

**ONTARIO
SUPERIOR COURT OF JUSTICE
Commercial List**

BETWEEN:

CONSERVATIVE FUND CANADA

Applicant

- and -

THE CHIEF ELECTORAL OFFICER OF CANADA

Respondent

AN APPLICATION pursuant to section 434 of the *Canada Elections Act* and Rule 14.05(3)(d) of the *Rules of Civil Procedure*

APPLICATION RECORD

August 28, 2009

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Court File No.

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BETWEEN:

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Applicant

- and -



THE CHIEF ELECTORAL OFFICER OF CANADA

Respondent

AN APPLICATION pursuant to section 434 of the *Canada Elections Act* and Rule 14.05(3)(d) of the *Rules of Civil Procedure*.

NOTICE OF APPLICATION

TO THE RESPONDENTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the applicant. The claim made by the applicant appears on the following page.

THIS APPLICATION will come on for a hearing on a date to be fixed by the court, at 330 University Avenue, Toronto, Ontario.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicant's lawyer or, where the

applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least two days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date August 12, 2009

Issued by



Local registrar

Address of 330 University Avenue
court office Toronto, Ontario

TO: The Chief Electoral Officer of Canada
Elections Canada
257 Slater Street
Ottawa, Ontario K1A 0M6

APPLICATION

1. The applicant makes application for:
 - (a) An order that the election expense return of the applicant for both the 38th general election held in June, 2004 and the 39th general election held in January, 2006 be corrected consistent with the election expense returns as submitted to the respondent on June 30, 2009;
 - (b) An order extending the time to bring the within application, if necessary;
 - (c) Its costs of this application; and
 - (d) Such further and other relief as this Honourable Court deems just.
2. The grounds for the application are:
 - (a) The applicant is the registered chief agent of the Conservative Party of Canada (the "**Party**"), a federally registered political party created in December 2003 pursuant to the *Canada Elections Act*, S.C. 2000, c.9 (the "*Act*");
 - (b) The respondent, an Officer of Parliament, is responsible for the administration of federal electoral legislation, including the *Act*.

The Chief Electoral Officer previously determined and advised that election expenses should be adjusted to reflect the actual amount of expenses incurred

- (c) In 1996, The Office of the Chief Electoral Officer of Canada ("**CEO**") advised a predecessor party of the Party that the reimbursement of election expenses requires retroactive adjustment to reflect the actual amount of expenses incurred, net of GST. In this respect, the CEO stated:

"Whether these expenses are incurred by way of disbursements alone, or through disbursements on which there is an eventual rebate, such as where GST paid is later refunded, the amount of "expenses" aimed at by

[the *Canada Elections Act*] is still the difference between the money on hand at the beginning of the exercise and at the end of the overall exercise."

The Party is a Qualifying Non-Profit Organization

- (d) The applicant is a non-share capital corporation incorporated under and governed by the provisions of the *Canada Corporations Act*, R.S.C. 1970, c. C-32. The applicant is the sole fundraising arm and is registered as the chief agent of the Party, pursuant to the *Act*.
- (e) The *Excise Tax Act* and its regulations provide that a "Qualifying Non-Profit Organization" ("**QNPO**") is eligible to receive a rebate of 50% of GST paid, including the "federal" part of the HST paid in participating provinces.
- (f) On or about March 29, 2007, the Canada Revenue Agency ("**CRA**") advised the Party, through its consultant, Deloitte & Touche LLP, that it is a QNPO for GST purposes (the "**CRA-GST Letter**").

The CEO, Election Expense Returns, Reimbursements and Rebates

- (g) The *Act* provides for reimbursement from public funds to registered political parties (which obtain a minimum threshold of votes) of 50% of their election expenses, as set out in the registered parties' election expense returns.
- (h) Registered political parties in Canada are required to comply with the financial reporting requirements contained in the *Act*, including the filing of election returns.
- (i) In or about April 2008, the Party received a rebate of 50% of the GST/HST and Quebec Sales Tax ("**GST**") it had paid from January 2004 (the first full month of its existence) to June 2007, due to its status as a QNPO. This rebate impacted the election expense returns which the Party and the applicant had previously filed with the CEO for the

38th and 39th general elections. Accordingly, the Party and the applicant sought to correct the previously filed election expense returns.

The Applicant applies to correct election expense returns, and return portions of the reimbursements to the CEO

- (j) On or about June 26, 2008, Ms. Sandra Troster ("Ms. Troster"), Chief Financial Officer of the Party, sent a letter to the CEO regarding the GST rebates received, and the effect of such rebates on the party and the applicant's election expense returns and reimbursements. In her letter, Ms. Troster advised:
 - (i) The *Excise Tax Act* and its regulations provide that a QNPO is eligible to receive a rebate of 50% of GST paid;
 - (ii) In 2007, the CRA advised the Party that it qualifies as a QNPO and was eligible for GST rebates;
 - (iii) In late April 2008, the Party received cheques and accompanying statements indicating that a full rebate of one-half of GST paid by it from 2004 to mid-2007 was being paid out by CRA and Revenue Quebec;
 - (iv) The Party believes that it will remain a QNPO for the balance of 2007 through to at least 2010 inclusive, and the Party will thus receive rebates representing 50% of all GST paid in those years;
 - (v) An accounting implication of the Party's confirmed QNPO-status was that the Party began booking expenses net of the fully-refundable portion of GST initially paid;
 - (vi) In light of the rebate, the Party's paid election expenses for the 38th and 39th general elections are overstated by the amount of the GST rebates;

- (vii) Upon the CEO's confirmation of acceptance of the corrected election expense returns for the 38th and 39th general elections, the Party would deliver a cheque to the CEO as repayment to the Receiver General of the difference between the reimbursements of election expenses received on the basis of the previous election expense returns versus the lower amount of reimbursements that were actually payable under the corrected election expense returns (which were enclosed with the letter);
- (viii) This proposed return of a portion of the reimbursement funds previously remitted to the Party by the Receiver General was consistent with the approach required by the CEO, as described in paragraph 2(c) above. In that 1996 letter, the Director of Legal Services for the CEO stated in part:

“It is the position of this Office that the reimbursement of election expenses requires retroactive adjustment to reflect the actual amount of expenses incurred; In this case, net of GST.... the amount of “expenses” aimed at by [the Act] is still the difference between the money on hand at the beginning of the exercise and at the end of the overall exercise.

The reason for which provisions regarding the reimbursement of a portion of election expenses were incorporated into the *Canada Elections Act* was to provide assistance to registered political parties, in respect of their actual election expenses. If these provisions were to be used in respect of expenses not actually incurred or in respect of expenses subsequently rebated, that would be both a subsidy to the party involved and a means for unjust enrichment. [emphasis added]

- (k) By letter dated July 14, 2008, the CEO acknowledged receipt of the request to correct the election expenses returns and requested that Ms. Troster provide a copy of the CRA-GST Letter.

- (l) On July 23, 2008, Ms. Troster sent a letter to the CEO enclosing a copy of the CRA-GST Letter. In addition, Ms. Troster enclosed a second letter from CRA, which confirmed the review and audit by the CRA of the funding formula on which the Party's status as a QNPO is based. Ms. Troster again advised that upon the CEO's confirmation of acceptance of the corrected election expense returns, the funds described in 2(j)(vii) above would be delivered to the CEO.
- (m) Having not received any reply from the CEO, Ms. Troster sent a letter to the CEO on August 26, 2008. Ms. Troster again requested that the CEO provide his confirmation of acceptance of the corrected election expense returns, and further advised that the Party and the applicant were prepared to deliver the funds described in 2(j)(vii) above.
- (n) The CEO responded to Ms. Troster by letter dated September 8, 2008. In the letter, the CEO advised as follows:

Unfortunately, there are several complex issues that will need to be resolved before I can make a final decision regarding your request. Given the current general election, these issues cannot be fully resolved at this time. Although no conclusion has been reached, our preliminary view is that the GST rebate does not affect the party's election expenses.

Pending resolution of this matter, you should assume that the totality of the amount incurred as GST on election expenses of the party must itself be treated and reported as an election expense in your party's election expense return for the 40th general election. We will contact you again on this matter within 60 days following polling day.

- (o) On or about November 19, 2008, Francois LeBlanc, Director, Political Financing and Audit for the office of the CEO, sent a letter to Ms. Troster, seeking her assistance in reconciling a discrepancy with

respect to the corrected election expense returns that were submitted to the CEO.

- (p) In response to this request, the Party and the applicant conducted a further election expenses review, which proceeded until early June, 2009, and various communications between Mr. LeBlanc and Ms. Troster continued into 2009 in this respect. This further review determined the total amount to be repaid to the CEO, and can be broken down as follows:

Impact of GST/QST tax review changes	Following election expenses review April 2009
39th General Election Return (2006)	556,108.43
38th General Election Return (2004)	521,771.96
TOTAL	1,077,880.39
50% of 2006 reduction	278,054.22
60% of 2004 reduction	313,063.18
TOTAL to be repaid to Elections Canada	591,117.40

- (q) However, even as the communications between Mr. LeBlanc and Ms. Troster continued as to the further election expense review, on December 2, 2008, the CEO advised of its position that the public service body rebate for which the Party is eligible under the *Excise Tax Act* does not have any impact on the reporting of election expenses for the 38th and 39th general elections. Accordingly, the CEO advised that it would not authorize the requested correction to the relevant election expense returns that had been submitted. In the December 2 letter, the CEO indicated, among other things, that

“the policy objective behind the spending limits is to provide a level playing field for political parties... [which] would be compromised if

those parties that are qualifying non-profit organizations for the purposes of the *Excise Tax Act* were able to reduce the amount of incurred election expenses by deducting the amount they expect to receive by way of a GST rebate...”

- (r) In this letter, the CEO did not address the issue that the Party was unjustly enriched, in that it has received a reimbursement under the *Act* from public funding in respect of expense amounts attributable to GST initially paid by the Party, but which were subsequently rebated to the Party by CRA. By failing to address the issue of unjust enrichment, the end result is that the Party currently has 50 cents that was paid under the *Act* as reimbursement for each dollar of GST expense the Party included in its initial election expense return for both the 38th and 39th general election, even though that same dollar of GST expense has now been rebated as described above, and the corresponding payment has been made to the applicant by CRA.
- (s) Following the completion of a further election expenses review in June of 2009, as initiated following inquiries by Mr. LeBlanc, the Party and the applicant prepared the final version of the corrected election expense returns for the 38th and 39th general elections, and submitted them to the CEO, by letter dated June 30, 2009.
- (t) By letter dated July 29, 2009, the CEO declined the Party and the applicant's request to correct the election expense returns for the 38th and 39th general elections. Once again, the CEO failed to address the issue of the Party being unjustly enriched.
- (u) Sections 2(1) and 429 to 434 of the *Canada Elections Act*, and Rules 3.02, 14.05(3)(d) and 57 of the *Rules of Civil Procedure*; and
- (v) Such further and other grounds as counsel may advise, and this Honourable Court may permit.

3. The following documentary evidence will be used at the hearing of the application:

- (a) Affidavit of Daniel Hilton, and the exhibits thereto; and
- (b) Such further and other material as counsel may advise and this Honourable Court may permit.

August 12, 2009

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Lawyers for the Applicant

Conservative Fund Canada
Applicant

and

The Chief Electoral Officer of Canada
Respondent

Court File No: *09-8523-00CL*

**ONTARIO
SUPERIOR COURT OF JUSTICE
Commercial List**

Proceeding commenced at **TORONTO**

NOTICE OF APPLICATION

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Lawyers for the Applicant

Court File No. 09-8323-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
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BETWEEN:

CONSERVATIVE FUND CANADA

Applicant

- and -

THE CHIEF ELECTORAL OFFICER OF CANADA

Respondent

**AN APPLICATION pursuant to section 434 of the *Canada Elections Act* and
Rule 14.05(3)(d) of the *Rules of Civil Procedure***

**AFFIDAVIT OF DANIEL HILTON
(sworn August 27, 2009)**

I, Daniel Hilton, of the City of Ottawa, MAKE OATH AND SAY THAT:

1. I am the Executive Director of the Conservative Party of Canada (the "**Party**"), a federally registered political party created in December, 2003 pursuant to the *Canada Elections Act*, S.C. 2000, c.9 (the "*Act*"). The applicant, Conservative Fund Canada (the "**Fund**") is the registered chief agent of the Party. The matters set forth in this affidavit are within my personal knowledge based on my position and my review of the records of the Party and the Fund. Where I make statements in this affidavit which are not within my personal knowledge, I have identified the source of the information and I believe it to be true.

Introduction

2. This application concerns the election expense returns prepared and filed by the Party and the Fund for the 38th general election held in June, 2004 and the 39th general election held in January, 2006. Given its status as

a federally registered political party, the Party is governed by the requirements of the *Act*. One such requirement is that the Party and the Fund account for and report expenses which were actually incurred by the Party during the writ period.

3. Election expenses are required to be properly stated by registered political parties, as each one of them that attains a minimum threshold of votes is entitled to receive a reimbursement of 50% of those expenses from public funds, pursuant to the *Act*. The parties' respective election expense returns determine the amount of the reimbursement to which that particular party is entitled under the *Act*.

4. The Chief Electoral Officer (the "**CEO**"), an officer of Parliament, has responsibility to administer federal electoral legislation, including the *Act*. It is the CEO who certifies that a registered political party has qualified for a 50% reimbursement of its election expenses from public funds.

5. This application must consider the fact that following the filing of its election expense reports, the Party received a rebate of a portion of the GST/HST and Quebec Sales Tax ("**GST**") it had paid as part of its expenses for the 38th and 39th general elections. The CEO has already interpreted the *Act* to consider the circumstance where a subsequent rebate of GST is received by a political party after the filing of its election expense return. Specifically, in 1995 and 1996, the Office of the CEO advised a predecessor party of the Party that the reimbursement of election expenses requires retroactive adjustment to reflect the actual amount of expenses incurred, net of GST.

The Fund is a Not-for-Profit Corporation

6. The Fund is a non-share capital corporation incorporated under and governed by the provisions of the *Canada Corporations Act*, R.S.C. 1970, c. C-

32. The Fund is the sole fundraising arm and is registered as the chief agent of the Party, pursuant to the *Act*.

The Party is a Qualifying Non-Profit Organization

7. The *Excise Tax Act* and its regulations provide that a "Qualifying Non-Profit Organization" ("**QNPO**") is eligible to receive a rebate of 50% of GST paid, including the "federal" part of the HST paid in participating provinces.

8. Beginning in 2005, the Party made enquiries of the Canada Revenue Agency ("**CRA**") to determine whether the Party could qualify as a QNPO, thus making it eligible for GST rebates. To assist it in making application to qualify as a QNPO, the Party retained the services of Deloitte & Touche LLP, ("**Deloittes**") as the Party's consultant.

9. On or about March 29, 2007, CRA advised Deloittes by letter that the Party is a QNPO for GST purposes. Attached and marked as **Exhibit "A"** to my affidavit is a true copy of the March 29, 2007 letter from CRA (the "**CRA-GST Letter**").

The CEO has previously required retroactive adjustment of election expenses to account for GST rebates

10. As I explain below, one of the implications of the Party qualifying as a QNPO is that it received a rebate of 50% of the GST it had paid, including any GST paid in respect of its election expenses.

11. The CEO has already interpreted the *Act* to address the situation where a subsequent rebate of GST is received by a political party after the filing of its election expense return. In such a circumstance, the CEO has determined that the political party that has received a GST rebate must adjust the amount of the expenses set out in its election expense return, so that the CEO can then adjust the amount of the reimbursement that the party should properly have been paid in respect of election expenses.

12. The CEO's interpretation of the *Act* in this regard was communicated to the predecessor party of the Party in a letter dated February 10, 1995. This letter, in part, stated:

This letter is to inform you that certain registered political parties have advised this office that they have received a reimbursement from National Revenue for the Goods and Services Tax (GST) paid in relation to election expenses for the 1993 general election

...

I would also like to advise you that if you have received a rebate relating to the GST, we will be required to adjust the amount of the reimbursement paid to your party related to election expenses for the 1993 general election.

Attached and marked as **Exhibit "B"** to my affidavit is a true copy of the February 10, 1995 letter from the CEO.

13. The CEO reinforced his interpretation that political parties receiving reimbursements for election expenses needed to account for subsequent rebates of GST they received in a subsequent letter dated July 31, 1995. The CEO correctly identified that a rebate of GST initially paid by political parties, and recorded in their respective election expense returns would have the effect of reducing the net amount of the expenses actually incurred by each of them. Because the reimbursement of election expenses paid to political parties was determined by the expense amounts identified by each of them in their election expense returns, reducing the net amount of those expenses reduced the net amount of the reimbursement to which they are entitled. In the July 31, 1995 letter, the CEO was clear that the adjustment of expenses to account for GST rebates would result in monies being returned to the CEO:

...it has come to my attention that the Progressive Conservative Party of Canada possesses a GST registration number. Consequently, I would like to know from the

Party's auditor if the amount of \$10,531,510.37, that appears in the Registered Party Return in Respect of the Election Expenses as expenses incurred by the Progressive Conservative Party of Canada for the 1993 general election, includes the GST.

If this is the case, I would also like to know the amount reimbursed by Revenue Canada to your Party relating to your Party's GST claim resulting from the 1993 election expenses. This is in order to determine the amount owed to the Office of the Chief Electoral Officer by the Progressive Conservative Party of Canada.

Attached and marked as **Exhibit "C"** to my affidavit is a true copy of the July 31, 1995 letter from the CEO.

14. In a letter from the office of the CEO dated May 29, 1996, a further explanation of why the CEO required political parties to retroactively adjust their election expenses was provided:

...Whether these expenses are incurred by way of disbursements alone, or through disbursements on which there is an eventual rebate, such as where GST paid is later refunded, the amount of "expenses" aimed at by [the *Canada Elections Act*] is still the difference between the money on hand at the beginning and at the end of the overall exercise.

The reason for which provisions regarding the reimbursement of a portion of election expenses were incorporated into the *Canada Elections Act* was to provide assistance to registered political parties, in respect of their actual election expenses. If these provisions were to be used in respect of expenses not actually incurred or in respect of expenses subsequently rebated, that would be both a subsidy to the party involved and a means for unjust enrichment. [emphasis added]

Attached and marked as **Exhibit "D"** to my affidavit is a true copy of the May 29, 1996 letter from the CEO.

