

# **The Federal Liberal Agency of Canada**

Financial Statements  
**December 31, 2025**



# Independent auditor's report

To the Directors of The Federal Liberal Agency of Canada

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## Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Federal Liberal Agency of Canada (the Agency) as at December 31, 2025 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## What we have audited

The Agency's financial statements comprise:

- the statement of financial position as at December 31, 2025;
- the statement of operations for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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## Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We are independent of the Agency in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Agency or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Agency's financial reporting process.

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### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Agency to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario

June 29, 2026

# The Federal Liberal Agency of Canada

## Statement of Financial Position

As at December 31, 2025

	2025 \$	2024 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,154,469	2,296,817
Investments (note 3)	4,954,136	4,430,556
Accounts receivable	9,761,256	542,391
Prepaid expenses	533,673	532,740
	<u>17,403,534</u>	<u>7,802,504</u>
<b>Property and equipment</b> (note 4)	<u>373,300</u>	<u>540,147</u>
	<u>17,776,834</u>	<u>8,342,651</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Bank loans (notes 5)	3,990,000	-
Accounts payable and accrued liabilities	5,805,402	3,838,010
Deferred lease inducement	120,604	158,831
	<u>9,916,006</u>	<u>3,996,841</u>
<b>Deferred lease inducement</b>	<u>1,140</u>	<u>121,745</u>
	<u>9,917,146</u>	<u>4,118,586</u>
<b>Net assets</b>		
Unrestricted	2,918,639	(198,361)
Internally restricted (note 7)	4,941,049	4,422,426
	<u>7,859,688</u>	<u>4,224,065</u>
	<u>17,776,834</u>	<u>8,342,651</u>
<b>Commitments</b> (note 6)		

### Approved by the Board of Directors

\_\_\_\_\_ Director \_\_\_\_\_ Director

The accompanying notes are an integral part of these financial statements.

# The Federal Liberal Agency of Canada

## Statement of Operations

For the year ended December 31, 2025

	2025 \$	2024 \$
<b>Revenue</b>		
Contributions	29,642,048	15,182,610
Election rebates	31,101,692	269,442
	<hr/> 60,743,740	<hr/> 15,452,052
<b>Expenses</b>		
Advertising – radio	2,151,721	3,915
Advertising – television	9,450,925	305,691
Advertising – other	10,019,115	1,999,934
Amortization of property and equipment	251,530	238,265
Bank charges and interest	1,629,497	389,244
Fundraising activities	4,432,459	3,427,572
Office	7,569,386	2,511,201
Polling and research	1,173,279	109,384
Professional services	5,101,672	2,465,672
Salaries and benefits	9,093,065	6,245,934
Travel and hospitality	4,098,343	297,910
	<hr/> 54,970,992	<hr/> 17,994,722
<b>Other income (expense)</b>		
Unrealized gain on investments	494,652	456,770
Realized (loss) gain on investments	(19,743)	147,071
Interest	156,263	165,819
Transfers in	319,880	736,394
Transfers out	(6,746,440)	(887,640)
Other	3,665,123	137,639
Other (expenses) income	(6,860)	83,071
	<hr/> (2,137,125)	<hr/> 839,124
<b>Excess (deficiency) of revenue over expenses for the year</b>	<hr/> <b>3,635,623</b>	<hr/> <b>(1,703,546)</b>

The accompanying notes are an integral part of these financial statements.

# The Federal Liberal Agency of Canada

## Statement of Changes in Net Assets

For the year ended December 31, 2025

	<b>2025</b>		
	<b>Unrestricted \$</b>	<b>Internally restricted \$ (note 7)</b>	<b>Total \$</b>
<b>Net assets – Beginning of year</b>	(198,361)	4,422,426	4,224,065
Excess of revenue over expenses for the year	3,117,000	518,623	3,635,623
<b>Net assets – End of year</b>	<u>2,918,639</u>	<u>4,941,049</u>	<u>7,859,688</u>
	<b>2024</b>		
	<b>Unrestricted \$</b>	<b>Internally restricted \$ (note 7)</b>	<b>Total \$</b>
<b>Net assets – Beginning of year</b>	2,188,939	3,738,672	5,927,611
(Deficiency) excess of revenue over expenses for the year	(2,387,300)	683,754	(1,703,546)
<b>Net assets – End of year</b>	<u>(198,361)</u>	<u>4,422,426</u>	<u>4,224,065</u>

The accompanying notes are an integral part of these financial statements.

