

UNITED CONSERVATIVE PARTY OF ALBERTA
Financial Statements
Years Ended December 31, 2021 and 2020

UNITED CONSERVATIVE PARTY OF ALBERTA
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Years Ended December 31, 2021 and 2020

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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 United Conservative Party of Alberta ("the Association"), which comprise the statements of financial position as at December 31, 2021 and December 31, 2020 and the statements of revenues and expenditures, changes in net assets (liabilities) and cash flows for the years 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, 2021 and December 31, 2020, and its financial performance and its cash flows for the years then ended in accordance with the financial reporting framework described in Note 3 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 years ended December 31, 2021 and 2020, current assets as at December 31, 2021 and 2020, and net assets (liabilities) as at January 1 and December 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended December 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

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 associations. There is no practical way to confirm the balances owing to each of these associations, and accordingly our examination was limited to the amounts recorded in the records of the Party. We were unable to determine whether any adjustments might be necessary to liabilities, transfers to constituency associations, the statement of operations and net assets.

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 3 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 Information

Management is responsible for the other information. The other information comprises:

- Political Party Annual Financial Statement

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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.

Independent Auditor's Report (continued)

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 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
March 24, 2022



Chartered Professional Accountants

UNITED CONSERVATIVE PARTY OF ALBERTA
Statements of Financial Position
Years Ended December 31, 2021 and 2020

	2021	2020 (Restated Note 11)
ASSETS		
CURRENT		
Cash and cash equivalents (Note 4)	\$ 1,123,246	\$ 258,314
Accounts receivable	275,911	386,594
Prepaid expenses	94,847	95,168
	1,494,004	740,076
Property and equipment (Note 5)	35,616	56,990
	\$ 1,529,620	\$ 797,066
 LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 8)	\$ 347,973	\$ 286,306
Loan payable (Note 9)	40,000	40,000
Total Liabilities	387,973	326,306
NET ASSETS	1,141,647	470,760
	\$ 1,529,620	\$ 797,066

Commitments (Note 6)

ON BEHALF OF THE BOARD

Signed: 

Signed: "Cynthia Moore"

UNITED CONSERVATIVE PARTY OF ALBERTA
Statements of Revenues and Expenditures
Years Ended December 31, 2021 and 2020

	2021	2020 (Restated Note 11)
REVENUES		
Contributions greater than \$250	\$ 2,029,902	\$ 2,789,129
Contributions of \$250 and less	725,266	959,674
Annual general meeting	482,647	174,063
Other fees and income (Note 10)	204,925	186,107
Memberships	206,107	122,071
Transfers from Constituency Associations / Candidates	101,076	425,983
Non-receiptable events	49,648	32,119
	3,799,571	4,689,146
EXPENSES		
Salaries and wages	732,522	710,641
Fundraising costs	501,190	494,606
Annual general meeting	496,414	204,408
Sub-contracts	432,070	610,633
Professional fees	169,717	158,529
Transfers to Constituency Associations	154,301	90,845
Rent	147,952	162,306
Election campaign	109,761	70,318
Insurance	86,813	78,774
Computer and internet	72,590	44,164
Credit card processing fees	70,491	75,291
Office	53,552	37,772
Leader's expenses	42,099	92,376
Amortization	21,374	22,310
Telemarketing	13,575	194,880
Travel	12,003	22,603
Bank charges	7,010	32,206
Meetings and conventions	4,032	17,191
Over-contributions	1,100	10
Nomination process	118	1,000
	3,128,684	3,120,863
EXCESS OF REVENUES OVER EXPENSES	\$ 670,887	\$ 1,568,283

UNITED CONSERVATIVE PARTY OF ALBERTA

Statements of Changes in Net Assets (Liabilities)

Years Ended December 31, 2021 and 2020

	2021	2020 (Restated Note 11)
NET ASSETS (LIABILITIES) - BEGINNING OF YEAR		
As previously recorded	\$ 456,880	\$ (1,094,607)
Prior period adjustments (<i>Note 11</i>)	13,880	(2,916)
As restated	470,760	(1,097,523)
EXCESS OF REVENUES OVER EXPENSES	670,887	1,568,283
NET ASSETS – END OF YEAR	\$ 1,141,647	\$ 470,760

UNITED CONSERVATIVE PARTY OF ALBERTA

Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	2021	2020 (Restated Note 11)
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 670,887	\$ 1,568,283
Deficit from election campaign		-
Item not affecting cash:		
Amortization of property and equipment	21,374	22,310
	692,261	1,590,593
Changes in non-cash working capital:		
Accounts receivable	110,683	(210,575)
Prepaid expenses	321	(5,009)
Due to/from related parties	-	-
Accounts payable and accrued liabilities	61,667	(280,647)
	864,932	1,094,362
FINANCING ACTIVITY		
Proceeds from loan payable	-	40,000
INCREASE IN CASH AND CASH EQUIVALENTS	864,932	1,134,362
CASH AND CASH EQUIVALENTS (BANK INDEBTEDNESS) – BEGINNING OF YEAR	258,314	(876,048)
CASH AND CASH EQUIVALENTS – END OF YEAR	\$ 1,123,246	\$ 258,314

UNITED CONSERVATIVE PARTY OF ALBERTA

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

1. NATURE OF OPERATIONS

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. COVID-19 DEVELOPMENTS

In 2020, there was a global outbreak of a novel coronavirus identified as “COVID-19”. On March 11, 2020, the World Health Organization declared a global pandemic. COVID-19 has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility. Governments and central banks including Canadian federal, provincial, territorial and municipal governments have responded with significant monetary and fiscal interventions designed to stabilize economic conditions.