15. The July 31, 1995 letter from the CEO refers to a letter from Ms. Carolyn M. Maynes dated March 8, 1995. Attached and marked as **Exhibit "E"** to my affidavit is a true copy of the March 8, 1995 letter.

The CEO, Election Expense Returns, Reimbursement and Rebates

16. As stated above, the *Act* provides reimbursement from public funds to registered political parties (which obtain a minimum threshold of votes) of 50% of their election expenses, as set out in the registered parties' election expense returns.

17. Registered political parties in Canada are required to comply with the financial reporting requirements contained in the *Act*, including the filing of election returns.

18. In or about April 2008, the Party received a rebate of 50% of the GST it had paid from January 2004 (the first full month of its existence) to June 2007, due to its status as a QNPO. This rebate impacted the election expense returns which the Party and the Fund had previously filed with the CEO for the 38th and 39th general elections. Accordingly, the Party and the Fund sought to correct the previously filed election expense returns.

The Fund applies to correct election expense returns, and return portions of the reimbursements to the CEO

19. By letter dated June 26, 2008, Ms. Sandra Troster, Chief Financial Officer of the Party, sent a letter to the CEO regarding the Party's GST rebates received, and the effect of such rebates on the Party's election expense returns and reimbursements. Ms. Troster explained that the Party received a rebate of 50% of the GST paid over the period of January 2004 to June 2007. A brief summary of the Party's position, as set out in Ms. Troster's letter, is as follows:

- (a) The *Excise Tax Act* and its regulations provide that a QNPO is eligible to receive a rebate of 50% of GST paid.
- (b) In 2007, the CRA advised Deloitte that the Party constituted a QNPO and was eligible for GST rebates.
- (c) In late April 2008, the Party received cheques and accompanying statements indicating that a full rebate of one-half of GST paid by it from 2004 to mid-2007 was being paid out by CRA and Revenue Quebec.
- (d) The Party believes that it will remain a QNPO for the balance of 2007 through to at least 2010 inclusive, and the Party will thus receive rebates representing 50% of all GST paid in those years.
- (e) An accounting implication of the Party's confirmed QNPO-status was that the Party began booking expenses net of the fully-refundable portion of GST initially paid.
- (f) In light of the rebate, the Party's paid election expenses for the 38th and 39th general elections are overstated by the amount of the GST rebates.
- (g) Upon the CEO's confirmation of acceptance of the corrected election expense returns for the 38th and 39th general elections, the Party would deliver a cheque to the CEO as repayment to the Receiver General of the difference between the reimbursements of election expenses received on the basis of the previous election expense returns versus the lower amount of reimbursements that were actually payable under the corrected election expense returns.
- (h) This proposed return of a portion of the reimbursement funds previously remitted to the Party by the Receiver General was

consistent with the approach required by the CEO in the his 1995 and 1996 correspondence (Exhibits "B", "C" and "D"). That correspondence clearly stated that retroactive adjustment by a party of its election expense return was required to reflect the actual amount of expense incurred (and that meant net of GST which was rebated).

Attached and marked as **Exhibit "F"** to my affidavit is a true copy of this letter.

20. The letter from Ms. Troster to the CEO dated June 26, 2008, was hand-delivered to Elections Canada under cover of a letter itemizing all of the documents being provided to the CEO. Attached and marked as **Exhibit "G"** to my affidavit is a true copy of this cover letter, as well as the other documents indentified by it.

21. The CEO responded to Ms. Troster by letter, received on or about July 14, 2008. The CEO acknowledged receipt of the applications to amend the election expense returns of the Party and requested that Ms. Troster provide a copy of the CRA-GST Letter. Attached and marked as **Exhibit "H"** to my affidavit is a true copy of the CEO's July 14, 2008 letter.

22. By letter dated July 23, 2008, Ms. Troster responded to the CEO's request, and enclosed a copy of the CRA-GST Letter. In addition, Ms. Troster enclosed another letter from CRA, which confirmed the review and audit by the CRA of the funding formula on which the Party's status as a QNPO is based. Ms. Troster again advised that upon the CEO's confirmation of acceptance of the corrected election expense returns, the funds I described in paragraph 19(g) above would be delivered to the CEO. Attached and marked as **Exhibit "I"** to my affidavit is a true copy of the July 23, 2008 letter and the attachments thereto.

23. Having not received any reply from the CEO, Ms. Troster sent a letter to the CEO on August 26, 2008, with respect to the previous

correspondence, described above. Ms. Troster again requested that the CEO provide his confirmation of acceptance of the corrected election expense returns, and further advised that the Party and the Fund were prepared to deliver the funds I described in paragraph 19(g) above. Attached and marked as **Exhibit "J"** to my affidavit is a true copy of the August 26, 2008 letter.

24. The CEO responded to Ms. Troster by letter dated September 8, 2008. In the letter, the CEO advised as follows:

Unfortunately, there are several complex issues that will need to be resolved before I can make a final decision regarding your request. Given the current general election, these issues cannot be fully resolved at this time. Although no conclusion has been reached, our preliminary view is that the GST rebate does not affect the party's election expenses.

Pending resolution of this matter, you should assume that the totality of the amount incurred as GST on election expenses of the party must itself be treated and reported as an election expense in your party's election expense return for the 40th general election. We will contact you again on this matter within sixty days following polling day.

Attached and marked as **Exhibit "K"** to my affidavit is a true copy of this September 8, 2008 letter.

25. On or about November 19, 2008, Francois LeBlanc, Director, Political Financing and Audit for the Office of the CEO, sent a letter to Ms. Troster, seeking her assistance in reconciling a discrepancy with respect to the corrected election expense returns that were submitted to the CEO. Attached and marked as **Exhibit "L"** to my affidavit is a true copy of this November 19, 2008 letter.

26. In response to this request, the Party and the Fund conducted a further election expenses review, which proceeded until early June, 2009. I am advised by Ms. Troster, and I believe that various communications

between Mr. LeBlanc and Ms. Troster continued into 2009 in this respect. This further review determined the total amount to be returned to the CEO for delivery to the Receiver General, and can be broken down as follows:

Impact of GST/QST tax review changes	Following election expenses review April 2009
39th General Election Return (2006)	556,108.43
38th General Election Return (2004)	521,771.96
TOTAL	1,077,880.39
50% of 2006 reduction	278,054.22
60% of 2004 reduction	313,063.18
TOTAL to be repaid to Elections Canada	591,117.40

Attached and marked as **Exhibit "M"** to my affidavit is a true copy of the Summary of VERIFIED items to the original refiling in June 2008.

27. However, even as the communications between Mr. LeBlanc and Ms. Troster continued as to the further election expense review, on December 2, 2008, the CEO advised of its position that the public service body rebate for which the Party is eligible under the *Excise Tax Act* does not have any impact on the reporting of election expenses for the 38th and 39th general elections. Accordingly, the CEO advised that it would not authorize the requested correction to the relevant election expense returns that had been submitted. In the December 2 letter, the CEO indicated, among other things, that:

...the policy objective behind the spending limits is to provide a level playing field for political parties... [which] would be compromised if those parties that are qualifying non-profit organizations for the purposes of the *Excise Tax Act* were able to reduce the amount of incurred election expenses by deducting the amount they expect to receive by way of a GST rebate...

Attached and marked as **Exhibit "N"** to my affidavit is a true copy of the December 2, 2008 letter.

28. In this letter, the CEO did not address the issue that the Party was unjustly enriched, in that it has received a reimbursement under the *Act* from public funding in respect of expense amounts attributable to GST initially paid by the Party, but which were subsequently rebated to the Party by CRA. By failing to address the issue of unjust enrichment, the end result is that the Party currently has 50 cents that was paid under the *Act* as reimbursement for each dollar of GST expense the Party included in its initial election expense return for both the 38th and 39th general election, even though that same dollar of GST expense has now been rebated as described above, and the corresponding payment has been made to the Party by CRA.

29. Following the completion of a further election expenses review in June of 2009, as initiated following inquiries by Mr. LeBlanc, the Party and the Fund prepared the final version of the corrected election expense returns for the 38th and 39th general elections, and submitted them to the CEO, by letter dated June 30, 2009. Attached and marked as **Exhibit "O"** to my affidavit is a true copy of the June 30, 2008 letter and the documents enclosed with it.

30. Exhibit "O" has been attached to my affidavit in the exact form in which it was delivered to the CEO. The election expense returns attached to the June 30, 2009 letter accurately set out the corrected election expenses of the Party for the 38th and 39th general elections. However, upon review of the exhibit, I have noted two items which, due to a clerical error, require correction. First, on page two of the June 30, 2009 letter, the dollar figure that is to be directed to the Receiver General has been misstated. The corrected figure that must be directed to the Receiver General is \$591,117.40, as detailed in Exhibit "M". Second, the next page of Exhibit "O", following Ms. Troster's two page letter, contains an erroneous version of

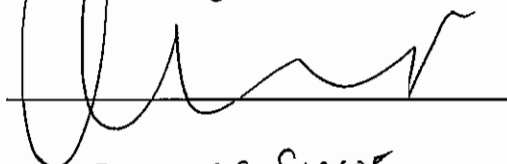
the "Summary of VERIFIED items to the original refiling in June 2008". The correct version is attached as Exhibit "M" to my affidavit.

31. For ease of reference, the election expense returns referred to at paragraph 1(a) of the within Notice of Application are those attached as the sixth through the seventeenth pages of Exhibit "O".

32. By letter dated July 29, 2009, the CEO declined the request of the Party and the Fund to correct the election expense returns for the 38th and 39th general elections. Once again, the CEO failed to address the issue of the Party being unjustly enriched. Attached and marked as **Exhibit "P"** to my affidavit is a true copy of the July 29, 2009 letter.

33. The June 30, 2009 letter from Ms. Troster (Exhibit "L") also refers to a memorandum from Mr. LeBlanc dated January 12, 2009. Attached and marked as **Exhibit "Q"** to my affidavit is a true copy of the January 12, 2009 memorandum.

SWORN BEFORE ME at the City of
Ottawa, on August 27th, 2009.



Elliott S. Simcoe



DANIEL HILTON

Conservative Fund Canada
Applicant

and

The Chief Electoral Officer of Canada
Respondent

Court File No: 09-8323-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
Commercial List**

Proceeding commenced at **TORONTO**

AFFIDAVIT OF DANIEL HILTON

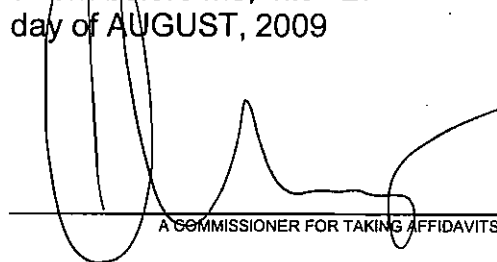
Cassels Brock & Blackwell LLP
2100 Scotia Plaza
40 King Street West
Toronto, Ontario M5H 3C2

W. J. Burden
LSUC#: #15550F
Tel: 416.869.5963
Fax: 416.640.3019

Arthur Hamilton
LSUC#: #39474W
Tel: 416.869.6574
Fax: 416.640.3009

Lawyers for the Applicant

This is **Exhibit "A"** referred to in the
affidavit of **DANIEL HILTON**
sworn before me, this 27th
day of AUGUST, 2009



A COMMISSIONER FOR TAKING AFFIDAVITS



Canada Revenue
Agency

Agence du revenu
du Canada

Excise and GST/HST Rulings Directorate
Place de Ville, Tower A, 15th floor
320 Queen Street
Ottawa ON K1A 0L5

Deloitte & Touche LLP
800-100 Queen Street
Ottawa ON K1P 5T8

MAR 29 2007

Case Number: 84500

Attention: Mr. Michael Matthews

Dear Mr. Matthews:

Subject: GST/HST INTERPRETATION – Public Service Body Rebate

Thank you for your letter of August 8, 2006 concerning the application of the Goods and Services Tax (GST)/Harmonized Sales Tax (HST) to payments made to the Conservative Party of Canada and the organization's entitlement to a public service body rebate. We apologize for the delay in responding.

Our understanding of the issues is as follows based on the information in your letter, the previous submission of January 17, 2005 and conversations with Paul Corriveau of your office:

1. The Conservative Party of Canada (the Party) was created on December 7, 2003, by the merger of the Progressive Conservative Party of Canada and the Canadian Reform Conservative Alliance.
2. The Party is an unincorporated organization that is a registered party under the *Canada Elections Act* (CEA).
3. The Conservative Fund Canada /Fonds Conservateur Du Canada (the Fund) was incorporated on December 3, 2003 under the provisions of Part II of the *Canada Corporations Act* as a corporation without share capital.
4. The Fund is registered for purposes of the GST/HST.
5. Section 9.1 of the Party's constitution indicates, "The Conservative Fund Canada ...is the sole fundraising arm of the Party and shall be the chief agent of the Party pursuant to the *Canada Elections Act*."

6. The "Agreement-in-principle on the establishment of the Conservative Party of Canada" contains a signed consent of an authorized officer of the Fund indicating the corporation's consent to act as Chief Agent of the Party.
7. As specified in section 415 of the CEA, "The chief agent of a registered party is responsible for administering its financial transactions and for reporting on them, in accordance with the provisions of this Act."
8. In accordance with Section 416 of the CEA, no person or entity, other than the chief agent of a registered party shall pay the registered party's expenses; incur the registered party's expenses and accept contributions to the registered party.
9. The CEA contains a provision (subsection 435(2)) whereby a portion of eligible election expenses of a political party will be reimbursed by the federal government from the Consolidated Revenue Fund (old funding).
10. With changes to the CEA on January 1, 2004, there is now a provision (subsection 435.02(3)) for federal political parties to receive additional annual funding from the federal government based on a dollar amount per vote received during the most recent federal election (new funding).

INTERPRETATIONS REQUESTED

You would like our opinion on the following:

- (i) Whether the Party is a person for GST purposes;
- (ii) Whether the Party is a "non-profit organization" for GST purposes;
- (iii) Whether the Party is a "public service body" for GST purposes;
- (iv) The 'old funding' and the 'new funding' is payable to the Party;
- (v) The 'old funding' and the 'new funding' constitute government funding for the purposes of the 50% rebate provided to a "qualifying non-profit organization" under section 259 of the ETA;
- (vi) The Party is a "qualifying non-profit organization" for GST purposes for fiscal years 2004, 2005 and 2006; and
- (vii) The Fund is an agent of the Party, thus entitling the Party to recover GST (through rebates or input tax credits) paid by the Fund on behalf of the Party.

INTERPRETATIONS GIVEN

- (i) "person" (ii) "non-profit organization" (iii) public service body

Section 123(1) of the ETA defines person as "... an individual, a partnership, a corporation, the estate of a deceased individual, a trust, or a body that is a society, union, club, association, commission or other organization of any kind."

A non-profit organization, for purposes of the ETA, means "a person (other than an individual, an estate, a trust, a charity, a public institution, a municipality, or a government) that was organized and is operated solely for purposes other than profit, no part of the income of which is payable to, or otherwise available for the personal benefit of, any proprietor, member or shareholder thereof unless the proprietor, member or shareholder is a club, a society or an association the primary purpose and function for which is the promotion of amateur athletics in Canada." A public service body includes a non-profit organization.

The Party is an organization with its own constitution and members. It is recognized as a registered party under the CEA. In accordance with the Party's constitution and the CEA, the financial transactions of the Party are administered by the Fund and reported to the National Council of the Party. The Fund is a separate legal entity incorporated as a corporation without share capital and its objects are related to supporting the activities of the Party.

It is the view of the *Canada Revenue Agency* (CRA), that the Party is a separate person for purposes of the ETA and is organized for purposes other than profit. However, whether an organization operates solely for a purpose other than profit is a question of fact, which must be determined on an ongoing basis. Provided the Party is organized and operated as a non-profit organization, it would be a public service body within the meaning assigned in subsection 123(1) of the ETA.

- (iv) *payment under the CEA*

We are unable to provide comments with respect to your request under (iv) as it involves the interpretation of legislation that is not administered by the CRA.

- (v) *funding*

The terms "government funding" and "grantor" are defined in the Public Service Body Rebate (GST/HST) Regulations (the Regulations). In addition, the CRA policy described in TIB B-067, "Goods and Services Tax Treatment of Grants and Subsidies" assists in determining whether a payment is consideration for a supply.

Political parties generally carry on a variety of activities including research and analysis of public opinion on issues of concern, policy development, strategic planning, the selection and promotion of candidates and participation in election campaigns. The general public is considered to benefit from these activities of the political parties. The purpose of the partial reimbursement of party expenses and payment of the quarterly allowance to the political parties

under the CEA would be a means of encouraging and promoting the involvement of parties in the political process. Also, the requirement to file election expense returns for the partial reimbursement is an accountability mechanism, and is not regarded as consideration for a supply. It is the opinion of the CRA that the payments by the federal government under the CEA to political parties with respect to partial reimbursement of election expenses and party allowances would qualify as government funding. This type of funding could therefore be used in establishing whether a political party is a 'qualifying non-profit organization' for purposes of entitlement to a public service body rebate.

(vi) *qualifying non-profit organization*

Under subsection 259(2) of the ETA, a non-profit organization is a qualifying non-profit organization if its percentage of government funding for the year is at least 40%. In accordance with subparagraph 3(1)(b) of the Regulations, the percentage of government funding for a particular year is the *greater of* the percentage determined by the formula for amounts received or receivable in that year, and the percentage that is equal to:

- (i) where the year is the first fiscal year of the particular person, zero;
- (ii) where it is the second fiscal year, the percentage determined for the first fiscal year;
- (iii) in any other case, the percentage determined for the two previous fiscal years.

In other words, for purposes of determining whether it meets the 40% funding threshold, the Party may base its calculations on its current year's revenues and government funding, or the average of the amounts over the two preceding years, whichever is greater. In the calculations presented in Appendix C of your submission, you indicate the Party received more than 40% of its annual revenue from government funding for the years 2004 and 2005. You also indicate that the funding for the year 2006 would be greater than 40% when the calculation is based on the two preceding years (2004 & 2005). These calculations would be subject to review and verification at the time of an audit by the CRA.

