 5, 2011

Candidate

Name	<u>William Alfred McDonald</u>
Electoral Division	<u>The Pas</u>
Endorsing Political Party (If applicable)	<u>PC Party of MANITOBA</u>

Official Agent

Name	<u>Kathryn A. Lee</u>
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Auditor

Name of Auditor	<u>Scarrow & Donald LLP</u>
Name of Public Accountant to Whom Inquiry May be Directed (if different than above)	<u>Keith Findlay, CA.</u>

Declaration

I, the undersigned Official Agent, hereby file a completed Form 922 – *Candidate's Financial Statements and Supporting Schedules* – 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*.

Signature of Official Agent

January 4, 2012
Date

Statement of Assets, Liabilities and Surplus as at the End of the Candidacy Period

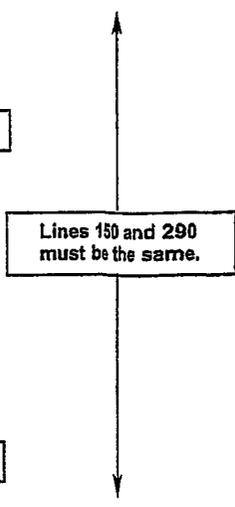
Assets

100	Cash	\$	<u>0</u>
110	Accounts receivable		_____
120	Inventory*		_____
	Other assets (provide details)		
130	_____		_____
140	_____		_____

150	Total Assets (total of line 100 to 140)		line 150	\$	<u>0</u>
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Liabilities and Surplus

200	Accounts payable	\$	_____	← From line 840
210	Overdraft/ Line of Credit**		_____	
220	Loans**		_____	
	Other liabilities (provide details)			
230	_____		_____	
240	_____		_____	
250	Candidacy Period Surplus/(Deficit)		<u>0</u>	← From line 440



290	Total Liabilities and Surplus (total of line 200 to 250)	\$	<u>0</u>
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* Inventory as of the end of the candidacy period would include items purchased but not used (i.e. expensed). Inventory should also be taken as of 8 p.m. on Election Day in order to exclude the value from the amount reported as election expenses.

** A written copy of each loan agreement must be filed separately if there was a loan, line of credit, or bank overdraft in existence at any time to the candidate during the candidacy period.

Schedule 1 – Candidacy Period Expenses Including Donations in Kind

	Election Expenses used in Election period			D Non-Election Expenses in Candidacy Period	E Total Expenses (columns A plus B plus C plus D)
	A Cash/Credit	B Donation in Kind	C Goods and Services Used and Received Through Transfers		
500 Advertising - Media	673.85			27.05	700.90
505 Posters, pamphlets, promotional	1071.62				1071.62
510 Audit fee (amount in excess of subsidy)					
515 Disability					
520 Child Care					
525 Fund Raising					
530 Furniture and equipment rental					
535 Honoraria/Salaries					
540 Interest and basic charges					
545 Office Occupancy (rent, utilities)	25.00				25.00
550 Office supplies and postage	997.80				997.80
555 Personal					
560 Polling					
565 Signs/structural support	1541.61				1541.61
570 Telephone	61.59				61.59
575 Transportation, accommodation and food	1191.39				1191.39
Other (provide details)					
580 _____					
585 _____					
590 Total (total of line 500 to 585)	5562.86			27.05	5589.91
595 Total election expenses (Total of line 590 column A, B and C)	5562.86				

From schedule 7,
line 850

From schedule 8,
line 860

To line 400

To line 410

Provide the amount of bank charges and loan interest incurred from the close of polls to 4 months after Election Day. (Not required if candidate did not qualify for reimbursement)

Loan interest line 597 \$ _____

Bank Charges line 599 \$ _____

Schedule 3 – Transfers from Endorsing Political Party

(Complete only if the candidate's campaign received transfers from the candidate's endorsing political party)

- A. Total value of all cash transfers received during the candidacy period from the candidate's endorsing political party: *1600 + 2300* line 700 \$ 3,900
- B. Total value of all transfers of goods or services during the candidacy period from the candidate's endorsing political party: line 710 \$
- C. Total transfers from candidate's endorsing political party: line 720 \$ 3,900 ← To line 310
(total of line 700 to 710)
- D. If you entered an amount on line 710, report the value of goods or services that were used in the election period: line 730 \$

Schedule 4 – Transfers from Candidate's Constituency Association

(Complete only if the candidate's campaign received transfers from the candidate's constituency association.) **NONE**

- A. Total value of all cash transfers received during the candidacy period from the candidate's constituency association: line 740 \$ _____
- B. Total value of all transfers of goods or services during the candidacy period from the candidate's constituency association: line 750 \$ _____
- C. Total transfers from candidate's constituency association: line 760 \$ _____ ← To line 320
(total of line 740 to 750)
- D. If you entered an amount on line 750, disclose the value of goods or services that were used during the election period: line 770 \$ _____

If the aggregate value of transfers, as calculated on line 760 is \$250 or more, provide the following information:

- E. Were there contributions of \$250 or more to the constituency association endorsing the candidate during the candidacy period?

_____ No (no further information is required)

_____ Yes (complete the schedule below)

Name and address of Contributors of \$250 or more to the Constituency Association (attach list if necessary)	\$ Aggregate Value of Contribution

List attached?

Yes _____

No _____

