

United Conservative Party of Alberta

Financial Statements

December 31, 2023

**United Conservative Party of Alberta
Financial Statements**

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Independent Auditor's Report

To the Members of United Conservative Party of Alberta

Qualified Opinion

We have audited the financial statements of the United Conservative Party of Alberta ("the Association"), which comprise the statement of financial position as at December 31, 2023 and the statements of revenues and expenses, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with the financial reporting framework described in Note 2 to the financial statements.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association derives a material amount of revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2023, current assets as at December 31, 2023, and net assets as at January 1 and December 31, 2023.

In connection with the donation and fundraising activities referred to in the preceding paragraph, a portion of some of these revenues is allocated to provincial constituency associations and shown in the records as amounts owing to these constituency associations. There is no practical way to confirm the balances owing to each of these constituency associations, and accordingly our examination was limited to the amounts recorded in the records of the Association. We were unable to determine whether any adjustments might be necessary to liabilities, transfers to constituency associations, the statement of revenues and expenses and net assets.

Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation in scope in the prior year.

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. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independent Auditor's Report (continued)

Basis of Presentation and Restriction on Use

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the financial reporting framework used in the preparation of these financial statements. These financial statements are prepared to assist the Association to comply with the financial reporting provisions of the *Election Finances and Contributions Disclosure Act - Alberta*. As a result, these financial statements may not be suitable for any other purpose.

Other Matter

The United Conservative Party of Alberta has prepared a Political Party Annual Financial Statement for the year ended December 31, 2023, in accordance with the *Election Finances and Contributions Disclosure Act - Alberta* on which we issued a separate independent auditor's report to the members of the Association dated April 2, 2024.

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 *Election Finances and Contributions Disclosure Act - Alberta*, 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

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.

Independent Auditor's Report (continued)

- 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 Association'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 Association'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 Association 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.

Calgary, Canada
April 2, 2024



Chartered Professional Accountants

United Conservative Party of Alberta

Statement of Financial Position

December 31,	2023	2022 (Restated – Note 10)
Assets		
Current		
Cash (Note 4)	\$ 919,692	\$ 3,241,943
Accounts receivable	519,272	592,083
Prepaid expenses	116,803	99,075
	1,555,767	3,933,101
Property and equipment (Note 5)	6,028	14,763
	\$ 1,561,795	\$ 3,947,864
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 495,872	\$ 973,230
Loan payable (Note 9)	40,000	40,000
	535,872	1,013,230
Net assets	1,025,923	2,934,634
	\$ 1,561,795	\$ 3,947,864

Commitments (Note 6)

Approved on behalf of the board:

Signed: "Rob Smith"

Signed: "Ken Engler"

United Conservative Party of Alberta

Statement of Revenues and Expenses

		2022 (Restated – Note 10)
For the year ended December 31,	2023	
Revenue		
Contributions greater than \$250	\$ 4,710,381	\$ 2,621,946
Contributions of \$250 and less	1,850,323	1,759,164
Annual general meeting	815,273	545,171
Memberships	306,056	1,399,486
Non-receipted events	252,624	88,828
Interest and other income	135,554	79,881
Transfers from constituency associations / candidates	206,653	71,726
Leadership contestant fees	-	1,225,000
Special general meeting	-	6,443
	8,276,864	7,797,645
Expenses		
Election expenses paid outside of campaign period	2,934,650	100,886
Fundraising costs	1,017,199	530,854
Salaries and wages	989,581	835,282
Annual general meeting	896,484	553,810
Sub-contracts	524,752	536,717
Transfers to constituency associations	691,798	69,402
Professional fees	246,998	370,314
Credit card processing fees	171,095	219,051
Office	134,858	95,812
Rent	91,803	130,426
Insurance	86,281	97,854
Computer and internet	76,123	82,983
Travel	57,307	29,368
Leadership expenses	36,654	32,029
Board expenses	19,209	18,280
Amortization	14,591	21,075
Leadership contest	-	1,439,275
Special general meeting	-	630,826
Leadership election deposit refunds	-	175,000
	7,989,383	5,969,244
Excess of revenues over expenses	\$ 287,481	\$ 1,828,401