(vii) *input tax credits*

Generally, a person is the "recipient" of a purchase if the person is liable to pay the consideration for the purchase. The CEA requires the Party to appoint a chief agent and for that person to act as agent in relation to receipt of contributions and payment of expenses of the Party. As you have confirmed, the Fund, as the agent, acquires property and services on behalf of the Party, the principal. Accordingly, on purchases of property and services where the Fund is acting as an agent on behalf of the Party, the Party would be considered the recipient of the supplies. As long as the Party is a qualifying non-profit organization, it would be entitled to file for a rebate on a percentage of the GST and the federal part of the HST, paid or payable by them on the eligible purchases of property and services obtained through the Fund for use in the organization, for which they cannot claim input tax credits (ITC's).

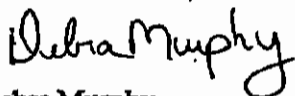
Section 169 of the ETA permits a registrant to claim an ITC to the extent that a property or service is consumed, used, or supplied in the course of a commercial activity of the registrant. Accordingly, if the Party is engaged in commercial activities and registered for purposes of the

GST/HST, it may be eligible to claim ITCs related to its taxable activities. It is our view that the Fund in its capacity as agent of the Party would not be entitled to claim ITC's on supplies it obtains on behalf of the Party.

The foregoing comments represent our general views with respect to the subject matter of your request. These comments are not rulings and, in accordance with the guidelines set out in GST/HST Memorandum 1.4, *Excise and GST/HST Rulings and Interpretations Service*, do not bind the Canada Revenue Agency with respect to a particular situation. Future changes to the ETA, regulations, or our interpretative policy could affect this interpretation.

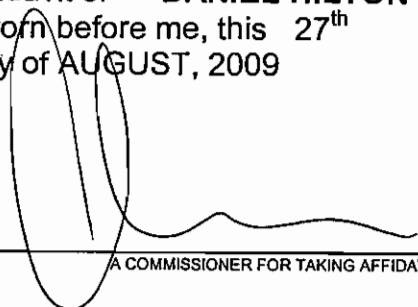
If you require clarification with respect to any of the issues discussed in this letter, please call me directly at 613-952-0420.

Yours truly,



Debra Murphy
Charities, Non-Profit & Educational Services Unit
Public Service Bodies and Governments Division
Excise and GST/HST Rulings Directorate

This is **Exhibit "B"** referred to in the
affidavit of **DANIEL HILTON**
sworn before me, this 27th
day of AUGUST, 2009



A COMMISSIONER FOR TAKING AFFIDAVITS



The Chief Electoral Officer • Le directeur général des élections

Our file: 1435-5

February 10, 1995

The Honourable Jean J. Charest, P.C., M.P.
Leader (Interim)
Progressive Conservative Party of Canada
275 Slater Street, Room 501, 5th floor
Ottawa, Ontario
K1P 5H9

Dear Mr. Charest:

This letter is to inform you that certain registered political parties have advised this office that they have received a reimbursement from National Revenue for the Goods and Services Tax (GST) paid in relation to election expenses for the 1993 general election.

As my Office will soon publish a report concerning contributions and expenses of registered political parties and candidates, I would appreciate receiving any information on this matter as soon as possible that would assist us in producing a complete and accurate report.

I would also like to advise you that if you have received a rebate relating to the GST, we will be required to adjust the amount of the reimbursement paid to your party related to election expenses for the 1993 general election.

If your staff requires additional information on this matter or if they have any questions, they may contact Janice Vézina at (613) 990-3747 or 1-800-267-7360. I may also be reached at (613) 993-5755.

Your earliest attention to this request is most appreciated.

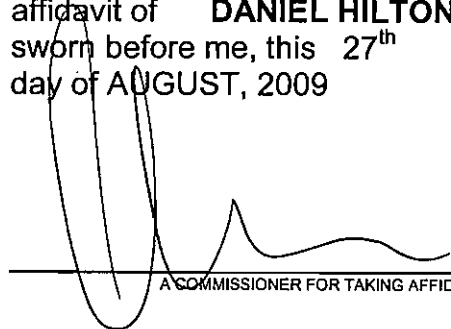
Yours truly,

Original signed by
Jean-Pierre Kingsley
A signé l'original

Jean-Pierre Kingsley

c.c.: P.C. Canada Fund, c/o Mr. Michael Allen, Chief Agent

This is **Exhibit "C"** referred to in the
affidavit of **DANIEL HILTON**
sworn before me, this 27th
day of AUGUST, 2009



A COMMISSIONER FOR TAKING AFFIDAVITS

The Chief Electoral Officer - Le directeur général des élections

July 31, 1995

Ms. Carolyn M. Maynes
Executive Director
PC Canada Fund
501-275 Slater Street
OTTAWA, Ontario
K1P 5H9

Dear Ms. Maynes:

This is further to your letter of March 8, 1995, regarding the Goods and Services Tax (GST).

As a result of discussions between this Office and Mr. Paul Lepsoe of Smith Lyons Torrance Stevenson & Mayer, it has come to my attention that the Progressive Conservative Party of Canada possesses a GST registration number. Consequently, I would like to know from the Party's auditor if the amount of \$10,531,510.37, that appears in the Registered Party Return in Respect of Election Expenses as expenses incurred by the Progressive Conservative Party of Canada for the 1993 general election, includes the GST.

If this is the case, I would also like to know the amount reimbursed by Revenue Canada to your Party relating to your Party's GST claim resulting from the 1993 election expenses. This is in order to determine the amount owed to the Office of the Chief Electoral Officer by the Progressive Conservative Party of Canada.

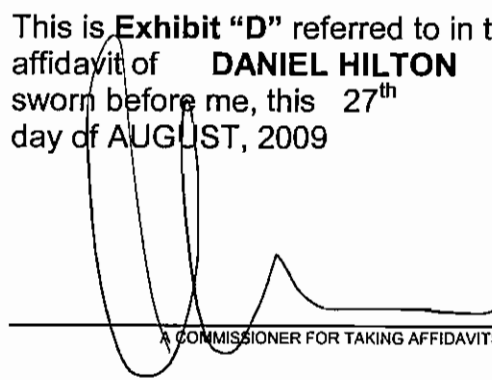
If you require further information on this matter, you may contact Janice Vézina at (613) 993-3747. I may also be reached at (613) 993-5755.

Yours truly,


Jean-Pierre Kingsley

c.c.: P.C. Canada Fund; c/o Michael Allen, Chief Agent
Carmen Joynt Partner, Deloitte and Touche, Ottawa
Janice Vézina, Director, Election Financing

This is **Exhibit "D"** referred to in the
affidavit of **DANIEL HILTON**
sworn before me, this 27th
day of AUGUST, 2009



A COMMISSIONER FOR TAKING AFFIDAVITS



Chief Electoral
Officer of Canada

Directeur général des
élections du Canada

Ottawa, Canada K1A 0M6

May 29, 1996

WITHOUT PREJUDICE

Mr. Paul Lepsoe
Barrister & Solicitor
Smith, Lyon, Torrance, Stevenson & Mayer
1780-45 O'Connor Street
Ottawa, Ontario
K1P 1A4

RECEIVED

MAY 31 1996

AMU

Dear Mr. Lepsoe:

You will recall that for the last several months, this Office and your client, the Progressive Conservative Party of Canada, have engaged in discussions concerning the legal treatment of Goods and Services Tax (GST) paid by the Party, in regard to the election expenses incurred for the 1993 general election. The total election expenses incurred by the Party for the 1993 election, as submitted in the Party's return was inclusive of the GST, and the reimbursement of elections expenses by this Office was calculated on that total amount. The Party subsequently obtained a tax credit from Revenue Canada for the GST paid in respect of those expenses. It is the position of this Office that the reimbursement of election expenses requires retroactive adjustment to reflect the actual amount of expenses incurred, in this case, net of the GST.

The statutory provision determining the basis of the election expenses return is section 322 of the *Canada Elections Act*. Section 322 refers to "the amount of the registered party's election expenses". Whether these expenses are incurred by way of disbursements alone, or through disbursements on which there is an eventual rebate, such as where GST paid is later refunded, the amount of "expenses" aimed at by section 322 is still the difference between the money on hand at the beginning and at the end of the overall exercise.

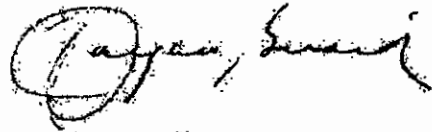
- 2 -

The reason for which provisions regarding the reimbursement of a portion of election expenses were incorporated into the *Canada Elections Act* was to provide assistance to registered political parties, in respect of their actual election expenses. If these provisions were to be used in respect of expenses not actually incurred or in respect of expenses subsequently repaid, that would be both a subsidy to the party involved and a means for unjust enrichment.

In addition to the foregoing interpretation, I must also set out for you the precedents involved. In the period between the incorporation of the GST into the Canadian legal system and today, only one federal general election was held. With regard to that election, the above interpretation was either adopted voluntarily by all registered parties or it was applied to them by the OCEO. In the latter case, parties in a similar situation accepted this ruling. Thus, it would not be proper to apply to your client a different standard than that applicable to others in the electoral system.

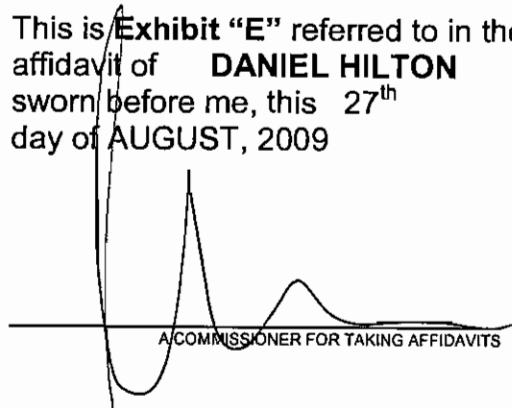
I trust that the position of this Office is sufficiently clear and that the Progressive Conservative Party of Canada will resolve this outstanding issue within the shortest possible delay.

Yours truly,



Jacques Girard,
Director of Legal Services

This is **Exhibit "E"** referred to in the
affidavit of **DANIEL HILTON**
sworn before me, this 27th
day of AUGUST, 2009



A COMMISSIONER FOR TAKING AFFIDAVITS

**PC Canada
Fund****Le Fonds PC
du Canada**

March 8, 1995

Mr. Jean-Pierre Kingsley
Chief Electoral Officer
1595 Telesat Court
Ottawa, Canada
K1A 0M6

Dear Mr. Kingsley:

We are in receipt of your letter of February 10, 1995 regarding the matter of the "Goods and Services Tax paid in relation to election expenses for the 1993 general election."

We are looking into this matter and will be back to you as quickly as possible.

Yours very truly,



Carolyn M. Maynes
Executive Director

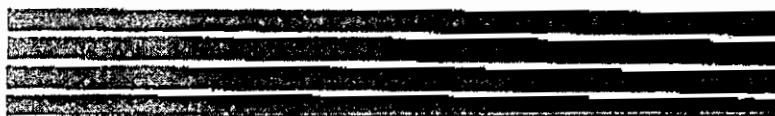
cc Michael Allen
National Director

National Headquarters
275 Slater Street, Suite 501
Ottawa, Canada K1P 5H9
Telephone 613 238-6111
Telecopier 613 238-7429

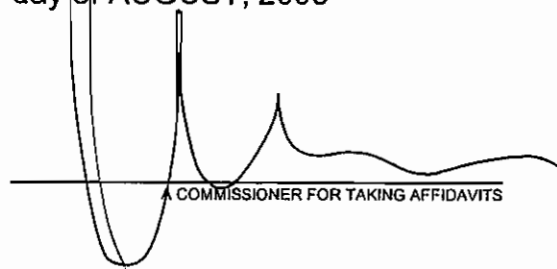
Chief Agent of the Progressive Conservative
Party of Canada

Bureau national
275, rue Slater, Bureau 501
Ottawa, Canada K1P 5H9
Téléphone 613 238-6111
Télécopieur 613 238-7429

Agent principal du Parti progressiste-
conservateur du Canada



This is **Exhibit "F"** referred to in the
affidavit of **DANIEL HILTON**
sworn before me, this 27th
day of AUGUST, 2009



A COMMISSIONER FOR TAKING AFFIDAVITS

Parti conservateur
du Canada



Conservative Party
of Canada

By Hand

June 26, 2008

Mr. Marc Mayrand
Chief Electoral Officer
Elections Canada
257 Slater Street
Ottawa, Ontario K1A 0M6

Dear Mr. Mayrand:

RE: Conservative Party of Canada/GST Rebates Received/Effect on Election Returns and Reimbursements

We wish to set out the apparent implications of the recent receipt by the Conservative Party of Canada (the "Party") of a rebate of 50% of the GST/HST and Quebec Sales Tax ("QST") paid over the period January 2004 to June 2007.

Background

The *Excise Tax Act* and regulations thereunder (the "ETA") provide that a "qualifying non-profit organization" ("QNPO") is eligible to receive a rebate of 50% of GST paid (and of the "federal" part of the HST paid in the HST-participating provinces, which part is identical to the GST rate). We understand that Quebec has a virtually identical regime for QST paid.

Eligibility as a QNPO turns in particular on the percentage of government funding received in a given year or the two prior years. Obviously, the government funding received by the largest federal political parties has increased considerably since January 1, 2004, due to the combined effect of, 1. the coming into force of Bill C-24 on that date, and 2. the holding of two federal general elections since that date. Bill C-24 of course introduced the quarterly allowances for larger federal political parties and increased the reimbursement of election expenses for those parties from 22.5% to 60% (for the first election held after the coming into force of Bill C-24) and 50% thereafter.

In 2005, consultants on behalf of the Party began dealings with the Canada Revenue Agency ("CRA") to determine whether the Party constituted a QNPO and would thus be eligible for GST rebates. An affirmative response was finally received by the Party from CRA in 2007. Supporting information was thus subsequently provided to CRA and Revenue Quebec by the Party in order to obtain a rebate of 50% of GST/federal

HST/QST paid for semi-annual periods from the first full month of operation of the Party (January 2004) through June 2007.

In late April 2008, the Party received cheques and accompanying statements indicating that a full rebate of one-half of GST/federal HST/QST (all of which will henceforth simply be referred to herein as "GST") paid by the Party (through its chief agent, Conservative Fund Canada) in those periods (2004-mid-2007) was being paid out by CRA and Revenue Quebec. Please see the charts attached as Appendix A setting out the rebates recently obtained, segregated by year and also by election expense or non-election expense category.

Based on known items such as the fact that there must be a federal general election either this year or next (and thus the Party will receive significant government funding in the form of partial reimbursement of election expenses, along with the ongoing quarterly allowances), management of the Party believes that the Party will remain a QNPO for the balance of 2007, and for this fiscal¹ year of the Party and for at least the next two fiscal years. The Party will thus receive rebates representing 50% of all GST paid in those years (i.e., 2007 – 2010 inclusive).

Implications

Accounting

In light of the establishment of QNPO status last year retroactive to 2004 and into the foreseeable future, in 2007 the Party began following standard accounting practices for GST registrants in Canada (both commercial and non-profit) and is now booking expenses net of the fully-refundable portion of GST initially paid. For example, on a purchase of computer maintenance services for which the amount initially paid is \$1,000 + 5% GST (\$50.00), the amount booked as an expense would previously have been \$1,050.00, i.e., inclusive of all GST. The amount would now be booked as \$1,025.00, i.e., inclusive only of the one-half of GST which will not be obtained back by rebate. In accordance with standard accounting practices for GST registrants in Canada, the refundable GST amount paid (\$25.00 in this example) is being booked to a receivable account, which will in effect be balanced to zero upon receipt of the commensurate GST rebate.

Election Expenses

There remain the implications for the prior period 2004 – 2006. In particular, in light of the rebate, the Party's "paid election expenses" for the general elections held in 2004 and 2005-06 are overstated by the amount of the rebates obtained for the GST initially paid in relation thereto (see Appendix A). In turn, as a consequence the amount of the reimbursement of election expenses paid to the Party by the Receiver General in relation to the general elections of 2004 and 2005-06 was overpaid; the amount of the overpayment is thus 60% (in 2004) and 50% (in 2006) of the amount of the rebate now

¹ Under the *Canada Elections Act*, the fiscal year of the Party is of course the calendar year.

received for GST paid on election expenses, for a total overpayment of \$701,934.82 (see Appendix A).

Please find enclosed corrected *election expenses* returns for the 2004 and 2006 general elections, reflecting the lower amounts of GST, and thus election expenses actually paid. We also enclose completed application forms EC 20216, *Request to Amend the Registered Party...Return in Respect of General Election Expenses*, for both the 2004 and 2006 general elections.

Upon your confirmation of acceptance of these corrected returns, we would intend to dispatch a cheque to you immediately, payable to the Receiver General in the amount of \$701,934.82. This cheque would constitute repayment to the Receiver General of the difference, set out above, between the reimbursements of election expenses received on the basis of the previous returns versus the lower amount of reimbursements payable under the corrected returns enclosed herewith.

We would note that the foregoing is consistent with the approach required by Elections Canada when similar circumstances arose in the mid-1990's. Briefly, our understanding is that well after the 1993 election and after they had received their reimbursements of election expenses thereon, federal political parties received rebates of GST initially paid. (This was not due to their status as QNPOs, but rather in relation to a different status under the ETA that political parties were found to have at that time. The ETA was amended such that the status was lost by the time of the 1997 election).

