

**Statement of Registered Party
Assets and Liabilities [372]
Declaration 372(c)**

**État de l'actif et du passif
d'un parti enregistré [372]
Déclaration 372(c)**

REGISTERED PARTY'S INFORMATION - COORDONNÉES DU PARTI

Party's full name - Nom complet du parti Conservative Party of Canada		Postal address - Adresse postale 130 Albert St. Suite 1720	
City - Ville Parti Conservateur du Canada Ottawa		Prov./Terr. ON	Postal code - Code postal K1P 5G4
Telephone number - Numéro de téléphone 613 755-2000		E-mail address - Courriel	

CHIEF AGENT'S INFORMATION - COORDONNÉES DE L'AGENT PRINCIPAL

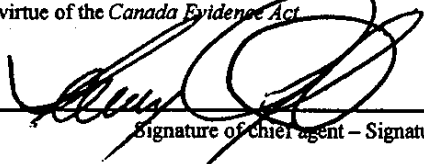
Chief agent's full name - Nom complet de l'agent principal Irving R. Gerstein		Home postal address - Adresse postale de résidence	
City - Ville Toronto		Prov./Terr. ON	Postal code - Code postal M4V 1J2
Telephone numbers Numéros de téléphone	Residence - Domicile	Business - Affaires	E-mail address - Courriel

DECLARATION - DÉCLARATION

I hereby solemnly declare that to the best of my knowledge and belief:

- the statement of assets and liabilities is complete and accurate.

I make this solemn declaration conscientiously, believing it to be true and knowing that it is the same force and effect as if made under oath and by virtue of the *Canada Evidence Act*



Signature of chief agent - Signature de l'agent principal

Je déclare solennellement qu'au meilleur de ma connaissance et croyance :

- l'état de l'actif et du passif est complet et précis.

Je fais cette déclaration solennelle la croyant consciencieusement vraie et sachant qu'elle a la même force et le même effet que si elle était faite sous serment en vertu de la *Loi sur la preuve au Canada*.



Date

Section 372

Within six month after becoming a registered party, the registered party shall provide the Chief Electoral Officer with

(a) a statement, prepared in accordance with generally accepted accounting principles, of its assets and liabilities, including any surplus or deficit, as of the day before the effective date of the registration;

(b) a report on that statement made by the registered party's auditor to its chief agent that contains the auditor's opinion as to whether that statement presents fairly and in accordance with generally accepted accounting principles the information on which it is based; and

(c) a declaration in the prescribed form by the chief agent of the registered party concerning that statement.

The personal information provided is for federal electoral purposes only. This information may be made available for public inspection pursuant to section 541 of the *Canada Elections Act*. This information will be published by the Chief Electoral Officer pursuant to section 412 of the *Canada Elections Act*. The Elections Canada Web site (www.elections.ca) may be the medium chosen for this publication. The information is retained in personal information bank CEO PPU 010.

Article 372

Dans les six mois suivant son enregistrement, le parti enregistré produit auprès du directeur général des élections :

a) un état de son actif et de son passif - dressé selon les principes comptables généralement reconnus - et de son excédent ou de son déficit à la veille de la date de l'enregistrement;

b) le rapport de son vérificateur, adressé à son agent principal, indiquant si l'état présente fidèlement et selon les principes comptables généralement reconnus les renseignements contenus dans les écritures comptables sur lesquelles il est fondé;

c) la déclaration de son agent principal concernant l'état, effectuée sur le formulaire prescrit.

Les renseignements personnels que vous fournissez servent uniquement à des fins électorales fédérales. Cette information sera accessible au public en vertu de l'article 541 de la *Loi électorale du Canada*. En vertu de l'article 412 de la *Loi électorale du Canada*, cette information sera publiée par le directeur général des élections. Il est possible que le moyen de publication choisi soit le site Web d'Élections Canada (www.elections.ca). L'information sera conservée dans la base de renseignements personnels DGE PPU 010.

