

Independent Auditor's Report

To the Chief Agent of the Conservative Party of Canada for submission to the Chief Electoral Officer of Canada in accordance with Subsection 437(1) of the *Canada Elections Act*.

We have audited the Conservative Party of Canada's compliance for the period from August 2, 2015 to October 19, 2015, with the criteria established by the applicable requirements of Division 1 (General Financial Provisions) and Division 2 (Political Parties) of Part 18 (Financial Administration) of the *Canada Elections Act* (the "Act"), as per Subsection 438(1) of the Act and the interpretation of such requirements as set out in the attached Note 1 and related "Written Opinions, Guidelines and Interpretation Notes" issued by Elections Canada and dated February 2016 (collectively, the "legal provisions"). Compliance with the criteria established by the legal provisions is the responsibility of the Conservative Party of Canada management. Our responsibility is to express an opinion on this compliance 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 about whether the Conservative Party of Canada complied with the criteria established by the legal provisions referred to above. Such an audit includes examining, on a test basis, evidence supporting compliance; evaluating the overall compliance with these criteria; and, where applicable, assessing the accounting principles used and significant estimates made by management.

Due to the inherent nature of the transactions of electoral campaigns, the completeness of General Election expenses is not susceptible of satisfactory audit verification. Accordingly, our verification of the Conservative party of Canada's compliance with the legal provisions referred to above was limited to the amounts recorded in the Chief Agent's accounting records.

In our opinion, except for the possible effects of the matter described in the preceding paragraph, the Conservative Party of Canada for the period from August 2, 2015 to October 19, 2015, is in compliance, in all material respects, with the legal provisions referred to above.



Chartered Professional Accountants
Licensed Public Accountants

February 19, 2016

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Report on the Registered Party Return in Respect of General Election Expenses

We have audited the accompanying Registered Party Return in Respect of General Election Expenses (the "Return") of the Conservative Party of Canada for the general election of October 19, 2015. The Return was prepared by the Chief Agent of the Conservative Party of Canada based on the financial reporting provisions of Section 437 of the *Canada Elections Act*, the "Political Financing Handbook for Registered Parties and Chief Agents" issued by Elections Canada and dated July 2015 and the "Guideline for the External Audit of a Registered Party Return in Respect of General Election Expenses" and related "Written Opinions, Guidelines and Interpretation Notes" issued by Elections Canada and dated February 2016.

The Chief Agent's Responsibility for the Return

The Chief Agent is responsible for the preparation of the Return in accordance with the financial reporting provisions of Section 437 of the *Canada Elections Act*, the "Political Financing Handbook for Registered Parties and Chief Agents" issued by Elections Canada and dated July 2015 and the "Guideline for the External Audit of a Registered Party Return in Respect of General Election Expenses" and related "Written Opinions, Guidelines and Interpretation Notes" issued by Elections Canada and dated February 2016, and for such internal control as the Chief Agent determines is necessary to enable the preparation of the Return that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Return 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 Return is free from 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 entity's 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Return.

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 inherent nature of the transactions of electoral campaigns, the completeness of expenses is not susceptible of satisfactory audit verification. Accordingly, our verification of these amounts was limited to the amounts recorded in the Chief Agent's accounting records.

Therefore, we were not able to determine whether any adjustments might be necessary to the Return.

Qualified Opinion

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, the Return of the Conservative Party of Canada for the general election of October 19, 2015 is prepared, in all material respects, in accordance with the financial reporting provisions of Section 437 of the Canada Elections Act, the "Political Financing Handbook for Registered Parties and Chief Agents" issued by Elections Canada and dated July 2015 and the "Guideline for the External Audit of a Registered Party Return in Respect of General Election Expenses" and related "Written Opinions, Guidelines and Interpretation Notes" issued by Elections Canada and dated February 2016.

Basis of Accounting and Restriction of Use

Without modifying our opinion, we draw your attention to the first section in our Auditor's report which describes the basis of accounting. The Return is prepared to assist the Chief Agent of the Conservative Party of Canada to meet the requirements of Section 437 of the Canada Elections Act, the "Political Financing Handbook for Registered Parties and Chief Agents" issued by Elections Canada and dated July 2015 and the "Guideline for the External Audit of a Registered Party Return in Respect of General Election Expenses" and related "Written Opinions, Guidelines and Interpretation Notes" issued by Elections Canada and dated February 2016. As a result, the Return may not be suitable for another purpose. Our report is intended solely for the Chief Agent of the Conservative Party of Canada and the Chief Electoral Officer, and should not be used by parties other than the Chief Agent of the Conservative Party of Canada and the Chief Electoral Officer.

Report on Other Legal and Regulatory Requirements

As required by subsection 438(1) of the *Canada Elections Act*, in our opinion, the Return presents fairly the information contained in the financial records on which it is based.