In this regard, we refer to a letter dated May 29, 1996 from the then Director of Legal Services at Elections Canada to a predecessor party. The letter states in part:

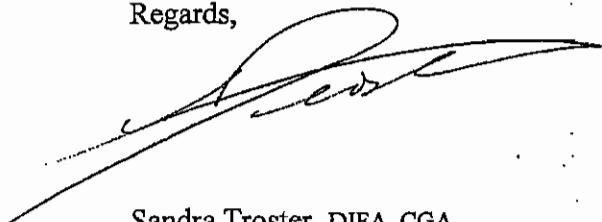
It is the position of this Office that the reimbursement of election expenses requires retroactive adjustment to reflect the actual amount of expenses incurred; in this case, net of GST....the amount of 'expenses' aimed at by [the *Elections Act*] is still the difference between the money on hand at the beginning of the exercise and at the end of the overall exercise. [emphasis added]

Annual Returns

In terms of *annual* returns, we do not propose to submit amended returns for the periods 2004 – 2006. However, given the switch noted above to accounting for expenses net of one-half of GST made during 2007, the financial statements accompanying the annual return for 2007 which is about to be submitted will reflect expenses for 2007 on this basis. The total GST rebates received in April 2008 in relation to the period 2004 – 2006 (net of the return of election expense reimbursements set out above) will simply be shown as other revenue in 2007, given that the GST ruling letter from CRA was received in 2007, and the actual rebates were received before the 2007 statements were finalized. We have reviewed the matter with our auditors, who advise that this approach would be consistent with generally accepted accounting standards. Different considerations obviously apply in relation to the *election* returns, given in particular the important

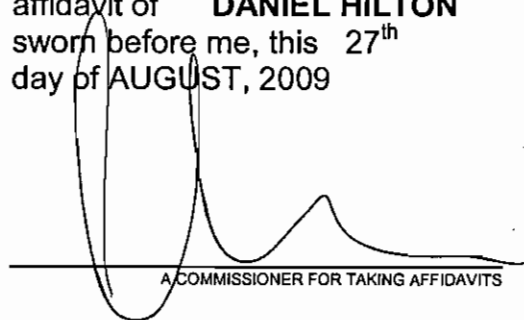
consideration of the repayment of the applicable portions of the statutory election expenses reimbursements as set out herein.

Regards,

A handwritten signature in dark ink, appearing to read 'Sandra Troster', written over a horizontal line.

Sandra Troster, DIFA, CGA
Chief Financial Officer

This is **Exhibit "G"** referred to in the
affidavit of **DANIEL HILTON**
sworn before me, this 27th
day of AUGUST, 2009



A COMMISSIONER FOR TAKING AFFIDAVITS



June 26, 2008

Marc Mayrand
Chief Electoral Officer of Canada
Elections Canada
257 Slater Street
Ottawa, Ontario
K1A 0M6

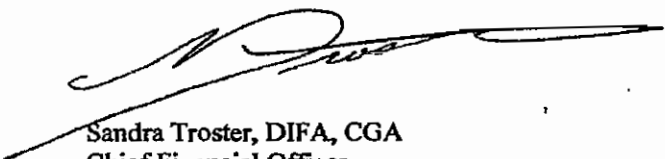
Dear Mr. Mayrand,

Please find enclosed the following documents:

- A letter dated June 26, 2008 from Sandra Troster, CFO;
- Appendix A showing resultant adjustments;
- Form EC20216 request to amend for the 38th general election;
- Amended Form EC20240 for the 38th general election;
- Form EC20216 request to amend for the 38th general election;
- Amended Form EC20240 for the 39th general election; and
- CD containing amended forms EC20240 for both the 38th and 39th general elections.

Should you have any questions, please do not hesitate to contact our office.

Regards,
Conservative Fund Canada



Sandra Troster, DIFA, CGA
Chief Financial Officer
Conservative Fund Canada
1204-130 Albert Street
Ottawa, Ontario
K1P 5G4

(613) 755-2004
sandratroster@conservative.ca

Acknowledgement of Receipt by Elections Canada

Name

Signature

Date

1204-130 Albert Street
Ottawa, Ontario
K1P 5G4

www.conservative.ca
Toll Free: 888-808-8407

Phone: 613-755-2000
Fax: 613-755-2017

Conservative Fund Canada

Period	Goods and Service Tax Recovery		Quebec Sales Tax Recovery		Total		Total Period
	Non Election	Election	Non Election	Election	Non Election	Election	
January - December 2004	225,101.11	591,661.11	3,117.72	11,446.22	228,218.83	603,107.33	831,326.16
January - December 2005	615,014.40	312,535.90	27,301.58	19,750.46	642,315.98	332,286.36	974,602.34
January - December 2006	318,172.62	344,091.68	6,388.10	3,762.81	324,560.72	347,854.49	672,415.21
January 2007 - June 2007	303,340.87	-	15,277.63	-	318,618.50	-	318,618.50
Total	1,461,629.00	1,248,288.69	52,085.03	34,959.49	1,513,714.03	1,283,248.18	2,796,962.21
Refund to Elections Canada		683,310.46		18,624.37		701,934.83	\$ 701,934.83

Reconciliation of GST/QST rebates to Refund to Elections Canada

Election Year	Amount of GST/QST		Elections Rebate rate for Election Year	Election Rebate to be Refunded to Elections Canada
	Rebate applied to Election Expenses	Rebate applied to Election Expenses		
2004 (A)	\$ 603,107.33	\$ 361,864.40	60%	\$ 361,864.40
2006 (B)	\$ 680,140.85	\$ 340,070.43	50%	\$ 340,070.43
				\$ 701,934.82

Agrees to Refund above



REGISTERED PARTY RETURN IN RESPECT
OF GENERAL ELECTION EXPENSES

Statement of general election expenses [422(1) and 429(1) and (2)]

No.	Expenditure classification	original A Amount paid	allocation of GST/QST rebates	revised A Amount paid	B Discount	C Unpaid claim	(A+B+C) Total
1.	Advertising - Radio/TV	5,875,763.95	(207,528.95)	5,668,235.00			5,668,235.00
2.	Advertising - Other	1,402,240.00	(34,365.04)	1,367,874.96			1,367,874.96
3.	Elections surveys or other surveys or research	341,259.93	(11,162.71)	330,097.22			330,097.22
4.	National office expenses	467,963.57	-	467,963.57			467,963.57
5.	Professional services	3,900,105.04	(138,467.61)	3,761,637.43			3,761,637.43
6.	Leader's tour (net)	3,780,431.72	(140,639.21)	3,639,792.51			3,639,792.51
7.	Travel (other than leader's tour)	57,484.72	(2,561.27)	54,923.45			54,923.45
8.	Salaries and wages	549,974.78	(5,179.63)	544,795.15			544,795.15
9.	Other	909,033.20	(63,202.91)	845,830.29			845,830.29
10.	TOTAL ELECTION EXPENSES SUBJECT TO THE LIMIT	17,284,256.91	(603,107.33)	16,681,149.58	0.00	0.00	16,681,149.58

Ref (A)



REGISTERED PARTY RETURN IN RESPECT
OF GENERAL ELECTION EXPENSES

Statement of general election expenses [422(1) and 429(1) and (2)]

No.	Expenditure classification	original A Amount paid	allocation of GST/QST rebates	revised A Amount paid	B Discount	C Unpaid claim	(A+B+C) Total
1.	Advertising - Radio/TV	8,786,108.38	(308,263.49)	8,477,844.89			8,477,844.89
2.	Advertising - Other	388,284.22	(54,684.67)	333,599.55			333,599.55
3.	Elections surveys or other surveys or research	697,105.00	(17,598.00)	679,507.00			679,507.00
4.	National office expenses	668,330.30	-	668,330.30			668,330.30
5.	Professional services	2,741,413.26	(103,885.97)	2,637,527.29			2,637,527.29
6.	Leader's tour (net)	3,014,367.00	(124,249.60)	2,890,117.40			2,890,117.40
7.	Travel (other than leader's tour)	90,354.18	(2,708.72)	87,645.46			87,645.46
8.	Salaries and wages	874,434.13	(4,002.17)	870,431.96			870,431.96
9.	Other	758,782.81	(64,748.24)	694,034.57			694,034.57
10.	TOTAL ELECTION EXPENSES SUBJECT TO THE LIMIT	18,019,179.28	(680,140.85)	17,339,038.43	0.00	0.00	17,339,038.43

Ref (B)



Request to Amend the Registered Party Financial Transactions Return or the Registered Party Return in Respect of General Election Expenses

EC 20216 (11/05) November 8, 2005
Application Form

Registered Party: <i>Conservative Party of Canada</i>		Chief Agent: <i>Conservative Fund Canada, c/o Irving Gerstein</i>
Applicant (must be registered party or chief agent): <i>Conservative Party of Canada</i>		Event (fiscal year ending or general election): <i>38th General Election EC 20240</i>

I, the applicant indicated above, hereby request authorisation from the Chief Electoral Officer to amend the *Registered Party Financial Transaction Return* or the *Registered Party Return in Respect of General Election Expenses* of the registered party named herein, who was a registered party in the event indicated above, under the provision of paragraph 433 (1)(b) of the *Canada Elections Act*.

☐ The absence, death, illness or misconduct of the chief agent or a predecessor 433.3(3)(a)
☐ The absence, death, illness or misconduct of a registered agent of the registered party or an agent, a clerk or an officer of the chief agent, or a predecessor of one of them 433(3)(b)
☐ Inadvertence or honest mistake of fact 433(3)(c)

Part #	As Presented	As Corrected	Reason for Correction
2(1)	\$5,875,763.95	\$5,668,235.00	Inadvertence or honest mistake of fact 433(3)(c) *
2(2)	\$1,402,240.00	\$1,367,874.26	
2(3)	\$341,259.93	\$330,097.22	
2(5)	\$3,900,105.04	\$3,761,637.43	
2(6)	\$3,780,431.72	\$3,639,792.51	
2(7)	\$57,484.72	\$54,923.45	
2(8)	\$549,974.78	\$544,795.15	
2(9)	\$909,033.20	\$845,830.22	
2(10)	\$17,284,256.91	\$16,681,149.58	

(Add additional pages as required.)

Please add any information you wish to bring to the Chief Electoral Officer's attention by attaching it to this application form.

* Changes are a result of a ruling by Canada Revenue Agency

Applicant's signature

Although the application form may be mailed to Elections Canada, it is preferable to fax it.

Send by fax to:

1 888 523-9333
Attn: Director, Political Financing and Audit

Date

Send by mail to:

Elections Canada
Political Financing and Audit Directorate
257 Slater Street
Ottawa, ON K1A 0M6

(FRANÇAIS AU VERSO)



REGISTERED PARTY RETURN IN RESPECT OF GENERAL ELECTION EXPENSES

[Section 429 of the Canada Elections Act]

RAPPORT D'UN PARTI ENREGISTRÉ SUR LES DÉPENSES D'UNE ÉLECTION GÉNÉRALE

[Article 429 de la Loi électorale du Canada]

EC 20240 (01/04)

2008_06_11 08_46_27_00400

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REGISTERED PARTY RETURN IN RESPECT OF GENERAL ELECTION EXPENSES
Déclaration (429(1)(c))

EC 20240-P1 (01/04)

SECTION A - PARTY'S INFORMATION - COORDONNÉES DU PARTI	
Party's full name - Nom complet du parti Conservative Party of Canada	
City - Ville Ottawa	Postal address - Adresse postale 1204-130 Albert Street Prov/Terr. ON
Telephone number - Numéro de téléphone (613) 755-2000	Postal code - Code postal K1P 6G4
E-mail address - Courriel	

RAPPORT D'UN PARTI ENREGISTRÉ SUR LES DÉPENSES D'UNE ÉLECTION GÉNÉRALE
Déclaration (429(1)(c))

PART - 1
PARTIE - 1

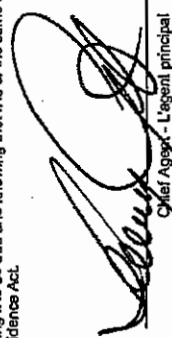
SECTION B - CHIEF AGENT'S INFORMATION - COORDONNÉES DE L'AGENT PRINCIPAL	
Chief agent's full name - Nom complet de l'agent principal Conservative Fund Canada, c/o Irving Gerstein	
City - Ville Ottawa	Postal address - Adresse postale 1204-130 Albert Street Prov/Terr. ON
Telephone number - Numéro de téléphone (613) 755-2000	Postal code - Code postal K1P 6G4
E-mail address - Courriel	

SECTION C - DECLARATION - DÉCLARATION

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

- the information contained in this return is correct;
- all election expenses in respect of the conduct or management of the election have been properly recorded;
- no money, goods or services have been provided by way of loan, advance, deposit, contribution or gift during the election, except as appears in this return; and
- no other person or entity has, on behalf of the registered party, made any payment or given, promised or offered any reward, office, employment or valuable consideration or incurred any liability on account of or in respect of the conduct or management of the election, except as specified in this return.

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

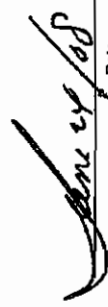

Chief Agent - L'agent principal

Date

Je déclare solennellement qu'à ma connaissance et croyance:

- les renseignements contenus dans ce rapport sont exacts;
- toutes les dépenses électorales liées à la conduite ou l'administration de l'élection ont été dûment inscrites;
- aucun fonds, marchandise ou service n'ont été fournis sous forme de prêt, d'avance, de dépôt, de contribution ou de don au cours de l'élection, à l'exception de ce qui est déclaré dans ce rapport; et
- aucune autre personne ou entité n'a, au nom du parti enregistré, fait de paiement ni donné, promis ou offert une récompense, un poste, un emploi ou toute autre compensation de valeur, ni contracté d'engagement au sujet de la direction ou de l'administration de l'élection, à l'exception de ce qui est déclaré dans ce rapport.

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


Date

SECTION D - PUBLICATION OF INFORMATION - PUBLICATION DE L'INFORMATION



Party - Parti Conservative Party of Canada	Date of poll Date de scrutin 2004/05/28	Y-A M D-J
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**REGISTERED PARTY RETURN IN RESPECT OF GENERAL ELECTION
EXPENSES**
Statement of general election expenses [422(1) and 429(1) and (2)]

**RAPPORT D'UN PARTI ENREGISTRÉ SUR LES DÉPENSES D'UNE ÉLECTION
GÉNÉRALE**
État des dépenses électorales pour une élection générale [422(1) et 429(1) et (2)]



EC 20240-P2 (01/04)

SECTION A - LIMITATION OF ELECTION EXPENSES - PLAFOND DES DÉPENSES D'ÉLECTION The following calculation determines the limit of the registered party's election expenses in accordance with subsection 422(1) of the Canada Elections Act. Le calcul suivant fixe le plafond des dépenses d'élection d'un parti enregistré tel que défini selon le paragraphe 422(1) de la Loi électorale du Canada.	
1	Number of electoral districts in which there was an official candidate endorsed by the registered party Nombre de circonscriptions dans lesquelles il y avait un candidat officiel soutenu par le parti enregistré 308
2	Number of names on the preliminary list of elections in the electoral districts included in item 1 above Nombre de noms figurant sur les listes électorales préliminaires dans les circonscriptions inscrites à la case 1 ci-dessus 0
3	Number of names on the revised list of elections in the electoral districts included in item 1 above Nombre de noms figurant sur les listes électorales révisées dans les circonscriptions inscrites à la case 1 ci-dessus 22,321,851
4	Number of names in item 2 or 3, whichever is greater, multiplied by \$0.70 Nombre de noms émis à la case 2 ou 3, selon le nombre le plus élevé, multiplié par 0,70 \$ 15,825,155.70
5	Initial election adjustment factor published by the Chief Electoral Officer Facteur d'ajustement à l'initiation publié par le directeur général des élections 1.1260
6	Indexed limit of election expenses; item 4 multiplied by item 5 Plafond indexé des dépenses d'élection; case 4 multipliée par case 5 17,593,925.32

SECTION B - GENERAL ELECTION EXPENSES - DÉPENSES ÉLECTORALES POUR UNE ÉLECTION GÉNÉRALE					
No. N°	Expenditure description Catégorie de dépenses	A Amount paid Montant payé	B Discount Escompte	C Unpaid claim Créances impayées	Total (A + B + C)
1	Advertising - Radio/TV Publicité - Radio/TV	\$5,668,235.00			\$5,668,235.00
2	Advertising - Other Publicité - Autre	\$1,367,874.96			\$1,367,874.96
3	Elections surveys or other surveys or research Sondages électoraux ou autres, ou autres types de recherches	\$330,097.22			\$330,097.22
4	National office expenses Dépenses du bureau national	\$467,963.57			\$467,963.57
5	Professional services Honoraires professionnels	\$3,761,637.43			\$3,761,637.43
6	Leader's tour (net) Tournée du chef (net)	\$3,639,792.51			\$3,639,792.51
7	Travel (other than leader's tour) Déplacements (autres que la tournée du chef)	\$54,923.45			\$54,923.45
8	Salaries and wages Salaires et traitements	\$544,795.15			\$544,795.15
9	Other Autres	\$845,830.29			\$845,830.29
10	TOTAL ELECTION EXPENSES SUBJECT TO THE LIMIT TOTAL DES DÉPENSES ÉLECTORALES ASSUJETTIES AU PLAFOND	\$16,681,149.58			\$16,681,149.58

Party - Parti Conservative Party of Canada	Date of poll Date de scrutin	Y-A	M	D-J
		2004	08	28



EC 20240-P3 (01/04)

REGISTERED PARTY RETURN IN RESPECT OF GENERAL ELECTION
EXPENSES
Statement of Unpaid Claims [429(2)(a)]

RAPPORT D'UN PARTI ENREGISTRÉ SUR LES DÉPENSES D'UNE ÉLECTION
GÉNÉRALE
État des créances Impayées [429(2)a)]

PART - 3
PARTIE -

Nil Part / Partie Nul

Party - Parti Conservative Party of Canada	Date of poll Date de scrutin	Y-A	M	D-J
		2004/06/28		



**Request to Amend the
Registered Party Financial Transactions Return or the
Registered Party Return in Respect of General Election Expenses**

EC 20216 (11/05) November 8, 2005

Application Form

Registered Party: Conservative Party of Canada	Chief Agent: Conservative Fund Canada, c/o Irving Gerstein
Applicant (must be registered party or chief agent): Conservative Party of Canada	Event (fiscal year ending or general election): 39 th General Election EC 20240

I, the applicant indicated above, hereby request authorisation from the Chief Electoral Officer to amend the *Registered Party Financial Transaction Return* or the *Registered Party Return in Respect of General Election Expenses* of the registered party named herein, who was a registered party in the event indicated above, under the provision of paragraph 433 (1)(b) of the *Canada Elections Act*.