**Statement of Assets and Liabilities
as of the day before the effective date
of registration [372(a)]**

**État de l'actif et du passif à la veille
de la date de l'enregistrement
[372 a)]**

Registered party name – Nom du parti enregistré Conservative Party of Canada Parti Conservateur du Canada

Y-A	M	D-J
03	12	06

ASSETS – ACTIF	
Current assets – Actifs à court terme	5,882,005
Cash and cash equivalents – Encaisse et dépôts à terme	5,341,995
Accounts receivable – Débiteurs	423,138
Prepaid expenses – Frais payés d'avance	91,168
Other current assets – Autres actifs à court terme	25,704
Capital assets (if applicable) (note 3) – Immobilisations (s'il y a lieu) (note 3) (NET)	380,303
Other assets (if applicable) – Autres actifs (s'il y a lieu)	--
Other assets (if applicable) – Autres actifs (s'il y a lieu)	--
Other assets (if applicable) – Autres actifs (s'il y a lieu)	--
LIABILITIES – PASSIF	
Current liabilities – Passifs à court terme	7,650,433
Bank loans payable on demand (if applicable) (note 4) – Emprunts à court terme (s'il y a lieu) (note 4)	4,625,000
Accounts payable and accrued liabilities – Créditeurs et charges à payer	1,862,255
Current portion of capital lease – Tranche à court terme de location-acquisition	32,174
Other current liabilities – Autres passifs à court terme	1,131,004
Capital lease (if applicable) (note 5) – Location-acquisition (s'il y a lieu) (note 5)	57,649
Other liabilities (if applicable) – Autres passifs (s'il y a lieu)	5,669,132
Other liabilities (if applicable) – Autres passifs (s'il y a lieu)	--
Other liabilities (if applicable) – Autres passifs (s'il y a lieu)	--
NET ASSETS – ACTIFS NETS	
Net assets invested in capital assets (if applicable) – Actifs nets investis dans les immobilisations (s'il y a lieu)	290,481
Unrestricted net assets – Actifs nets non affectés	(7,405,386)
Other net assets – Autres actifs nets	--

See Notes to Financial Statements – Voir les notes afférentes aux états financiers

Notes to Financial Statements

Registered party name

Conservative Party of Canada / Parti Conservateur du Canada

Y	M	D
2003	12	06

1. Purpose of the organization

The Conservative Party of Canada is a Registered Political Party as defined by the Canada Elections Act. It has appointed the Conservative Fund Canada (the "Fund") to act as its Chief Agent in connection with the receipt of contributions and payment of expenses and all other financial transactions of the Party as required by the Canada Elections Act. The Fund is exempt from income taxes.

The Conservative Party of Canada was created on December 7, 2003. The assets, liabilities and net assets of the former Canadian Alliance Party and the Progressive Conservative Party of Canada were transferred to the Conservative Party of Canada as of this date. As such, statements of revenue and expenses, changes in net assets and of cash flow have not been presented. The opening balances of the former Canadian Alliance Fund, the Chief Agent for the Canadian Alliance Party, were audited by another auditor.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Revenue recognition

The Fund follows the deferral method of accounting. Restricted contributions are recognized as revenue in the period the related expenses are incurred.

Unrestricted contributions are recognized in the year the tax receipt is issued.

Membership revenue is recognized in the period to which membership relates.

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

Short-term investments

Short-term investments are recorded at cost, plus accrued interest, which approximates market value

Capital assets

Capital assets are recorded at cost. Amortization is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Computer equipment	3 years
Furniture and equipment	5 years
Leased equipment	4 years

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from these estimates.