# The Federal Liberal Agency of Canada

## Statement of Cash Flows

For the year ended December 31, 2025

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	2025 \$	2024 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses for the year	3,635,623	(1,703,546)
Items not affecting cash		
Amortization of property and equipment	251,530	238,265
Amortization of lease inducement	(158,831)	(130,150)
Unrealized gain on investments	(494,652)	(456,770)
Net realized loss (gain) on investments	19,743	(147,071)
Changes in non-cash working capital items		
Accounts receivable	(9,218,865)	554,654
Prepaid expenses	(933)	(92,843)
Accounts payable and accrued liabilities	1,967,392	1,468,066
	<u>(3,998,993)</u>	<u>(269,395)</u>
<b>Investing activities</b>		
Purchase of property and equipment	(84,683)	(104,473)
Purchase of investments	(48,672)	(81,935)
	<u>(133,355)</u>	<u>(186,408)</u>
<b>Financing activities</b>		
Increase in bank loans	27,000,000	-
Repayment of bank loans	(23,010,000)	-
	<u>3,990,000</u>	<u>-</u>
<b>Change in cash and cash equivalents during the year</b>	(142,348)	(455,803)
<b>Cash and cash equivalents – Beginning of year</b>	<u>2,296,817</u>	<u>2,752,620</u>
<b>Cash and cash equivalents – End of year</b>	<u>2,154,469</u>	<u>2,296,817</u>

The accompanying notes are an integral part of these financial statements.

# The Federal Liberal Agency of Canada

## Notes to the Financial Statements

December 31, 2025

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### 1 Nature of operations

The Liberal Party of Canada (the Party) is a Registered Party as defined in Section 2(1) of the Canada Elections Act. The Federal Liberal Agency of Canada (the Agency) is the Party's chief agent for all contractual and business matters.

### 2 Summary of significant accounting policies

#### Basis of presentation

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations as set out in Part III of the Chartered Professional Accountants of Canada (CPA Canada) Handbook – Accounting, which sets out generally accepted accounting principles for not-for-profit organizations in Canada.

#### Use of estimates

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 and the disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant items subject to such estimates and assumptions include election rebates. Actual results could differ from those estimates.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks and other short-term highly liquid investments with original maturities of three months or less.

#### Investments

Investments are measured at fair value based on quoted market prices. Changes in fair value are recorded in other income.

#### Revenue recognition

The Agency follows the deferral method of accounting for contributions. Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received.

Contributed materials and services, except volunteer labour, are recorded at fair value. Except where required by the Canada Elections Act, the value of volunteer labour is not recorded in the financial statements.

Participant fees for conventions and annual general meetings are recognized in the year the convention is held.

# The Federal Liberal Agency of Canada

## Notes to the Financial Statements

December 31, 2025

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Election rebates are recognized in the year of the election expenditure, when the amount can be reasonably estimated and collection is reasonably assured. The Agency has recognized revenue for election rebates based on management's interpretation of the applicable legislation in the Canada Elections Act. These amounts are subject to review and acceptance by Elections Canada prior to collection.

Investment income consists of interest, dividends, distributions, reinvestments and realized and unrealized gains and losses related to the Agency's investments. Investment income earned on assets attributed to the general operation of the Agency is unrestricted and recognized as revenue.

### Property and equipment

Property and equipment are initially recorded at cost and amortized over their estimated service lives on a straight-line basis as follows:

Building	20 years
Print shop equipment	5 years
Furniture and fixtures	5 years
Computer equipment and software	3 years
Leasehold improvements	Remainder of lease

### Lease inducement

Inducements received to enter into leases for office space are deferred and amortized on a straight-line basis over the term of the lease as a reduction of office expenses.

### Financial instruments

#### Recognition and derecognition

A financial asset or a financial liability is initially recognized when the Agency becomes a party to the contractual provisions of the financial instrument.

#### Measurement

The Agency initially measures financial assets originated or acquired and financial liabilities issued or assumed in an arm's length transaction at fair value. These financial assets and financial liabilities are subsequently measured at amortized cost, except for equity investments quoted in active markets, which are measured at fair value. Changes in fair value are recognized in excess (deficiency) of revenue over expenses. Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

# The Federal Liberal Agency of Canada

## Notes to the Financial Statements

December 31, 2025

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Where transactions with related parties result in the recognition of derivative contracts, quoted debt or equity instruments, or debt instruments where significant inputs to measure their fair value are observable, these are initially measured at fair value. All other financial assets originated or acquired, and financial liabilities issued or assumed, in a related party transaction are initially measured at cost. For financial instruments with repayment terms, cost is determined as the sum of undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. For financial instruments with no repayment terms, or those that are due on demand, cost is determined by reference to the consideration transferred or received by the Agency in the transaction.