☐ The absence, death, illness or misconduct of the chief agent or a predecessor 433(3)(a)
☐ The absence, death, illness or misconduct of a registered agent of the registered party or an agent, a clerk or an officer of the chief agent, or a predecessor of one of them 433(3)(b)
☐ Inadvertence or honest mistake of fact 433(3)(c)

Part #	As Presented	As Corrected	Reason for Correction
2(1)	\$8,786,108.38	\$8,477,844.89	Inadvertence or honest mistake of fact 433(3)(c) *
2(2)	\$388,284.22	\$333,599.55	
2(3)	\$697,105.00	\$679,507.00	
2(5)	\$2,741,413.26	\$2,637,527.29	
2(6)	\$3,014,367.00	\$2,890,117.40	
2(7)	\$90,354.18	\$87,645.46	
2(8)	\$874,434.13	\$870,431.96	
2(9)	\$758,782.81	\$694,034.57	
2(10)	\$18,019,179.28	\$17,339,038.43	

(Add additional pages as required.)

Please add any information you wish to bring to the Chief Electoral Officer's attention by attaching it to this application form.

* Changes are a result of a ruling by Canada Revenue Agency

Applicant's signature

Although the application form may be mailed to Elections Canada, it is preferable to fax it.

Send by fax to:

1 888 523-9333

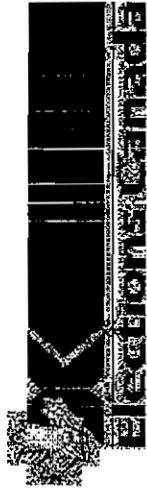
Attn: Director, Political Financing and Audit

Date

Send by mail to:

Elections Canada
 Political Financing and Audit Directorate
 257 Slater Street
 Ottawa, ON K1A 0M6

(FRANÇAIS AU VERSO)



REGISTERED PARTY RETURN IN RESPECT OF GENERAL ELECTION EXPENSES

[Section 429 of the Canada Elections Act]

RAPPORT D'UN PARTI ENREGISTRÉ SUR LES DÉPENSES D'UNE ÉLECTION GÉNÉRALE

[Article 429 de la Loi électorale du Canada]

EC 20240 (01/04)

2008_08_11 08_40_09_04000

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EC 20240-P1 (01/04)

REGISTERED PARTY RETURN IN RESPECT OF GENERAL ELECTION EXPENSES

Déclaration [429(1)(c)]

RAPPORT D'UN PARTI ENREGISTRÉ SUR LES DÉPENSES D'UNE ÉLECTION GÉNÉRALE

Déclaration [429(1)c)]

PART - 1
PARTIE - 1

SECTION A - PARTY'S INFORMATION - COORDONNÉES DU PARTI			
Party's full name - Nom complet du parti Conservative Party of Canada			
City - Ville Ottawa		Postal address - Adresse postale 1204-130 Albert Street	
Telephone number - Numéro de téléphone (813) 755-2000		Prov./Terr. ON	Postal code - Code postal K1P 5G4
Email address - Courriel			

SECTION B - CHIEF AGENT'S INFORMATION - COORDONNÉES DE L'AGENT PRINCIPAL			
Chief agent's full name - Nom complet de l'agent principal Conservative Fund Canada, c/o Irving Genslein			
City - Ville Ottawa		Postal address - Adresse postale 1204-130 Albert Street	
Telephone number - Numéro de téléphone (813) 755-2000		Prov./Terr. ON	Postal code - Code postal K1P 5G4
Email address - Courriel			

SECTION C - DECLARATION - DECLARATION

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

- the information contained in this return is correct;
- all election expenses in respect of the conduct or management of the election have been properly recorded;
- no money, goods or services have been provided by way of loan, advance, deposit, contribution or gift during the election, except as appears in this return; and
- no other person or entity has, on behalf of the registered party, made any payment or given, promised or offered any reward, office, employment or valuable consideration or incurred any liability on account of or in respect of the conduct or management of the election, except as specified in this return.

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

Chief Agent - L'agent principal

Je déclare solennellement qu'à ma connaissance et croyance:

- les renseignements contenus dans ce rapport sont exacts;
- toutes les dépenses électorales liées à la conduite ou l'administration de l'élection ont été dûment inscrites;
- aucun fonds, marchandise ou service n'ont été fournis sous forme de prêt, d'avance, de dépôt, de contribution ou de don au cours de l'élection, à l'exception de ce qui est déclaré dans ce rapport; et
- aucune autre personne ou entité n'a, au nom du parti enregistré, fait de paiement ni donné, promis ou offert une récompense, un poste, un emploi ou toute autre compensation de valeur, ni contracté d'engagement au sujet de la direction ou de l'administration de l'élection, à l'exception de ce qui est déclaré dans ce rapport.

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 D - PUBLICATION OF INFORMATION / PUBLICATION DE L'INFORMATION

Party - Parti Conservative Party of Canada	Date of poll Date de scrutin	Y	A	M	D	J

2008_06_11 08_46_27_00400.

Page 1 of 1

REGISTERED PARTY RETURN IN RESPECT OF GENERAL ELECTION EXPENSES
État des dépenses électorales pour une élection générale [422(1) and 429(1) and (2)]

RAPPORT D'UN PARTI ENREGISTRÉ SUR LES DÉPENSES D'UNE ÉLECTION GÉNÉRALE
PART - 2
PARTIE - 2

EO 20240-P2 (01/04)

SECTION A - LIMITATION OF ELECTION EXPENSES - PLAFOND DES DÉPENSES D'ÉLECTION	
The following calculation determines the limit of the registered party's election expenses in accordance with subsection 422(1) of the Canada Elections Act. Le calcul suivant fixe le plafond des dépenses d'élection d'un parti enregistré tel que défini selon le paragraphe 422(1) de la Loi électorale du Canada.	
1	Number of electoral districts in which there was an official candidate endorsed by the registered party Nombre de circonscriptions dans lesquelles il y avait un candidat officiel soutenu par le parti enregistré 308
2	Number of names on the preliminary list of elections in the electoral districts included in item 1 above Nombre de noms figurant sur les listes électorales préliminaires dans les circonscriptions inscrites à la case 1 ci-dessus 0
3	Number of names on the revised list of elections in the electoral districts included in item 1 above Nombre de noms figurant sur les listes électorales révisées dans les circonscriptions inscrites à la case 1 ci-dessus 22,765,324
4	Number of names in item 2 or 3, whichever is greater, multiplied by \$0.70 Nombre de noms établis à la case 2 ou 3, selon le nombre le plus élevé, multiplié par 0,70 \$ 15,935,728.80
5	Inflation adjustment factor published by the Chief Electoral Officer Facteur d'ajustement à l'inflation publié par le directeur général des élections 1.1470
6	Indexed limit of election expenses; item 4 multiplied by item 5 Plafond indexé des dépenses d'élection; case 4 multipliée par case 5 18,278,278.64

SECTION B - GENERAL ELECTION EXPENSES - DÉPENSES ÉLECTORALES POUR UNE ÉLECTION GÉNÉRALE					
No. N°	Expenditure classification Catégories de dépenses	A Amount paid Montant payé	B Discount Exonération	C Unpaid claim Créances impayées	Total (A + B + C)
1	Advertising - Radio/TV Publicité - Radio/TV	\$8,477,944.89			\$8,477,944.89
2	Advertising - Other Publicité - Autre	\$333,599.55			\$333,599.55
3	Elections surveys or other surveys or research Sondages électoraux ou autres, ou autres types de recherches	\$879,507.00			\$879,507.00
4	National office expenses Dépenses du bureau national	\$668,330.30			\$668,330.30
5	Professional services Honoraires professionnels	\$2,637,527.29			\$2,637,527.29
6	Leader's tour (net) Tournée du chef (net)	\$2,090,117.40			\$2,090,117.40
7	Travel (other than leader's tour) Déplacements (autres que la tournée du chef)	\$87,645.46			\$87,645.46
8	Salaries and wages Salaires et traitements	\$870,431.96			\$870,431.96
9	Other Autres	\$894,034.57			\$894,034.57
10	TOTAL ELECTION EXPENSES SUBJECT TO THE LIMIT TOTAL DES DÉPENSES ÉLECTORALES ASSUJETTIES AU PLAFOND	\$17,339,038.42			\$17,339,038.42

Party - Parti Conservative Party of Canada	Date of poll Date de scrutin	Y-A	M	D-J
	2006/01/23			
Page 1 of 1		de 1		

2006_06_11 09_40_09_04000



REGISTERED PARTY RETURN IN RESPECT OF GENERAL ELECTION
EXPENSES
Statement of Unpaid Claims [429(2)(a)]

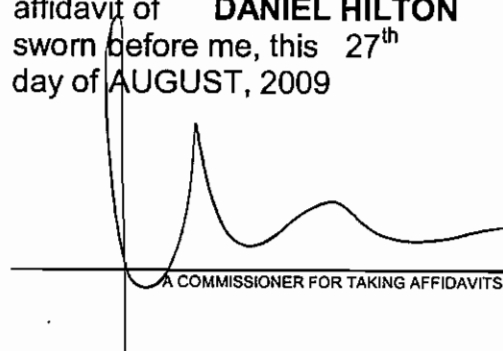
RAPPORT D'UN PARTI ENREGISTRÉ SUR LES DÉPENSES D'UNE ÉLECTION
GÉNÉRALE
État des créances impayées [429(2)a)]

PART - 3
PARTIE -

Nil Part / Partie Nul

Party - Parti Conservative Party of Canada	Date of poll Date de scrutin			Y-A	M	D-J
	2008/01/23					

This is **Exhibit "H"** referred to in the
affidavit of **DANIEL HILTON**
sworn before me, this 27th
day of AUGUST, 2009



A COMMISSIONER FOR TAKING AFFIDAVITS



The Chief Electoral Officer • Le directeur général des élections

Our file: 2008-000975

JUL 14 2008

Sandra Troster, DFA, CGA
Chief Financial Officer
Conservative Fund Canada
1204 - 130 Albert Street
Ottawa ON K1P 5G4

Dear Ms. Troster:

I thank you for your letter of June 26, 2008, and acknowledge receipt of the applications to amend the election expenses returns of the Conservative Party of Canada for the 38th and 39th general elections.

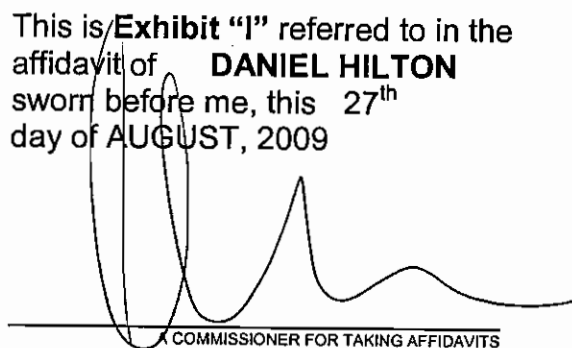
I would appreciate it if you could provide my office with a copy of the ruling or decision letter provided to the Party by the Canada Revenue Agency regarding the eligibility of the Party as a "qualifying non-profit organization", for the purpose of obtaining a 50% rebate of the GST/HST and QST paid over the period of January 2004 to June 2007.

Upon receipt of this document, we will review the information and advise you accordingly.

Yours truly,

Marc Mayrand
Chief Electoral Officer

This is **Exhibit "I"** referred to in the
affidavit of **DANIEL HILTON**
sworn before me, this 27th
day of AUGUST, 2009



A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned above a solid horizontal line.

COMMISSIONER FOR TAKING AFFIDAVITS

Parti conservateur
du Canada



Conservative Party
of Canada

By Hand

July 23, 2008

Mr. Marc Mayrand
Chief Electoral Officer
Elections Canada
257 Slater Street
Ottawa, Ontario K1A 0M6

Dear Mr. Mayrand:

**RE: File 2008-000975,
Conservative Party of Canada/GST Rebates Received/Effect on Election
Returns and Reimbursements request for letter**

Thank you for your letter of July 14, 2008.

As requested in your letter, enclosed please find a copy of the letter from the Canada Revenue Agency discussing the Party's eligibility as a "qualifying non-profit organization" ("QNPO") for the purpose of obtaining the rebate of 50% of GST/federal HST/QST.

You will note, on page 4 under section (vi), that the Party's status as a QNPO is based upon a funding formula subject to review and audit by the CRA. As a result, I am also enclosing the letter from the CRA confirming that the review was completed and no changes made to the returns that we filed. If you require further documentation, please advise me as soon as possible.

Upon your confirmation of acceptance of these corrected returns, we would intend to dispatch a cheque to you immediately, payable to the Receiver General in the amount of \$701,934.82 as described in the previous letter.

I look forward to your earliest response.

Regards,

Sandra Troster, DIFA, CGA
Chief Financial Officer



Canada Revenue
Agency

Agence du revenu
du Canada

CONSERVATIVE PARTY OF CANADA
1204-130 ALBERT STREET
OTTAWA, ONTARIO
K1P 5G4

Your file / Votre référence

Our file / Notre référence

ATTN: ANN O'GRADY

March 6, 2008

Dear Madam:

Re: GST Registration Number: 82679 3556 RT0001

Review of Rebate for the Periods Ending 2007-06-30, 2006-12-31, 2006-06-30, 2005-12-31, 2005-06-30, 2004-12-31 and 2004-06-30

Please be advised that we have completed our review of your business for the above review periods, and we are pleased to inform you that no changes will be made to the rebates filed. A Notice of Assessment will be sent under separate cover.

The completion of our audit should not be considered as permission to destroy any books and records. In this regard we refer you to IC78-10R4 "Books and Records Retention/Destruction" at <http://www.cra-arc.gc.ca/E/pub/tp/ic78-10r4/ic78-10r4-e.pdf> and additionally the GST/HST Memoranda Series 15.1 and 15.2 at <http://www.cra-arc.gc.ca/F/pub/gm/15-1/15-1-f.html>. It should also be noted that the audit did not cover the full scope of your operation and it is possible that an audit at some future time could cover the above period. Generally, however, an assessment shall not be made more than four years after the later of the day on which a return was required to be filed and the day the return was filed.

Further information concerning the Canada Revenue Agency (CRA) can be found on our website at <http://www.cra-arc.gc.ca/>.

We thank you for your assistance and cooperation during our review.

Yours truly,

Dennis Kendell
Audit Division
Canada Revenue Agency
Tel: (613) 688-7320
Fax: (613) 991-2272

Ottawa Tax Services Office
1730 St. Laurent Blvd., P.O. Box 8257
Ottawa, Ontario
K1G 3H7

TF890 E (06)

Canada



Canada Revenue
Agency

Agence du revenu
du Canada

Excise and GST/HST Rulings Directorate
Place de Ville, Tower A, 15th floor
320 Queen Street
Ottawa ON K1A 0L5

Deloitte & Touche LLP
800-100 Queen Street
Ottawa ON K1P 5T8

MAR 29 2007

Case Number: 84500

Attention: Mr. Michael Matthews

Dear Mr. Matthews:

Subject: GST/HST INTERPRETATION – Public Service Body Rebate

Thank you for your letter of August 8, 2006 concerning the application of the Goods and Services Tax (GST)/Harmonized Sales Tax (HST) to payments made to the Conservative Party of Canada and the organization's entitlement to a public service body rebate. We apologize for the delay in responding.

Our understanding of the issues is as follows based on the information in your letter, the previous submission of January 17, 2005 and conversations with Paul Corriveau of your office:

1. The Conservative Party of Canada (the Party) was created on December 7, 2003, by the merger of the Progressive Conservative Party of Canada and the Canadian Reform Conservative Alliance.
2. The Party is an unincorporated organization that is a registered party under the *Canada Elections Act* (CEA).
3. The Conservative Fund Canada /Fonds Conservateur Du Canada (the Fund) was incorporated on December 3, 2003 under the provisions of Part II of the *Canada Corporations Act* as a corporation without share capital.
4. The Fund is registered for purposes of the GST/HST.
5. Section 9.1 of the Party's constitution indicates, "The Conservative Fund Canada ...is the sole fundraising arm of the Party and shall be the chief agent of the Party pursuant to the *Canada Elections Act*."

6. The "Agreement-in-principle on the establishment of the Conservative Party of Canada" contains a signed consent of an authorized officer of the Fund indicating the corporation's consent to act as Chief Agent of the Party.
7. As specified in section 415 of the CEA, "The chief agent of a registered party is responsible for administering its financial transactions and for reporting on them, in accordance with the provisions of this Act."
8. In accordance with Section 416 of the CEA, no person or entity, other than the chief agent of a registered party shall pay the registered party's expenses; incur the registered party's expenses and accept contributions to the registered party.
9. The CEA contains a provision (subsection 435(2)) whereby a portion of eligible election expenses of a political party will be reimbursed by the federal government from the Consolidated Revenue Fund (old funding).
10. With changes to the CEA on January 1, 2004, there is now a provision (subsection 435.02(3)) for federal political parties to receive additional annual funding from the federal government based on a dollar amount per vote received during the most recent federal election (new funding).

INTERPRETATIONS REQUESTED

You would like our opinion on the following:

- (i) Whether the Party is a person for GST purposes;
- (ii) Whether the Party is a "non-profit organization" for GST purposes;
- (iii) Whether the Party is a "public service body" for GST purposes;
- (iv) The 'old funding' and the 'new funding' is payable to the Party;
- (v) The 'old funding' and the 'new funding' constitute government funding for the purposes of the 50% rebate provided to a "qualifying non-profit organization" under section 259 of the ETA;
- (vi) The Party is a "qualifying non-profit organization" for GST purposes for fiscal years 2004, 2005 and 2006; and
- (vii) The Fund is an agent of the Party, thus entitling the Party to recover GST (through rebates or input tax credits) paid by the Fund on behalf of the Party.

INTERPRETATIONS GIVEN

- (i) "person" (ii) "non-profit organization" (iii) public service body

Section 123(1) of the ETA defines person as "... an individual, a partnership, a corporation, the estate of a deceased individual, a trust, or a body that is a society, union, club, association, commission or other organization of any kind."

A non-profit organization, for purposes of the ETA, means "a person (other than an individual, an estate, a trust, a charity, a public institution, a municipality, or a government) that was organized and is operated solely for purposes other than profit, no part of the income of which is payable to, or otherwise available for the personal benefit of, any proprietor, member or shareholder thereof unless the proprietor, member or shareholder is a club, a society or an association the primary purpose and function for which is the promotion of amateur athletics in Canada." A public service body includes a non-profit organization.