United Conservative Party of Alberta

Statement of Net Assets

For the year ended December 31,	2023	2022 (Restated – Note 10)
Net assets, as previously stated	\$ 2,947,517	\$ 1,141,647
Prior period adjustments (Note 10)	(12,883)	246
Net assets, as restated	2,934,634	1,141,893
Excess of revenues over expenses	287,481	1,828,401
Deficit from by-election campaign (Schedule 1)	(13,214)	(35,660)
Deficit from general election campaign (Schedule 2)	(2,182,978)	-
Net assets, end of year	\$ 1,025,923	\$ 2,934,634

United Conservative Party of Alberta

Statement of Cash Flows

For the year ended December 31,	2023	2022 (Restated – Note 10)
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	\$ 287,481	\$ 1,828,401
Deficit from by-election campaign period (Schedule 1)	(13,214)	(35,660)
Deficit from general election campaign period (Schedule 2)	(2,182,978)	-
Item not affecting cash		
Amortization	14,591	21,075
	(1,894,120)	1,813,816
Change in non-cash working capital items		
Accounts receivable	72,811	(316,172)
Prepaid expenses	(17,728)	(4,228)
Accounts payable and accrued liabilities	(477,358)	625,504
Cash provided by (used in) operating activities	(2,316,395)	2,118,920
Investing activity		
Purchase of property and equipment	(5,856)	(223)
Increase (decrease) in cash	(2,322,251)	2,118,697
Cash, beginning of year	3,241,943	1,123,246
Cash, end of year	\$ 919,692	\$ 3,241,943

United Conservative Party of Alberta

Notes to the Financial Statements

December 31, 2023

1. Nature of operations

The United Conservative Association, operating as the United Conservative Party of Alberta (the "Association"), was incorporated provincially under the Societies Act of Alberta on July 27, 2017. The Association is a registered not-for-profit organization and is exempt from the payment of income taxes under the Income Tax Act. As a political party, the Association may issue official contribution receipts to its contributors.

2. Basis of presentation

The United Conservative Party of Alberta is registered as a political party under the *Election Finances and Contributions Disclosure Act – Alberta*.

These financial statements have been prepared to comply with the financial reporting provisions of the Election Finances and Contributions Disclosure Act – Alberta (the "Act"). Accordingly, they have been prepared using Canadian accounting standards for not-for-profit organizations (ASNPO) except where those standards conflict with the requirements of the Act. The only significant requirement of the Act which conflicts with Canadian accounting standards for not-for-profit organizations is the treatment of Election Period Revenues and Expenses, the accounting for which has been described in Note 3(a) below.

3. Significant accounting policies

The following is a summary of the significant accounting policies used in the preparation of these financial statements:

(a) Election period revenues and expenses

Under the *Election Finances and Contributions Disclosure Act – Alberta*, all receipts and disbursements during a campaign period (as defined by the Act) are considered to be separate and apart from the normal operations of the Association and are required to be reported in a separate statement of receipts and disbursements. These receipts and disbursements are not limited to those receipts and disbursements directly related to the campaign itself, but also include receipts and disbursements incurred relating to the normal operations of the Association during campaign periods ("Time Driven Approach"). Any surplus or deficit arising from an election or by-election campaign period is applied directly to the unrestricted net assets in the statement of changes in net assets.

This treatment differs from Canadian accounting standards for not-for-profit organizations, in that the full amount of receipts and disbursements incurred during the year are not disclosed in the Statement of Revenues and Expenses.

In 2022, there were two by-election campaign periods. The first campaign was from February 15, 2022 to May 15, 2022 and the second campaign was from October 11, 2022 to January 8, 2023. In 2023, there was the Provincial Government Election campaign period from May 1, 2023 to July 29, 2023.

The changes to the *Election Finances and Contributions Disclosure Act – Alberta* requiring campaign period activity to be reported using the "Time Driven Approach" became effective January 1, 2015.