The rapidly evolving event, including health and safety conditions, economic environment and resulting government measures, creates a high level of uncertainty and risk that may have a significant impact on the Association’s activities, results of operations and financial condition. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. As such it is not possible to estimate the length and severity of these developments and the impact on the financial results and condition of the Association and its operations in future periods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

As a not-for-profit organization, the Association is exempt from income tax under the *Income Tax Act – Canada*.

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 below.

UNITED CONSERVATIVE PARTY OF ALBERTA

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

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

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 Statements of Revenues and Expenditures.

In 2021 and 2020, there were no election or by-election campaign periods.

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.

Cash and cash equivalents

Cash and cash equivalents includes 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.

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 method
Leasehold improvements	20%	straight line method

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

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

UNITED CONSERVATIVE PARTY OF ALBERTA

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Revenue recognition

The Association follows the deferral method of accounting for contributions.

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.

Fund accounting

The Association follows the deferral method of accounting for contributions.

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.

Government assistance

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

UNITED CONSERVATIVE PARTY OF ALBERTA
Notes to Financial Statements
Years Ended December 31, 2021 and 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments policy

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 and cash equivalents, accounts receivable, bank indebtedness, accounts payable and accrued liabilities and loan payable.

4. CASH AND CASH EQUIVALENTS

	2021	2020
Cash at bank, on hand and lines of credit	\$ 1,123,246	\$ 258,314

The Association has a line of credit with a \$1,000,000 limit. The line bears interest at prime + 1.25% per annum and is repayable on demand. The line is covered under a general security agreement.

5. PROPERTY AND EQUIPMENT

	Cost	2021 Accumulated amortization	Net book value
Computer equipment	\$ 8,544	\$ 7,917	\$ 627
Leasehold improvements	103,038	68,049	34,989
	\$ 111,582	\$ 75,966	\$ 35,616
		2020	
	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 8,544	\$ 7,151	\$ 1,393
Leasehold improvements	103,038	47,441	55,597
	\$ 111,582	\$ 54,592	\$ 56,990

UNITED CONSERVATIVE PARTY OF ALBERTA

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

6. COMMITMENTS

Lease commitments

The Association is committed under two premises leases which expire in February 2023 and July 2023, and an office equipment lease which expires in June 2022. The Association's total estimated lease obligations under these leases over the next five years and in aggregate are as follows:

2022	119,683
2023	44,256
	<hr/>
	\$ 163,939

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 concentration as of December 31, 2021:

(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 its cash and cash equivalents. The Association limits its exposure related to this risk by ensuring these financial assets are placed with financial institutions with high credit ratings.

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's policy to mitigate credit risk associated with these receivables is to perform credit valuations and creating an allowance for doubtful accounts when applicable. The Association has not experienced any collection issues and has determined no provision for bad debts is necessary at December 31, 2021 (2020 - \$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.

UNITED CONSERVATIVE PARTY OF ALBERTA
Notes to Financial Statements
Years Ended December 31, 2021 and 2020

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020 (Restated Note 11)
Accounts payable	\$ 221,697	\$ 147,030
Accrued liabilities	126,276	139,276
	\$ 347,973	\$ 286,306

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 December 31, 2022. Interest will accrue at 5% per annum commencing on January 1, 2023. The loan matures on December 31, 2025. If the loan is repaid at or before the December 31, 2023 then \$10,000 of the loan balance will be forgiven.

10. GOVERNMENT SUBSIDIES

During the year, the Association applied for and received the Canada Emergency Wage Subsidy (CEWS). This subsidy of \$156,042 (2020 - \$151,445) has been included in other fees and income on the statement of revenues and expenditures.

During the year, the Association applied for and received the Canada Emergency Rent Subsidy (CERS). This subsidy of \$34,999 (2020 - \$nil) has been included in other fees and income on the statement of revenues and expenditures.

UNITED CONSERVATIVE PARTY OF ALBERTA

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

11. PRIOR PERIOD ADJUSTMENTS

The Association has restated the prior period financial statements at the request of Elections Alberta for under recorded net contributions of \$575, under recorded transfer received from Constituency Associations netting to \$7,228 and under recorded other fees and income and fees of \$8,126. In addition, the Association over reported transfer to Constituency Associations in the amount of \$867. In order to correctly report prior year revenues, expenses and net assets, the following adjustment was made:

	As previously stated	Adjustment	As Restated
Contributions of \$250 or less	\$ 963,427	(3,753)	\$ 959,674
Contributions greater than \$250	2,784,801	4,328	2,789,129
Transfers from Constituency Associations	418,755	7,228	425,983
Other fees and income	177,981	8,126	186,107
Transfers to Constituency Associations	91,712	(867)	90,845

The restatement also resulted in the Association adjusting accounts receivable of \$14,080 and accounts payable of \$200, which affects the opening net assets in 2020. In order to correctly report opening balance of net assets, the following adjustment was made:

	As previously stated	Restated	Net change
Accounts receivable	\$ 372,514	\$ 386,594	\$ 14,080
Accounts payable	286,106	286,306	200
Opening net assets	456,880	470,760	13,880

At the request of Elections Alberta, the Association has restated the 2019 financial statements under recorded and returned Transfers to Constituency Associations. The restatement resulted in the Association accruing liabilities of \$2,916 at December 31, 2019, which affected the opening net assets in 2020 in the amount of \$2,916. In order to correctly report opening balance of net assets, the following adjustment was made:

	As previously stated	Restated	Net change
Opening net assets	\$ (1,094,607)	\$ (1,097,523)	\$ (2,916)

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.