The Party is an organization with its own constitution and members. It is recognized as a registered party under the CEA. In accordance with the Party's constitution and the CEA, the financial transactions of the Party are administered by the Fund and reported to the National Council of the Party. The Fund is a separate legal entity incorporated as a corporation without share capital and its objects are related to supporting the activities of the Party.

It is the view of the *Canada Revenue Agency* (CRA), that the Party is a separate person for purposes of the ETA and is organized for purposes other than profit. However, whether an organization operates solely for a purpose other than profit is a question of fact, which must be determined on an ongoing basis. Provided the Party is organized and operated as a non-profit organization, it would be a public service body within the meaning assigned in subsection 123(1) of the ETA.

- (iv) *payment under the CEA*

We are unable to provide comments with respect to your request under (iv) as it involves the interpretation of legislation that is not administered by the CRA.

- (v) *funding*

The terms "government funding" and "grantor" are defined in the Public Service Body Rebate (GST/HST) Regulations (the Regulations). In addition, the CRA policy described in TIB B-067, "Goods and Services Tax Treatment of Grants and Subsidies" assists in determining whether a payment is consideration for a supply.

Political parties generally carry on a variety of activities including research and analysis of public opinion on issues of concern, policy development, strategic planning, the selection and promotion of candidates and participation in election campaigns. The general public is considered to benefit from these activities of the political parties. The purpose of the partial reimbursement of party expenses and payment of the quarterly allowance to the political parties

under the CEA would be a means of encouraging and promoting the involvement of parties in the political process. Also, the requirement to file election expense returns for the partial reimbursement is an accountability mechanism, and is not regarded as consideration for a supply. It is the opinion of the CRA that the payments by the federal government under the CEA to political parties with respect to partial reimbursement of election expenses and party allowances would qualify as government funding. This type of funding could therefore be used in establishing whether a political party is a 'qualifying non-profit organization' for purposes of entitlement to a public service body rebate.

(vi) *qualifying non-profit organization*

Under subsection 259(2) of the ETA, a non-profit organization is a qualifying non-profit organization if its percentage of government funding for the year is at least 40%. In accordance with subparagraph 3(1)(b) of the Regulations, the percentage of government funding for a particular year is the *greater* of the percentage determined by the formula for amounts received or receivable in that year, and the percentage that is equal to:

- (i) where the year is the first fiscal year of the particular person, zero;
- (ii) where it is the second fiscal year, the percentage determined for the first fiscal year;
- (iii) in any other case, the percentage determined for the two previous fiscal years.

In other words, for purposes of determining whether it meets the 40% funding threshold, the Party may base its calculations on its current year's revenues and government funding, or the average of the amounts over the two preceding years, whichever is greater. In the calculations presented in Appendix C of your submission, you indicate the Party received more than 40% of its annual revenue from government funding for the years 2004 and 2005. You also indicate that the funding for the year 2006 would be greater than 40% when the calculation is based on the two preceding years (2004 & 2005). These calculations would be subject to review and verification at the time of an audit by the CRA.

(vii) *input tax credits*

Generally, a person is the "recipient" of a purchase if the person is liable to pay the consideration for the purchase. The CEA requires the Party to appoint a chief agent and for that person to act as agent in relation to receipt of contributions and payment of expenses of the Party. As you have confirmed, the Fund, as the agent, acquires property and services on behalf of the Party, the principal. Accordingly, on purchases of property and services where the Fund is acting as an agent on behalf of the Party, the Party would be considered the recipient of the supplies. As long as the Party is a qualifying non-profit organization, it would be entitled to file for a rebate on a percentage of the GST and the federal part of the HST, paid or payable by them on the eligible purchases of property and services obtained through the Fund for use in the organization, for which they cannot claim input tax credits (ITC's).

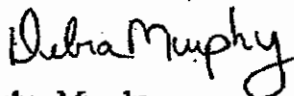
Section 169 of the ETA permits a registrant to claim an ITC to the extent that a property or service is consumed, used, or supplied in the course of a commercial activity of the registrant. Accordingly, if the Party is engaged in commercial activities and registered for purposes of the

GST/HST, it may be eligible to claim ITCs related to its taxable activities. It is our view that the Fund in its capacity as agent of the Party would not be entitled to claim ITC's on supplies it obtains on behalf of the Party.

The foregoing comments represent our general views with respect to the subject matter of your request. These comments are not rulings and, in accordance with the guidelines set out in GST/HST Memorandum 1.4, *Excise and GST/HST Rulings and Interpretations Service*, do not bind the Canada Revenue Agency with respect to a particular situation. Future changes to the ETA, regulations, or our interpretative policy could affect this interpretation.

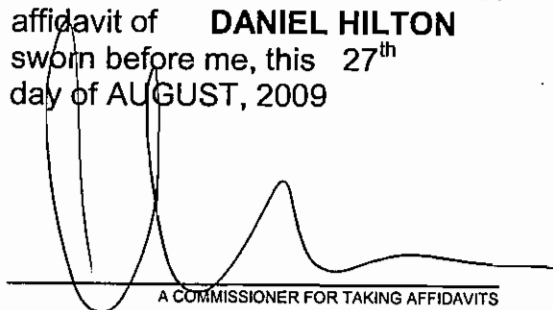
If you require clarification with respect to any of the issues discussed in this letter, please call me directly at 613-952-0420.

Yours truly,



Debra Murphy
Charities, Non-Profit & Educational Services Unit
Public Service Bodies and Governments Division
Excise and GST/HST Rulings Directorate

This is **Exhibit "J"** referred to in the
affidavit of **DANIEL HILTON**
sworn before me, this 27th
day of AUGUST, 2009



A COMMISSIONER FOR TAKING AFFIDAVITS

By Hand

August 26, 2008

Mr. Marc Mayrand
Chief Electoral Officer
Elections Canada
257 Slater Street
Ottawa, Ontario K1A 0M6

Dear Mr. Mayrand:

**RE: File 2008-000975,
Conservative Party of Canada/GST Rebates Received/Effect on Election
Returns and Reimbursements request for letter**

As you will recall, we delivered a notification letter regarding a ruling from CRA on election expenses on June 25, 2008 and enclosed amended election returns for your review and acceptance. You responded on July 14, 2008, requesting further detail, which we provided on July 23, 2008. Please find copies of both of our letters enclosed for your quick reference.

In both the June 25 and July 23 letters, we have requested your confirmation of acceptance of the correction election returns, as we are prepared to dispatch a cheque to you immediately, payable to the Receiver General in the amount of \$701,934.82.

Please advise us as to your response at your earliest opportunity, as we have provided everything requested and would like to close this file.

Regards,

Sandra Troster, DIFA, CGA
Chief Financial Officer

This is **Exhibit "K"** referred to in the
affidavit of **DANIEL HILTON**
sworn before me, this 27th
day of AUGUST, 2009

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke at the end, positioned above a solid horizontal line.

A COMMISSIONER FOR TAKING AFFIDAVITS



The Chief Electoral Officer • Le directeur général des élections

Our file: 2001-05-01-03

SEP 08 2008

RECEIVED SEP 08 2008

Ms. Sandra Troster, DIFA, CGA
Chief Financial Officer
Conservative Fund Canada
Suite 1204, 130 Albert Street
Ottawa, Ontario
K1P 5G4

Dear Ms. Troster:

I thank you for your letter of June 26, 2008, submitting a request to amend the Conservative Party of Canada's *Registered Party Return in Respect of General Election Expenses* for the 2004 and 2006 general elections, and for your subsequent letters of July 23, 2008, providing complementary information and August 26, 2008.

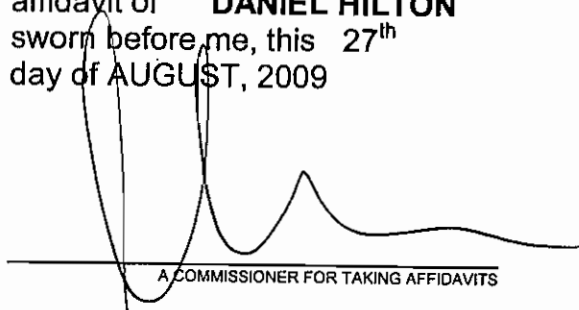
Unfortunately, there are several complex issues that will need to be resolved before I can make a final decision regarding your request. Given the current general election, these issues cannot be fully resolved at this time. Although no conclusion has been reached, our preliminary view is that the GST rebate does not affect the party's election expenses.

Pending resolution of this matter, you should assume that the totality of the amount incurred as GST on election expenses of the party must itself be treated and reported as an election expense in your party's election expense return for the 40th general election. We will contact you again on this matter within sixty days following polling day.

Yours truly,

Marc Mayrand
Chief Electoral Officer

This is **Exhibit "L"** referred to in the
affidavit of **DANIEL HILTON**
sworn before me, this 27th
day of AUGUST, 2009



A COMMISSIONER FOR TAKING AFFIDAVITS


Elections CanadaOffice of the Chief Electoral Officer
Bureau du directeur général des élections

Our file: 2008-004673

November 19, 2008

Sandra Troster, DIFA, CGA
Chief Financial Officer
Conservative Fund Canada
1204 - 130 Albert Street
Ottawa, ON K1P 5G4

Dear Ms Troster:

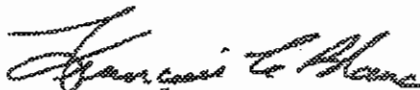
I am writing to seek your assistance in reconciling information provided in connexion with the Conservative Party of Canada's recent *Request to Amend the Registered Party Return in Respect of General Election Expenses* and information provided in the Party's *Registered Party Return in Respect of General Election Expenses* for the 2006 general election.

In the amended *Registered Party Return in Respect of General Election Expenses* filed on December 4, 2006, the Party reported a total of \$388,284.22 in the "Advertising - Other" expenditure classification. Appendix A (Ref B) to your letter of June 26, 2008, indicates that the Party obtained a tax rebate of \$54,686.67 in respect of expenses in that particular classification. Given that this amount represents 50% of the tax paid, this would mean that a total of \$109,369.34 in taxes was paid on expenditures of \$278,914.88.

It appears difficult to reconcile the amount of the taxes paid and the total of the reported election expenses. I would appreciate your reviewing this matter and providing me with an explanation at your early convenience.

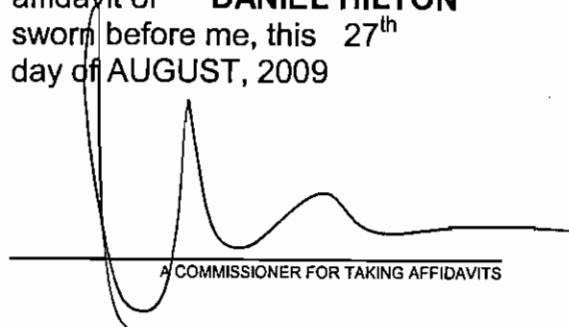
Should you have any questions or require additional information, please contact me at 1-800-486-6563 or 613-990-8991.

Yours truly,



François LeBlanc
Director, Political Financing and Audit

This is **Exhibit "M"** referred to in the
affidavit of **DANIEL HILTON**
sworn before me, this 27th
day of AUGUST, 2009



A COMMISSIONER FOR TAKING AFFIDAVITS

Summary of VERIFIED items to the original refiling in June 2008

Impact of GST/QST tax review changes	Verified items following election expenses review		Difference	%missing
	April 2009	As originally submitted June 2008		
39th General Election Return (2006)	556,108.43 (1)	680,140.85 (2)	(124,032)	-18.2%
38th General Election Return (2004)	521,771.96 (3)	603,107.33 (4)	(81,335)	-13.5%
TOTAL	1,077,880.39	1,283,248.18	(205,368)	-16.0%
50% of 2006 reduction	278,054.22	340,070.43	(62,016)	-18.2%
60% of 2004 reduction	313,063.18	361,864.40	(48,801)	-13.5%
TOTAL to be repaid to Elections Canada	591,117.40	701,934.83	(110,817)	-15.8%

- (1) See the following Excel files:
- 2006 and 2005 GST Rebates_calc for EC election return_REVIEWED3.xls
 - 2006 Registered ver 7.0_refile2008_review2009april.xlsx
 - 2006 Election Trial Balance and GL Details.xls
 - 2006 National Office exp GST calculation
- (2) See Ref (B) on "Appendix A" to Elections Canada letter of June 26, 2008.
- (3) See the following Excel files:
- 2004 GST Rebates_calc for EC election return_REVIEWED_2009april.xlsx
 - 2004 Registered ver5.0_refile2008_review2009april.xlsx
 - 2004 Election Trial Balance and GL Details
 - 2004 National Office exp GST calculation
- (4) See Ref (A) on "Appendix A" to Elections Canada letter of June 26, 2008.
- The original data is in the following Excel files:
- GST Rebate Summary.xls

This is **Exhibit "N"** referred to in the
affidavit of **DANIEL HILTON**
sworn before me, this 27th
day of AUGUST, 2009



A COMMISSIONER FOR TAKING AFFIDAVITS

RECEIVED DEC 02 2008

Our file: 2008-005009

December 2, 2008

Ms. Sandra Troster, DIFA, CGA
Chief Financial Officer
Conservative Fund Canada
Suite 1204, 130 Albert Street
Ottawa, Ontario
K1P 5G4

Dear Ms. Troster:

This is further to your letter of June 26, 2008, submitting requests to amend the Conservative Party of Canada's (CPC) *Registered Party Return in Respect of General Election Expenses* for the 38th and 39th general elections.

After due consideration, I have concluded that the public service body rebate for which the CPC is eligible under the *Excise Tax Act* (the ETA) does not have any impact on the reporting of the party's election expenses for the 2004 and 2006 general elections. Consequently, I cannot authorize the requested amendments to the relevant election expenses returns of the CPC.

In your letter of June 26th, you refer to a letter dated May 29, 1996, from the then Director of Legal Services at Elections Canada to a predecessor party, regarding input tax credits which certain federal political parties benefitted from in connection with expenses incurred in the 1993 general election. I note that there exist important legal and policy differences between the public service body tax rebate recently obtained by the party and the input tax credits (ITCs) received by political parties on GST they had paid on election expenses that were incurred in the production of taxable supplies.

With respect to ITCs, the party was not the ultimate consumer of the goods subject to taxation. The GST was not intended by Parliament to be charged on the purchase of supplies used in the making of the party's taxable supplies. In the case of the public service body rebate, on the other hand, the party is the ultimate consumer of the goods and the entity on which the tax liability is intended to rest. The subsequent rebate, like the reimbursement of election expenses under the *Canada Elections Act*, is intended as a form of support and does not serve to eliminate tax indebtedness. Indeed, if any refund served to reduce the total of election expenses incurred, it could equally be argued that the reimbursement paid under the *Canada Elections Act*, once paid, would itself serve to reduce the amount of election expenses incurred by a party. The reimbursement


is merely a form of financial assistance offered to qualifying political parties. Similarly, the public service body rebate offered under the ETA is intended as a form of financial assistance to qualifying non-profit organizations. It does not, nor is it intended to, eliminate tax indebtedness to the Crown.

It is also noteworthy that the policy objective behind the spending limits is to provide a level playing field for political parties. This level playing field would be compromised if those parties that are qualifying non-profit organizations for the purposes of the ETA were able to reduce the amount of incurred election expenses by deducting the amount they expect to receive by way of a GST rebate. In effect, this would mean that these parties would have a higher spending limit even though they may have purchased the same quantity and kind of goods and services as competing parties.

To accept that the rebate offered under the ETA can serve to reduce reported election expenses would also undermine the policy need for certainty, transparency and finality in the reporting of election expenses. Election expense returns would regularly remain open to amendment pending a determination of whether or not a party qualifies for a rebate. Depending on the timing of electoral events and their particular financial position, there is also a risk that political parties may exceed their spending limit based on an erroneous assumption that they will qualify for a rebate.

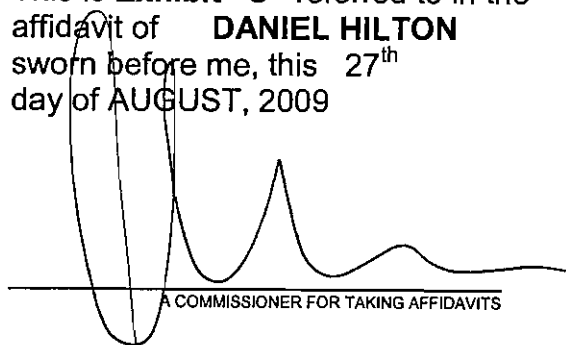
For more information, please do not hesitate to contact François Bernier, Director General, Political Financing at 613-998-0670.

Yours truly,



Marc Mayrand
Chief Electoral Officer

This is **Exhibit "O"** referred to in the
affidavit of **DANIEL HILTON**
sworn before me, this 27th
day of AUGUST, 2009



A COMMISSIONER FOR TAKING AFFIDAVITS

Parti conservateur
du Canada



Conservative Party
of Canada

By Hand

June 30, 2009

Mr. Marc Mayrand
Chief Electoral Officer
Elections Canada
257 Slater Street
Ottawa, Ontario K1A 0M6

Dear Mr. Mayrand:

**Re: File 2008-000975,
Conservative Party of Canada/GST rebates received, effect on election
returns and reimbursements**

This letter follows numerous pieces of correspondence passing between our offices, your last letter which was dated December 2, 2008, as well as Mr. François LeBlanc's letter of November 19, 2008, his follow-up telephone call on or about December 12, 2008 and my telephone calls to him of February 25 and February 27, 2009.

As you understand, following the delivery of my letter dated June 26, 2008 which enclosed corrected *election expenses* returns for the 2004 and 2006 general elections, further discussions with Mr. LeBlanc ensued, regarding the calculation in these returns. The corrected returns reflected lower amounts of GST, and less election expenses actually paid.

In the course of the discussions with Mr. LeBlanc, some of which are identified above, we further reviewed a number of the questions Mr. LeBlanc raised about some of the calculations appearing in the corrected returns which accompanied my June 26, 2008 letter. Following further review of the questions and comments raised by Mr. LeBlanc, and in consultation with the Party's auditors, we accept Mr. LeBlanc's direction to us in respect of various accounting matters, and have further corrected the 2004 and 2006 election returns.