Notes to Financial Statements (Page 2)

Registered party name
Conservative Party of Canada / Parti Conservateur du Canada

Y	M	D
2003	12	06

3. Capital assets (if applicable)

	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 777,411	\$ 518,550	\$ 258,861
Furniture and equipment	291,763	248,965	42,798
Leased equipment	122,761	44,117	78,644
	<u>\$ 1,191,935</u>	<u>\$ 811,632</u>	<u>\$ 380,303</u>

4. Bank loans (if applicable)

Bank loan

The bank loan consists of a loan of \$4,391,861 which is interest free and a loan of \$4,000,000 which bears interest at a rate of prime plus 2%. The loans are to be repaid in accordance with the following schedule:

	Current	Long-term	Total
2003	\$ 25,000	\$ -	\$ 25,000
2004	4,600,000	-	4,600,000
2005	-	800,000	800,000
2006	-	800,000	800,000
2007	-	800,000	800,000
2008	-	800,000	800,000
After 2008	-	566,861	566,861
	<u>\$ 4,625,000</u>	<u>\$ 3,766,861</u>	<u>\$ 8,391,861</u>

5. Capital leases (if applicable)

The Fund has entered into a number of lease agreements for computer equipment and software. The future minimum lease payments under capital leases expiring July 2006 are as follows:

2003	\$ 3,553
2004	42,635
2005	42,635
2006	23,393
	<u>112,216</u>
Amount representing interest	<u>(22,393)</u>
	<u>\$ 89,823</u>
Balance of lease obligations	
Current	\$ 32,174
Long-term	57,649
	<u>\$ 89,823</u>

6. Commitments (if applicable)

The Fund is committed under the terms of various operating leases and other agreements with various expiration dates for the rental of premises and equipment and the purchase of goods and services. Annual payment related to these commitments will be as follows:

2003	\$ 9,237
2004	724,330
2005	628,323
2006	366,469
2007	221,877
	<u>\$ 1,950,236</u>

Notes to Financial Statements (Page 3)

Registered party name
Conservative Party of Canada / Parti Conservateur du Canada

Y	M	D
2003	12	06

7. Other (Contingent Liabilities)

The Fund is involved in certain claims and lawsuits for which the outcome is not readily determinable at this time. As such, no accrual has been estimated for the potential cost of any settlement, if any. The Fund does not believe that the outcome will significantly impair its operations or have a material adverse impact on its financial position.

Auditors' Report on the Statement of Registered Party Assets and Liabilities

To the Chief Electoral Officer

We have audited the statement of registered party assets and liabilities of the Conservative Party of Canada (the Party) as at December 6, 2003. This financial statement is the responsibility of the Conservative Fund Canada's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether this financial statement is free of material misstatement. Our audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement's presentation.

In our opinion, this financial statement presents fairly, in all material respects, the financial position of the Party as at December 6, 2003 in accordance with Canadian generally accepted accounting principles.

Rapport des vérificateurs sur l'état de l'actif et du passif d'un parti enregistré

Au directeur général des élections

Nous avons vérifié l'état de l'actif et du passif d'un parti enregistré du Parti conservateur du Canada (le Parti) au 6 décembre 2003. La responsabilité de cet état financier incombe à la direction du Fonds conservateur Canada. Notre responsabilité consiste à exprimer une opinion sur cet état financier en nous fondant sur notre vérification.

Notre vérification a été effectuée conformément aux normes de vérification généralement reconnues du Canada. Ces normes exigent que la vérification soit planifiée et exécutée de manière à fournir l'assurance raisonnable que l'état financier est exempt d'inexactitudes importantes. La vérification comprend le contrôle par sondages des éléments probants à l'appui des montants et des autres éléments d'information fournis dans l'état financier. Elle comprend également l'évaluation des principes comptables suivis et des estimations importantes faites par la direction, ainsi qu'une appréciation de la présentation d'ensemble de l'état financier.

À notre avis, cet état financier donne, à tous les égards importants, une image fidèle de la situation financière du Parti au 6 décembre 2003, selon les principes comptables généralement reconnus du Canada.

Deloitte & Touche LLP / s.r.l.

Chartered Accountants

Comptables agréés

June 4, 2004

Le 4 juin 2004