In addition, as required by the "Guideline for the External Audit of a Registered Party Return in Respect of General Election Expenses" issued by Elections Canada and dated February 2016, we declare that the total election expenses amount of \$41,871,574.26, as reported in the Return of the Conservative Party of Canada for the general election of October 19, 2015, is below the limit of \$54,936,320.15 determined by Elections Canada.



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

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Note 1 – Applicable Requirements of the *Canada Elections Act*

Part 18 – Financial Administration	
Division 1 – General Financial Provisions	
363(3)	<p>Provincial divisions (for the expense portion only)</p> <p>The auditor has to ensure that the election expenses reported by the provincial division of the party were recorded in the party's election expenses return.</p>
376(1)	<p>Election expenses</p> <p>The auditor has to ensure that reported election expenses meet the following definitions:</p> <ul style="list-style-type: none"> a) any cost incurred or non-monetary contribution received by a registered party, to the extent that the property or service that the cost was incurred for, or that was received as a non-monetary contribution, is used to directly promote or oppose a registered party or its leader during an election period; and b) any non-monetary transfer received from a registered association or a candidate of the registered party, to the extent that the property or services are used to directly promote or oppose a registered party or its leader during an election period. <p>This generally means that any expense reasonably incurred for property or services used during the election period in relation to an electoral campaign is an election expense of the party.</p>
376(2)	<p>Exclusions — certain fundraising and nominations</p> <p>The auditor has to ensure that no expenses incurred for a fundraiser, for processing contributions (including salary costs) or for directly promoting the nomination of a person as candidate or the selection of a person as leader of the party were recorded as part of the party's election expenses, other than expenses referred to in paragraphs 376(3)(a) and (b) that are related to such fundraising and promotional activities.</p>
376(3)	<p>Inclusions</p> <p>The auditor has to ensure that costs incurred, non-monetary contributions made and goods and services provided are recorded as election expenses, including but not limited to:</p> <ul style="list-style-type: none"> a) the production of advertising or promotional material; b) the distribution, broadcast or publication of such material in any media or by any other means during the election period, including by the use of a capital asset; c) the payment of remuneration and expenses to or on behalf of a person for their services in any capacity; d) securing a meeting space or the supply of light refreshments at meetings; e) any product or service provided by a government, a Crown corporation or any other public agency; and f) the conduct of election surveys or other surveys or research during an election period.

380(1)	<p>Evidence of payment – \$50 or more</p> <p>For all expenses of \$50 or more incurred under the CEA, by or on behalf of the registered party, the auditor has to ensure that the agent or any other person authorized to pay the expense under the CEA has kept a copy of the invoice prepared by the claimant setting out the nature of the expense, together with proof that it was paid.</p>
380(2)	<p>Evidence of payment – under \$50</p> <p>For all expenses of less than \$50 incurred and paid as described in subsection (1), the auditor has to ensure that the person who made the payment has kept a record of the nature of the expense, together with proof that it was paid.</p>
381(1)(a)	<p>Petty expenses</p> <p>The auditor has to ensure that only registered agents of the registered party have authorized other persons to pay petty expenses such as office supplies, postage, and courier services. The auditor also has to ensure that only petty expenses were paid by the persons so authorized by the registered agents of the party.</p>
381(2)	<p>Authorized maximum</p> <p>The auditor has to ensure that the written authorization specifies a limit for the total amount of petty expenses that the person is authorized to pay</p>
381(3)(a)	<p>Statement and evidence of payment</p> <p>In the case of a petty expense incurred on behalf of the registered party, the auditor has to ensure that the person who was authorized to make the payment provided the agent who authorized it with a detailed statement of payments made, accompanied by all related documents referred to in section 380, within three months after the day on which the expense was incurred.</p>
381(4)	<p>Prohibition</p> <p>The auditor has to ensure that the total amount of expenses paid by the authorized person did not exceed the limit specified in the written authorization.</p>
Division 2 – Political Parties	
Subdivision b – Financial Administration of Registered Parties	
426(1)	<p>Prohibition – paying expenses</p> <p>The auditor has to ensure that only a registered agent of the registered party or a person authorized under subsection 381(1) paid the party's expenses.</p>
426(2)	<p>Prohibition – incurring expenses</p> <p>The auditor has to ensure that only a registered agent of the registered party incurred the party's expenses.</p>
426(3)	<p>Prohibition – accepting contributions, borrowing</p> <p>The auditor has to ensure that only a registered agent of the registered party accepted contributions to the registered party or borrowed money on its behalf.</p>

426(4)	Prohibition – accepting or providing goods, services or funds The auditor has to ensure that only a registered agent of the registered party did the following on behalf of the registered party: a) accepted a provision of goods or services, or a transfer of funds, if the provision or transfer was permitted under section 364; or b) provided goods or services, or transferred funds, if the provision or transfer was permitted under that section.
431(1)	Prohibition – election expenses more than maximum The auditor has to ensure that the chief agent of the registered party did not incur election expenses on the party's behalf of a total amount greater than the limit specified under section 430.