Accordingly, please find enclosed the further corrected election returns which we trust address those concerns raised by Mr. LeBlanc on behalf of the office of the Chief Electoral Officer. We are happy to discuss the details of these further corrections, if required.

In addition, and in response to your letter of December 2, 2008, and the memorandum from your office to Registered Political Parties dated January 12, 2009, we continue to be concerned that your office's interpretation of the *Excise Tax Act* in conjunction with the interpretation of the *Canada Elections Act* is fundamentally flawed. In fact, the January 12 memorandum contradicts itself where it states, in part, that:

"Any subsequent rebate of GST/HST has no impact on election expenses. Any GST/HST rebate should be reported in your financial records in accordance with GAAP."

This position also disregards Canadian jurisprudence, including recent jurisprudence from the Supreme Court of Canada which is clear that unjust enrichment of a party cannot be the legitimate result of legislative interpretation. The substance of your December 2, 2008 letter, and the January 12, 2009 memorandum ignores, disregards and runs contrary to established jurisprudence. The position, therefore, must be re-aligned to reflect a proper interpretation which will accord with Canadian law.

Accordingly, by way of this letter, and by attaching the corrected returns referred to above, we hereby formally request that you reconsider the position previously enunciated in your December 2, 2008 letter and the January 12, 2009 memorandum.

As before, the Conservative Party of Canada awaits not only confirmation from your office that it agrees with the position being taken by the Conservative Party of Canada with respect to rebated amounts, but further, stands ready to dispatch the necessary cheque to you immediately, payable to the Receiver General in the amount of \$570,642.87, as reflected in the attached returns.

Yours sincerely,



Sandra Troster, DIFA, CGA
Chief Financial Officer, Conservative Party of Canada
Chef de la direction financière, Parti conservateur du Canada
Encls.

cc: Dan Hilton
Executive Director, Conservative Party of Canada
Directeur exécutif, Parti conservateur du Canada



Summary of VERIFIED items to the original refiling in June 2008

Impact of GST/QST tax review changes	Verified items following election expenses review		As originally submitted		Difference	%missing
	April 2009	June 2008				
39th General Election Return (2006)	515,159.37	(1)	680,140.85	(2)	(164,981)	-24.3%
38th General Election Return (2004)	521,771.96	(3)	603,107.33	(4)	(81,335)	-13.5%
TOTAL	1,036,931.33		1,283,248.18		(246,317)	-19.2%
50% of 2006 reduction	257,579.69		340,070.43		(82,491)	-24.3%
60% of 2004 reduction	313,063.18		361,864.40		(48,801)	-13.5%
TOTAL to be repaid to Elections Canada	570,642.87		701,934.83		(131,292)	-18.7%

(1) See the following Excel files:

- 2006 and 2005 GST Rebates_calc for EC election return_REVIEWED.xls
- 2006 Registered ver 6.0_refile2008_review2009april.xlsx
- 2006 Election Trial Balance and GL Details.xls
- 2006 National Office exp GST calculation

(2) See Ref (B) on "Appendix A" to Elections Canada letter of June 26, 2008.

(3) See the following Excel files:

- 2004 GST Rebates_calc for EC election return_REVIEWED_2009april.xlsx
- 2004 Registered ver4.0_refile2008_review2009april.xlsx
- 2004 Election Trial Balance and GL Details
- 2004 National Office exp GST calculation

(4) See Ref (A) on "Appendix A" to Elections Canada letter of June 26, 2008.

The original data is in the following Excel files:

- GST Rebate Summary.xls

Deloitte & Touche LLP
800 - 100 Queen Street
Ottawa, ON, K1P 5T8
Canada

Tel: (613) 236-2442
Fax: (613) 236-2195
www.deloitte.ca

Auditors' Report

To the Board of Directors of the
Conservative Fund Canada

Requests to Amend the Registered Party Returns in Respect of General Election Expenses

As specifically agreed, we have performed the following procedures in connection with the Conservative Fund Canada's (the "Fund's") Request to Amend the Registered Party Return in Respect of General Election Expenses (form EC 20216), dated and signed as at June 30, 2009, for the 38th and 39th General Elections (the "Amended Returns") held on June 28, 2004 and January 23, 2006, respectively:

- We reviewed the reasonableness of the estimates of the Goods and Services Tax and Quebec Sales Tax calculations as determined by the Fund's management for the purpose of determining the 'As Corrected' column of the Amended Returns; and
- We reviewed the reasonableness of the Fund's revised general ledger allocations of Goods and Services Tax and Quebec Sales Tax rebates between categories of the various election expenses within the Amended Returns as prepared by the Fund's management.

As a result of applying the above procedures, we found no exceptions. However, these procedures do not constitute an audit of the Fund's Amended Returns, and therefore we express no opinion on the amounts presented in the 'As Corrected' column of the Amended Returns dated June 30, 2009.

Deloitte + Touche LLP

Chartered Accountants
Licensed Public Accountants

June 30, 2009

Deloitte & Touche, s.r.l.
800 - 100, rue Queen
Ottawa, ON K1P 5T8
Canada

Tél. : (613) 236-2442
Télec. : (613) 236-2195
www.deloitte.ca

Rapport des vérificateurs

Aux administrateurs du
Fonds conservateur du Canada

Objet : Demandes de modification à apporter au rapport d'un parti enregistré en ce qui concerne les dépenses d'élection générale

Tel qu'expressément convenu, nous avons effectué les procédés suivants à l'égard de la demande du Fonds conservateur du Canada (le "Fonds") de modifier le rapport d'un parti enregistré en ce qui concerne les dépenses d'élection générale (formulaire EC 20216) daté et signé au 30 juin 2009, pour les 38^e et 39^e élections générales qui ont eu lieu les 28 juin 2004 et 23 janvier 2006 respectivement (les "rapports modifiés") :

- Nous avons examiné la vraisemblance des estimations des calculs de la taxe sur les produits et services et de la taxe de vente du Québec, déterminés par la direction du Fonds aux fins d'établir la colonne "tel que corrigé" du rapport modifié et,
- Nous avons examiné la vraisemblance des imputations au grand livre des remboursements de la taxe sur les produits et services et de la taxe de vente du Québec entre les diverses catégories de dépenses d'élection dans le cadre du rapport modifié tel que préparé par la direction du Fonds.

Par suite de l'application des procédés ci-dessus mentionnés, nous n'avons pas trouvé d'exceptions. Cependant, l'application de ces procédés ne constituent pas une vérification et, par conséquent, nous n'exprimons pas d'opinion sur les montants présentés dans la colonne "tel que corrigé" du rapport modifié daté du 30 juin 2009.

Deloitte & Touche s.r.l.

Comptables agréés
Experts-comptables autorisés

Le 30 juin 2009

Request to Amend the Registered Party Financial Transactions Return or the Registered Party Return in Respect of General Election Expenses

EC 20216 (11/05) November 8, 2005

Application Form

Registered Party: Conservative Party of Canada	Chief Agent: Conservative Fund Canada, c/o Irving Gerstein
Applicant (must be registered party or chief agent): Conservative Party of Canada	Event (fiscal year ending or general election): 38 th General Election EC 20240

I, the applicant indicated above, hereby request authorisation from the Chief Electoral Officer to amend the *Registered Party Financial Transaction Return* or the *Registered Party Return in Respect of General Election Expenses* of the registered party named herein, who was a registered party in the event indicated above, under the provision of paragraph 433 (1)(b) of the *Canada Elections Act*.

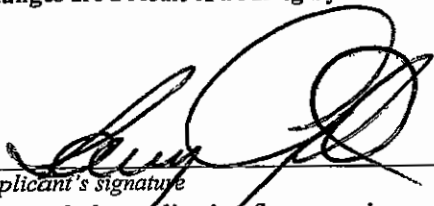
- ☐ The absence, death, illness or misconduct of the chief agent or a predecessor 433.3(3)(a)
☐ The absence, death, illness or misconduct of a registered agent of the registered party or an agent, a clerk or an officer of the chief agent, or a predecessor of one of them 433(3)(b)
☐ Inadvertence or honest mistake of fact 433(3)(c)

Part #	As Presented	As Corrected	Reason for Correction
2(1)	\$5,875,763.95	\$5,683,571.02	<u>Inadvertence or honest mistake of fact 433(3)(c)</u>
2(2)	\$1,402,240.00	\$1,356,827.84	
2(3)	\$341,259.93	\$330,097.22	
2(4)	\$467,963.57	\$460,261.92	
2(5)	\$3,900,105.04	\$3,779,971.29	
2(6)	\$3,780,431.72	\$3,670,155.74	
2(7)	\$57,484.72	\$55,321.99	
2(8)	\$549,974.78	\$545,346.55	
2(9)	\$909,033.20	\$880,931.39	
2(10)	\$17,284,256.91	\$16,762,484.96	

(Add additional pages as required.)

Please add any information you wish to bring to the Chief Electoral Officer's attention by attaching it to this application form.

Changes are a result of a ruling by Canada Revenue Agency


Applicant's Signature

Although the application form may be mailed to Elections Canada, it is preferable to fax it.

Send by fax to:

1 888 523-9333

Attn: Director, Political Financing and Audit

Send by mail to:

Elections Canada

Political Financing and Audit Directorate

257 Slater Street

Ottawa, ON K1A 0M6

June 30, 2009
Date



REGISTERED PARTY RETURN IN RESPECT OF GENERAL ELECTION EXPENSES

[Section 429 of the Canada Elections Act]

RAPPORT D'UN PARTI ENREGISTRÉ SUR LES DÉPENSES D'UNE ÉLECTION GÉNÉRALE

[Article 429 de la Loi électorale du Canada]

EC 20240 (01/04)

2009_05_25_15_10_27_61200

www.elections.ca



EC 20240-P1 (01/04)

REGISTERED PARTY RETURN IN RESPECT OF GENERAL ELECTION
EXPENSES
Déclaration [429(1)(c)]

SECTION A - PARTY'S INFORMATION - COORDONNÉES DU PARTI	
Party's full name - Nom complet du parti Conservative Party of Canada	
City - Ville Ottawa	Postal address - Adresse postale 1204-130 Albert Street Prov/Terr. ON Postal code - Code postal K1P 5G4
Telephone number - Numéro de téléphone (613) 755-2000	

REGISTERED PARTY RETURN IN RESPECT OF GENERAL ELECTION
EXPENSES
Déclaration [429(1)(c)]

SECTION A - PARTY'S INFORMATION - COORDONNÉES DU PARTI	
Party's full name - Nom complet du parti Conservative Party of Canada	
City - Ville Ottawa	Postal address - Adresse postale 1204-130 Albert Street Prov/Terr. ON Postal code - Code postal K1P 5G4
Telephone number - Numéro de téléphone (613) 755-2000	

RAPPORT D'UN PARTI ENREGISTRÉ SUR LES DÉPENSES D'UNE ÉLECTION
GÉNÉRALE
Déclaration [429(1)c)]

PART - 1
PARTIE - 1

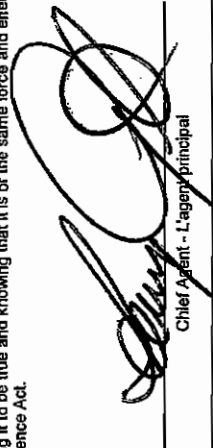
SECTION B - CHIEF AGENT'S INFORMATION - COORDONNÉES DE L'AGENT PRINCIPAL	
Chief agent's full name - Nom complet de l'agent principal Conservative Fund Canada, c/o Irving Gerslein	
City - Ville Ottawa	Postal address - Adresse postale 1204-130 Albert Street Prov/Terr. ON Postal code - Code postal K1P 5G4
Telephone number Numéro de téléphone (613) 755-2000	E-mail address - Courriel

SECTION C - DECLARATION - DECLARATION

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

- the information contained in this return is correct;
- all election expenses in respect of the conduct or management of the election have been properly recorded;
- no money, goods or services have been provided by way of loan, advance, deposit, contribution or gift during the election, except as appears in this return; and
- no other person or entity has, on behalf of the registered party, made any payment or given, promised or offered any reward, office, employment or valuable consideration or incurred any liability on account of or in respect of the conduct or management of the election, except as specified in this return.

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


Chief Agent - L'agent principal

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

- les renseignements contenus dans ce rapport sont exacts;
- toutes les dépenses électorales liées à la conduite ou l'administration de l'élection ont été dûment inscrites;
- aucun fonds, marchandise ou service n'ont été fournis sous forme de prêt, d'avance, de dépôt, de contribution ou de don au cours de l'élection, à l'exception de ce qui est déclaré dans ce rapport; et
- aucune autre personne ou entité n'a, au nom du parti enregistré, fait de paiement ni donné, promis ou offert une récompense, un poste, un emploi ou toute autre compensation de valeur, ni contracté d'engagement au sujet de la direction ou de l'administration de l'élection, à l'exception de ce qui est déclaré dans ce rapport.

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.

June 30, 2009

Date

SECTION D - PUBLICATION OF INFORMATION - PUBLICATION DE L'INFORMATION

This document is a confidential document. It contains information that is not to be disclosed to the public. It is the property of the Conservative Party of Canada and is to be kept confidential. It is not to be used for any other purpose. It is not to be reproduced or distributed without the written consent of the Conservative Party of Canada.

Party - Parti Conservative Party of Canada	Date of poll Date de scrutin	Y-A	M	D-J
		2004	06	28

Page 1 de 1

2009_05_25 15_10_27_61200



REGISTERED PARTY RETURN IN RESPECT OF GENERAL ELECTION
EXPENSES
Statement of general election expenses [422(1) and 429(1) and (2)]

EC 20240-P2 (01/04)

RAPPORT D'UN PARTI ENREGISTRÉ SUR LES DÉPENSES D'UNE ÉLECTION
GÉNÉRALE
État des dépenses électorales pour une élection générale [422(1) et 429(1) et (2)]

PART - 2
PARTIE - 2

SECTION A - LIMITATION OF ELECTION EXPENSES - PLAFOND DES DÉPENSES D'ÉLECTION	
The following calculation determines the limit of the registered party's election expenses in accordance with subsection 422(1) of the Canada Elections Act. Le calcul suivant fixe le plafond des dépenses d'élection d'un parti enregistré tel que défini selon le paragraphe 422(1) de la Loi électorale du Canada.	
1	Number of electoral districts in which there was an official candidate endorsed by the registered party Nombre de circonscriptions dans lesquelles il y avait un candidat officiel soutenu par le parti enregistré
2	Number of names on the preliminary list of elections in the electoral districts included in item 1 above Nombre de noms figurant sur les listes électorales préliminaires dans les circonscriptions inscrites à la case 1 ci-dessus
3	Number of names on the revised list of electors in the electoral districts included in item 1 above Nombre de noms figurant sur les listes électorales révisées dans les circonscriptions inscrites à la case 1 ci-dessus
4	Number of names in item 2 or 3, whichever is greater, multiplied by \$0.70 Nombre de noms établis à la case 2 ou 3, selon le nombre le plus élevé, multiplié par 0,70 \$
5	Inflation adjustment factor published by the Chief Electoral Officer Facteur d'ajustement à l'inflation publié par le directeur général des élections
6	Indexed limit of election expenses; item 4 multiplied by item 5 Plafond indexé des dépenses d'élection; case 4 multipliée par case 5

SECTION B - GENERAL ELECTION EXPENSES - DÉPENSES ÉLECTORALES POUR UNE ÉLECTION GÉNÉRALE					
No. N°	Expenditure classification Catégories de dépenses	A Amount paid Montant payé	B Discount Escomptes	C Unpaid claim Créances impayées	Total (A + B + C)
1	Advertising - Radio/TV Publicité - Radio/TV	\$5,683,571.02			\$5,683,571.02
2	Advertising - Other Publicité - Autre	\$1,356,827.84			\$1,356,827.84
3	Elections surveys or other surveys or research Sondages électoraux ou autres, ou autres types de recherches	\$330,097.22			\$330,097.22
4	National office expenses Dépenses du bureau national	\$460,261.92			\$460,261.92
5	Professional services Honoraires professionnels	\$3,779,971.29			\$3,779,971.29
6	Leader's tour (net) Tournée du chef (net)	\$3,670,155.74			\$3,670,155.74
7	Travel (other than leader's tour) Déplacements (autres que la tournée du chef)	\$55,321.99			\$55,321.99
8	Salaries and wages Salaires et traitements	\$545,346.55			\$545,346.55
9	Other Autres	\$880,931.39			\$880,931.39
10	TOTAL ELECTION EXPENSES SUBJECT TO THE LIMIT TOTAL DES DÉPENSES ÉLECTORALES ASSUJETTIES AU PLAFOND	\$16,762,484.96			\$16,762,484.96

Party - Parti Conservative Party of Canada	Date of poll Date de scrutin 2004/06/28	Y-A	M	D-J



REGISTERED PARTY RETURN IN RESPECT OF GENERAL ELECTION
EXPENSES
Statement of Unpaid Claims [429(2)(a)]

RAPPORT D'UN PARTI ENREGISTRÉ SUR LES DÉPENSES D'UNE ÉLECTION
GÉNÉRALE
État des créances impayées [429(2)a)]

PART - 3
PARTIE -

Nil Part / Partie Nul

Party - Parti Conservative Party of Canada	Date of poll Date du scrutin			Y-A	M	D-J
				2004/06/28		



REGISTERED PARTY RETURN IN RESPECT
OF GENERAL ELECTION EXPENSES

Statement of general election expenses [422(1) and 429(1) and (2)]

No.	Expenditure classification	original A Amount paid	allocation of GST/QST rebates	revised A Amount paid	B Discount	C Unpaid claim	(A+B+C) Total
1.	Advertising - Radio/TV	5,875,763.95	(192,192.93)	5,683,571.02			5,683,571.02
2.	Advertising - Other	1,402,240.00	(45,412.16)	1,356,827.84			1,356,827.84
3.	Elections surveys or other surveys or research	341,259.93	(11,162.71)	330,097.22			330,097.22
4.	National office expenses	467,963.57	(7,701.65)	460,261.92			460,261.92
5.	Professional services	3,900,105.04	(120,133.75)	3,779,971.29			3,779,971.29
6.	Leader's tour (net)	3,780,431.72	(110,275.98)	3,670,155.74			3,670,155.74
7.	Travel (other than leader's tour)	57,484.72	(2,162.73)	55,321.99			55,321.99
8.	Salaries and wages	549,974.78	(4,628.23)	545,346.55			545,346.55
9.	Other	909,033.20	(28,101.81)	880,931.39			880,931.39
10.	TOTAL ELECTION EXPENSES SUBJECT TO THE LIMIT	17,284,256.91	(521,771.96)	16,762,484.95	0.00	0.00	16,762,484.95

Ref (A)

Request to Amend the Registered Party Financial Transactions Return or the Registered Party Return in Respect of General Election Expenses

EC 20216 (11/05) November 8, 2005

Application Form

Registered Party: Conservative Party of Canada	Chief Agent: Conservative Fund Canada, c/o Irving Gerstein
Applicant (must be registered party or chief agent): Conservative Party of Canada	Event (fiscal year ending or general election): 39 th General Election EC 20240

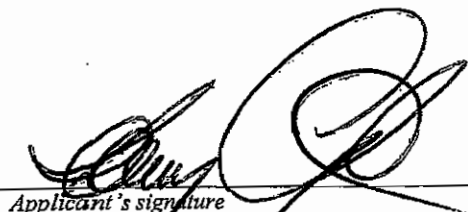
I, the applicant indicated above, hereby request authorisation from the Chief Electoral Officer to amend the *Registered Party Financial Transaction Return* or the *Registered Party Return in Respect of General Election Expenses* of the registered party named herein, who was a registered party in the event indicated above, under the provision of paragraph 433 (1)(b) of the *Canada Elections Act*.