United Conservative Party of Alberta

Notes to the Financial Statements

December 31, 2023

3. Significant accounting policies (continued)

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, funds held on deposit in the Association's bank accounts and lines of credit. The Association considers all investments with maturities of three months or less, or that are cashable at any time without penalty, to be cash equivalents. Amounts drawn against the Association's line of credit are shown within bank indebtedness on the balance sheet. At December 31, 2023 and 2022, the Association did not hold any cash equivalents.

(c) Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization. Property and equipment is amortized over its estimated useful life at the following rates and methods:

Computer equipment	55% declining balance
Leasehold improvements	20% straight line

The Association regularly review its property and equipment to eliminate obsolete items.

Property and equipment acquired during the year but no placed into use are not amortized until they are placed into use.

(d) Revenue recognition

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions, including the contributed portion of revenue from fundraising events, are recognized as revenue when received or receivable. Donated goods are recognized as revenue in the period in which the goods are received. These donations are valued at fair market value. Contributed services are not recognized in the Association's financial statements due to the difficulty in determining their fair value.

Membership fees, including amounts received for membership periods of greater than one year, are recognized as revenue when payment is received or receivable.

Fundraising event revenue received or receivable, including the non-contribution portion of revenue from fundraising events, is recognized at the time the event occurs.

Transfers from Constituency Associations and Candidates are recognized as revenue when they are received.

Investment revenue is recognized on an accrual basis as earned. Other revenue, including cost-sharing recoveries, is recognized when payment is received or receivable.

Amounts are considered receivable only when the amount to be received can be reasonably estimated and collection can be reasonably assured.

United Conservative Party of Alberta

Notes to the Financial Statements

December 31, 2023

3. Significant accounting policies (continued)

(e) Fund accounting

The Association follows the deferral method of accounting for contributions

(f) Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations and the provisions of the *Election Finances and Contributions Disclosure Act – Alberta* requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. The most significant estimates in these financial statements are the estimated useful life of property and equipment and estimates related to accrued liabilities.

(g) Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred. The Association's financial instruments include cash, accounts receivable, accounts payable and accrued liabilities and loan payable.

(h) Government assistance

The Association uses the income approach to account for grants and government assistance received. The income approach requires that grants and government assistance be credited to the Statement of Revenues and Expenses as a direct increase in revenue or reduction in expense.

4. Cash

	2023	2022
Cash in bank	\$ 919,692	\$ 3,241,943

The Association has a line of credit with a limit of \$1,000,000. The line bears interest at prime + 1.25% per annum and is repayable on demand, The line is covered under a general security agreement. At December 31, 2023, \$nil had been drawn on the line of credit (2022 - \$nil).

United Conservative Party of Alberta

Notes to the Financial Statements

December 31, 2023

5. Property and equipment

	2023		
	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 14,623	\$ 8,595	\$ 6,028
Leasehold improvements	103,038	103,038	-
	\$ 117,661	\$ 111,633	\$ 6,028
	2022		
	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 8,767	\$ 8,385	\$ 382
Leasehold improvements	103,038	88,657	14,381
	\$ 111,805	\$ 97,042	\$ 14,763

6. Commitments

The Association is committed under two premises leases which expire in February 2025 and July 2025. The Association's total estimated lease obligations under these leases over the next five years and in aggregate are as follows:

2024	\$	63,028
2025		27,696
	\$	90,724

7. Financial instruments

The Association is exposed to various risks through its financial instruments. The following analysis provides information about the Association's risk exposure and concentrations as of December 31, 2023 and 2022:

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk with respect to cash. The Association limits its exposure related to this risk by ensuring these financial assets are deposited with financial institutions that maintain high credit ratings.

United Conservative Party of Alberta

Notes to the Financial Statements

December 31, 2023

7. Financial instruments (continued)

(a) Credit risk (continued)

The Association is also exposed to credit risk related to its accounts receivable, which are mainly comprised of receivables for contributions from a payment processing service provider. The Association has not experienced any historical collection issues and has determined an allowance for uncollectible amounts is not necessary at December 31, 2023 (2022 - \$nil).