### Impairment

At the end of each reporting period, the Agency assesses whether there are any indications that a financial asset measured at cost or amortized cost may be impaired. If there are indicators of impairment and the Agency determines there has been a significant adverse change in the expected amount or timing of future cash flows, an impairment is recognized.

For all financial assets, other than investments in debt or equity instruments originated or acquired in a related party transaction and initially measured at cost, the carrying amount of the asset is reduced to the higher of: the expected cash flows expected to be generated by holding the asset, discounted using a current market rate of interest; the amount that could be realized by selling the asset at the financial position date; and the amount that could be realized by exercising the Agency's right to any collateral held, net of all costs necessary to exercise those rights.

If circumstances change, a previously recognized impairment may be reversed to the extent of the improvement, provided the adjusted carrying amount is no greater than the amount that would have been recognized if the impairment had not been recorded.

### 3 Investments

	2025 \$	2024 \$
Cash	117,102	27,212
Equities	4,022,185	3,787,593
Mutual funds	343,122	306,910
Other	471,727	308,841
	<u>4,954,136</u>	<u>4,430,556</u>

# The Federal Liberal Agency of Canada

## Notes to the Financial Statements

December 31, 2025

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### 4 Property and equipment

			2025	2024
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Building	260,517	(139,913)	120,604	79,573
Print shop equipment	28,661	(28,661)	-	-
Furniture and fixtures	908,289	(829,678)	78,611	110,507
Computer equipment and software	253,886	(213,388)	40,498	46,709
Leasehold improvements	1,426,591	(1,293,004)	133,587	303,358
	2,877,944	(2,504,644)	373,300	540,147

### 5 Credit facilities and demand loans

The Agency has lines of credit available up to \$6,000,000 at annual rates of interest at the banks' prime rate (4.45 % as at December 31, 2025 (2024 – 5.45%)), due on demand. As at December 31, 2025, the Agency had \$nil drawings (2024 – \$nil) on these facilities. The lines of credit are collateralized by a general security agreement.

As at December 31, 2025, demand bank loans amounted to \$3,990,000 (2024 – \$nil) and were held by various Canadian chartered banks at the banks' prime rate of 4.45%. The loans are secured by both a general security agreement and Elections Canada rebates. All amounts were repaid in full in February 2026.

### 6 Commitments

The future minimum payments for lease agreements and other commitments are as follows:

	\$
Years ending December 31, 2026	2,430,678
2027	1,804,481
2028	1,670,876
2029	1,530,779
2030	271,682

The Agency has a committed purchase obligation of \$1,182,884 for services in the event of an election.

# The Federal Liberal Agency of Canada

## Notes to the Financial Statements

December 31, 2025

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### 7 Internally restricted net assets

As at December 31, 2025, the Board of Directors has internally restricted net assets for the following purposes.

	2025 \$	2024 \$
Working Capital Restricted Fund	1,976,420	1,768,970
Future Campaigns Restricted Fund	2,964,629	2,653,456
	<u>4,941,049</u>	<u>4,422,426</u>

### 8 Financial risk management

The Agency's financial instruments expose it to a variety of financial risks.

#### Liquidity risk

Liquidity risk is the risk an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Agency is exposed to liquidity risk mainly with respect to its accounts payable and accrued liabilities. Cash flows from operations provide a substantial portion of the Agency's cash requirements. The Agency also has lines of credit as described in note 5.

#### Credit risk

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Agency to credit risk consist principally of cash and cash equivalents and accounts receivable. The Agency's cash and cash equivalents are maintained at major financial institutions; therefore, the Agency considers the risk of non-performance of these instruments to be remote. Trade receivables are generally due within 30 to 90 days. No trade receivables mature beyond one year.

#### Market risk

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. The Agency is exposed to interest rate, currency and other price risk.

#### Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Agency is exposed to interest rate risk on its lines of credit (note 5).

# The Federal Liberal Agency of Canada

## Notes to the Financial Statements

December 31, 2025

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### **Currency risk**

Currency risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises when financial assets or financial liabilities are denominated in a currency other than Canadian dollars. Investments include \$1,941,910 (US\$1,416,832) denominated in US dollars.

### **Other price risk**

Other price risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Agency's exposure to this risk arises from its investments in quoted equity instruments. The Agency invests in a diversified portfolio of securities and is not exposed to concentrations of other price risk to a particular industry or company.