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association's borrowing arrangements are concentrated with a single Canadian Chartered Bank. The Association requires the continued support of its creditors, donors and members in order to be able to fulfill its obligations on a timely basis.

It is management's opinion that the Association is not exposed to significant market, currency or other price risks arising from its financial instruments.

8. Accounts payable and accrued liabilities

	2023	2022 (Restated – Note 10)
Accounts payable	\$ 239,301	\$ 393,425
Accrued liabilities	256,571	579,805
	\$ 495,872	\$ 973,230

At December 31, 2023, there are \$nil (2022 - \$nil) in government remittances payable.

9. Loan payable

The Association received the Canada Emergency Business Account (CEBA) loan from the Government of Canada in the amount of \$40,000, which bears interest at 0% per annum until January 18, 2024. Interest will accrue at 5% per annum commencing on January 19, 2024. The loan matures on December 31, 2025. If the loan is repaid at or before the January 18, 2024 then \$10,000 of the loan balance will be forgiven.

Subsequent to year-end, the Association repaid the loan before the maturity date. The \$10,000 loan forgiveness was recorded as revenue at the time of repayment.

United Conservative Party of Alberta

Notes to the Financial Statements

December 31, 2023

10. Prior period adjustments

Fiscal 2023

The Association has restated the prior period financial statements at the request of Elections Alberta for over reported donations received in the amount of \$12,883. In order to correctly report prior year revenues, expenses and excess of revenues over expenses, the following adjustments were made:

	As previously stated	Adjustment	As restated
Contributions of \$250 or less	\$ 1,759,624	\$ (460)	\$ 1,759,164
Contributions greater than \$250	2,634,369	(12,423)	2,621,946
Excess of revenues over expenses	\$ 1,841,284	\$ (12,883)	\$ 1,828,401

The restatement also resulted in the Association adjusting accounts payable for \$19,083 and accounts receivable for \$6,200, which affects the opening net assets in 2023. In order to correctly report the opening balance of net assets, the following adjustments were made:

	As previously stated	Restated	Net change
Accounts receivable	\$ 585,883	\$ 592,083	\$ 6,200
Accounts payable	954,147	973,230	19,083
Net assets	\$ 2,947,517	\$ 2,934,634	\$ (12,883)

Fiscal 2022

At the request of Elections Alberta, the Association has restated its 2021 financial statements for over reported transfers received from constituency associations. The restatement resulted in the Association adjusting accounts payable for \$246 as at December 31, 2021, which affected the opening net assets in 2022 in the amount of \$246. In order to correctly report the opening balance of net assets, the following adjustment was made:

	As previously stated	Restated	Net change
Net assets	\$ 1,141,647	\$ 1,141,893	246

11. Contingent liabilities

The Association has been named as a defendant in a claim which is being contested. It is not possible at this time to predict its outcome. Accordingly, no provision has been made in these financial statements.

The Association may, from time to time, be named as a defendant in lawsuits and claims in the normal course of operations. Provisions are recorded when the Association has a present obligation as a result of a past event, it is probable that an outflow or resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. No provisions have been recorded in these financial statements.

United Conservative Party of Alberta

Notes to the Financial Statements

December 31, 2023

12. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

United Conservative Party of Alberta

Schedules to the Financial Statements

Schedule 1 - Schedule of by-election revenues and expenses

By-election campaign from October 11, 2022 to January 8, 2023	2023	2022
Revenues	\$ -	-
Expenses		
Expenses related to campaign	13,214	35,660
Deficit	\$ (13,214)	\$ (35,660)

United Conservative Party of Alberta

Schedules to the Financial Statements

Schedule 2 - Schedule of general election campaign revenues and expenses

General election campaign from May 1, 2023 to July 29, 2023

Revenues

Contributions greater than \$250	\$	1,120,002
Contributions of \$250 and less		820,956
Non-receiptable events		8,744
Transfers received		203,113
Other income		20,406

2,173,221

Expenses

Election and campaign expenses subject to limit	3,191,701
Election and campaign expenses not subject to limit	1,054,454
Transfers issued	108,744
Candidate expenses paid by party	1,300

4,356,199

Deficit \$ (2,182,978)