- ☐ The absence, death, illness or misconduct of the chief agent or a predecessor 433.3(3)(a)
☐ The absence, death, illness or misconduct of a registered agent of the registered party or an agent, a clerk or an officer of the chief agent, or a predecessor of one of them 433(3)(b)
☐ Inadvertence or honest mistake of fact 433(3)(c)

Part #	As Presented	As Corrected	Reason for Correction
2(1)	\$8,786,108.38	\$8,484,155.98	Inadvertence or honest mistake of fact 433(3)(c)
2(2)	\$388,284.22	\$376,325.66	
2(3)	\$697,105.00	\$674,302.50	
2(4)	\$668,330.30	\$661,519.67	
2(5)	\$2,741,413.26	\$2,651,740.98	
2(6)	\$3,014,367.00	\$2,916,806.51	
2(7)	\$90,354.18	\$87,678.65	
2(8)	\$874,434.13	\$870,450.83	
2(9)	\$758,782.81	\$740,090.08	
2(10)	\$18,019,179.28	\$17,463,070.86	

(Add additional pages as required.)

Please add any information you wish to bring to the Chief Electoral Officer's attention by attaching it to this application form.



Applicant's signature

June 30, 2009

Date

Although the application form may be mailed to Elections Canada, it is preferable to fax it.

Send by fax to:

1 888 523-9333

Attn: Director, Political Financing and Audit

Send by mail to:

Elections Canada

Political Financing and Audit Directorate

257 Slater Street

Ottawa, ON K1A 0M6



REGISTERED PARTY RETURN IN RESPECT OF GENERAL ELECTION EXPENSES
[Section 429 of the Canada Elections Act]

RAPPORT D'UN PARTI ENREGISTRÉ SUR LES DÉPENSES D'UNE ÉLECTION GÉNÉRALE
[Article 429 de la Loi électorale du Canada]

EC 20240 (01/04)

2009_05_25_15_10_27_61200

www.elections.ca



EC 20240-P1 (01/04)

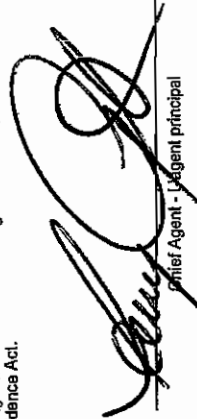
REGISTERED PARTY RETURN IN RESPECT OF GENERAL ELECTION
EXPENSES
Déclaration [429(1)(c)]

SECTION A - PARTY'S INFORMATION - COORDONNÉES DU PARTI	
Party's full name - Nom complet du parti Conservative Party of Canada	
City - Ville Ottawa	Postal address - Adresse postale 1204-130 Albert Street
Telephone number - Numéro de téléphone (613) 755-2000	Prov/Terr. ON
	Postal code - Code postal K1P 5G4
	Email address - Courriel

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

- the information contained in this return is correct;
- all election expenses in respect of the conduct or management of the election have been properly recorded;
- no money, goods or services have been provided by way of loan, advance, deposit, contribution or gift during the election, except as appears in this return; and
- no other person or entity has, on behalf of the registered party, made any payment or given, promised or offered any reward, office, employment or valuable consideration or incurred any liability on account of or in respect of the conduct or management of the election, except as specified in this return.

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


Chief Agent - L'agent principal

SECTION D - PUBLICATION OF INFORMATION - PUBLICATION DE L'INFORMATION

This declaration is made in accordance with the provisions of the Electoral Act and the Regulations made thereunder. It is made in the presence of the Chief Agent and the Agent Principal, who are both present at the time of the declaration. The declaration is made in the presence of the Chief Agent and the Agent Principal, who are both present at the time of the declaration.

Party - Part
Conservative Party of Canada

Date of poll
Date de scrutin

Y-A M D-J
2006/01/23

Page 1 of 1

RAPPORT D'UN PARTI ENREGISTRÉ SUR LES DÉPENSES D'UNE ÉLECTION
GÉNÉRALE
Déclaration [429(1)(c)]

PART - 1
PARTIE - 1

SECTION B - CHIEF AGENT'S INFORMATION - COORDONNÉES DE L'AGENT PRINCIPAL	
Chief agent's full name - Nom complet de l'agent principal Conservative Fund Canada, c/o Irving Gerstein	
City - Ville Ottawa	Postal address - Adresse postale 1204-130 Albert Street
Telephone number - Numéro de téléphone (613) 755-2000	Prov/Terr. ON
	Postal code - Code postal K1P 5G4
	Email address - Courriel

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

- les renseignements contenus dans ce rapport sont exacts;
- toutes les dépenses électorales liées à la conduite ou l'administration de l'élection ont été dûment inscrites;
- aucun fonds, marchandises ou service n'ont été fournis sous forme de prêt, d'avance, de dépôt, de contribution ou de don au cours de l'élection, à l'exception de ce qui est déclaré dans ce rapport; et
- aucune autre personne ou entité n'a, au nom du parti enregistré, fait de paiement ni donné, promis ou offert une récompense, un poste, un emploi ou toute autre compensation de valeur, ni contracté d'engagement au sujet de la direction ou de l'administration de l'élection, à l'exception de ce qui est déclaré dans ce rapport.

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.

June 30, 2009

Date



REGISTERED PARTY RETURN IN RESPECT OF GENERAL ELECTION
EXPENSES
Statement of general election expenses [422(1) and 429(1) and (2)]

RAPPORT D'UN PARTI ENREGISTRÉ SUR LES DÉPENSES D'UNE ÉLECTION
GÉNÉRALE
État des dépenses électorales pour une élection générale [422(1) et 429(1) et (2)]

PART - 2
PARTIE - 2

EC 20240-P2 (01/04)

SECTION A - LIMITATION OF ELECTION EXPENSES - PLAFOND DES DÉPENSES D'ÉLECTION	
The following calculation determines the limit of the registered party's election expenses in accordance with subsection 422(1) of the Canada Elections Act. Le calcul suivant fixe le plafond des dépenses d'élection d'un parti enregistré tel que défini selon le paragraphe 422(1) de la Loi électorale du Canada.	
1	Number of electoral districts in which there was an official candidate endorsed by the registered party Nombre de circonscriptions dans lesquelles il y avait un candidat officiel soutenu par le parti enregistré
2	Number of names on the preliminary list of electors in the electoral districts included in item 1 above Nombre de noms figurant sur les listes électorales préliminaires dans les circonscriptions inscrites à la case 1 ci-dessus
3	Number of names on the revised list of electors in the electoral districts included in item 1 above Nombre de noms figurant sur les listes électorales révisées dans les circonscriptions inscrites à la case 1 ci-dessus
4	Number of names in item 2 or 3, whichever is greater, multiplied by \$0.70 Nombre de noms établis à la case 2 ou 3, selon le nombre le plus élevé, multiplié par 0,70 \$
5	Inflation adjustment factor published by the Chief Electoral Officer Facteur d'ajustement à l'inflation publié par le directeur général des élections
6	Indexed limit of election expenses; item 4 multiplied by item 5 Plafond indexé des dépenses d'élection; case 4 multipliée par case 5

SECTION B - GENERAL ELECTION EXPENSES - DÉPENSES ÉLECTORALES POUR UNE ÉLECTION GÉNÉRALE					
No. N°	Expenditure classification Catégories de dépenses	A Amount paid Montant payé	B Discount Écarts	C Unpaid claim Créances impayées	Total (A + B + C)
1	Advertising - Radio/TV Publicité - Radio/TV	\$8,484,155.98			\$8,484,155.98
2	Advertising - Other Publicité - Autre	\$376,325.66			\$376,325.66
3	Elections surveys or other surveys or research Sondages électoraux ou autres, ou autres types de recherches	\$674,302.50			\$674,302.50
4	National office expenses Dépenses du bureau national	\$681,519.67			\$681,519.67
5	Professional services Honoraires professionnels	\$2,651,740.98			\$2,651,740.98
6	Leader's tour (net) Tournée du chef (net)	\$2,916,806.51			\$2,916,806.51
7	Travel (other than leader's tour) Déplacements (autres que la tournée du chef)	\$87,678.65			\$87,678.65
8	Salaries and wages Salaires et traitements	\$870,450.83			\$870,450.83
9	Other Autres	\$740,090.08			\$740,090.08
10	TOTAL ELECTION EXPENSES SUBJECT TO THE LIMIT TOTAL DES DÉPENSES ÉLECTORALES ASSUJETTIES AU PLAFOND	\$17,463,070.86			\$17,463,070.86

Party - Parti Conservative Party of Canada	Date of poll Date de scrutin	Y-A	M	D-J
		2006	01	23



REGISTERED PARTY RETURN IN RESPECT OF GENERAL ELECTION
EXPENSES
Statement of Unpaid Claims [429(2)(a)]

RAPPORT D'UN PARTI ENREGISTRÉ SUR LES DÉPENSES D'UNE ÉLECTION
GÉNÉRALE
État des créances impayées [429(2)a)]

PART - 3
PARTIE -

Nil Part / Partie Nul

Party - Parti Conservative Party of Canada	Date of poll Date de scrutin	Y-A M D-J
		2006/01/23



REGISTERED PARTY RETURN IN RESPECT
OF GENERAL ELECTION EXPENSES

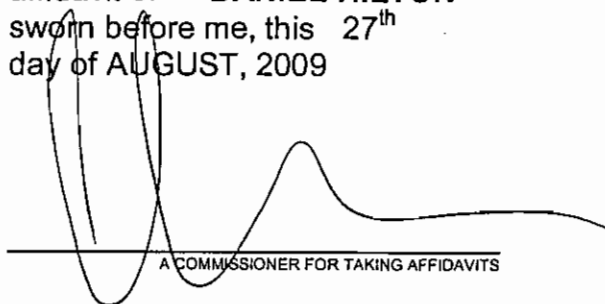
Statement of general election expenses [422(1) and 429(1) and (2)]

No.	Expenditure classification	original A Amount paid	allocation of GST/QST rebates	revised A Amount paid	B Discount	C Unpaid claim	(A+B+C) Total
1.	Advertising - Radio/TV	8,786,108.38	(301,952.40)	8,484,155.98			8,484,155.98
2.	Advertising - Other	388,284.22	(11,958.56)	376,325.66			376,325.66
3.	Elections surveys or other surveys or research	697,105.00	(22,802.50)	674,302.50			674,302.50
4.	National office expenses	668,330.30	(6,810.63)	661,519.67			661,519.67
5.	Professional services	2,741,413.26	(89,672.28)	2,651,740.98			2,651,740.98
6.	Leader's tour (net)	3,014,367.00	(97,560.49)	2,916,806.51			2,916,806.51
7.	Travel (other than leader's tour)	90,354.18	(2,675.53)	87,678.65			87,678.65
8.	Salaries and wages	874,434.13	(3,983.30)	870,450.83			870,450.83
9.	Other	758,782.81	(18,692.73)	740,090.08			740,090.08
10.	TOTAL ELECTION EXPENSES SUBJECT TO THE LIMIT	18,019,179.28	(556,108.43)	17,463,070.85	0.00	0.00	17,463,070.85

original file: 1801917928

Ref (B)

This is **Exhibit "P"** referred to in the
affidavit of **DANIEL HILTON**
sworn before me, this 27th
day of AUGUST, 2009



A COMMISSIONER FOR TAKING AFFIDAVITS

RECEIVED JUL 30 2009

RECEIVED JUL 30 2009

RECEIVED JUL 30 2009

Our file: 2009-010213

JUL 29 2009

Ms. Sandra Troster, DIFA, CGA
Chief Financial Officer
Conservative Fund Canada
Suite 1204, 130 Albert Street
Ottawa, Ontario
K1P 5G4

Dear Ms. Troster:

I acknowledge receipt of your letter of June 30, 2009, in which you request to amend the registered party returns in relation to the 38th and the 39th general elections.

Although the amounts reported in the second requests to amend differ from those reported in the first requests, the latest requests are made on the same ground as those of June 26, 2008, which I declined to authorize in my letter of December 2, 2008.

The reimbursements made to the Party in relation to the 38th and 39th general elections were made on the basis of the paid election expenses reported by the Party, including the tax paid on goods and services. All expenses must be reported at commercial value and this includes the full value of the taxes paid with respect to goods or services. The existence of a benefit available under the *Excise Tax Act* in the form of a rebate of the GST paid does not change the fact that the Party's election expenses for the 38th and 39th general elections were correctly reimbursed in accordance with the *Canada Elections Act*.

For this reason, and taking into account the broader policy considerations underlying the election financing regime that were mentioned in my letter of December 2nd, I must decline to authorize the *Requests to Amend the Registered Party Return in Respect of General Election Expenses*, dated June 30, 2009.

I would also like to clarify that the above position is based on the provisions of the *Canada Elections Act* and does not rely on our interpretation of the provisions of the *Excise Tax Act* concerning the tax rebate available to qualifying non-profit organizations, insofar as the interpretation and application of that Act are a responsibility of the Canada Revenue Agency.

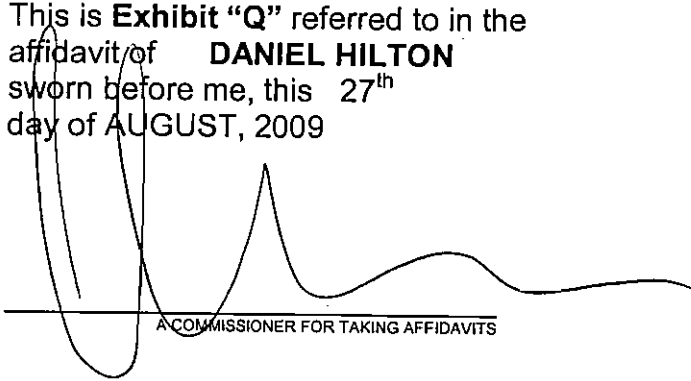
Yours truly,



Marc Mayrand
Chief Electoral Officer

c.c.: Dan Hilton, Conservative Party of Canada

This is **Exhibit "Q"** referred to in the
affidavit of **DANIEL HILTON**
sworn before me, this 27th
day of AUGUST, 2009



A COMMISSIONER FOR TAKING AFFIDAVITS



Elections Canada

RECEIVED JAN 13 2009

Office of the Chief Electoral Officer
Bureau du directeur général des élections

Our file: 2008-005871

N/Réf. : 2008-005871

To: Registered Political Parties

Aux : Partis politiques enregistrés

Date: January 12, 2009

Date : 12 janvier 2009

Subject: GST/HST Rebate

Objet : Remboursement de la TPS/TVH

The purpose of this memorandum is to advise registered political parties eligible for the GST/HST rebate, available to qualifying non-profit organizations under the *Excise Tax Act*, how the rebate is to be dealt with for purposes of the *Canada Elections Act*.

La présente vise à informer les partis politiques enregistrés admissibles pour le remboursement de la TPS/TVH, disponible à des organismes à but non lucratif admissibles aux termes de la *Loi sur la taxe d'accise*, des procédures en ce qui concerne la *Loi électorale du Canada*.

For more information on the GST/HST rebate available to qualifying non-profit organizations, please refer to the Web site: <http://www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/rbts/psb/np-eng.html>.

Pour plus d'information sur le remboursement de la TPS/TVH, disponible à des organismes à but non lucratif admissibles, veuillez vous référer au site Web : <http://www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/rbts/psb/np-fra.html>.

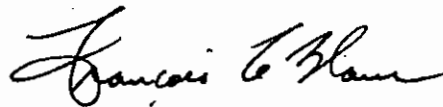
When completing the *Registered Party Return in Respect of General Election Expenses* (EC 20240), the full amount of the GST/HST incurred and/or paid on election expenses is to be reported as an election expense. Any subsequent rebate of GST/HST has no impact on election expenses. Any GST/HST rebate should be reported in your financial records in accordance with GAAP.

Lorsque vous complétez le *Rapport d'un parti enregistré sur les dépenses d'une élection générale* (EC 20240), le montant intégral de la TPS/TVH engagé et/ou payé sur les dépenses électorales doit être déclaré tel qu'une dépense électorale. Tout remboursement ultérieur de la TPS/TVH n'a aucun impact sur les dépenses électorales. Tout remboursement de la TPS/TVH doit être déclaré dans votre documentation financière conformément aux PCGR.

- 2 -

Should you have any questions or require additional information, please contact me at 1-800-486-6563 or 613-990-8991. Pour obtenir des renseignements additionnels, n'hésitez pas à communiquer avec moi au 1-800-486-6563 ou 613-990-8991.

Directeur,
Financement politique et Vérification



François LeBlanc
Director,
Political Financing and Audit

Court File No.: 09-8323-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
Commercial List

BETWEEN:

CONSERVATIVE FUND CANADA

Applicant

- and -

THE CHIEF ELECTORAL OFFICER OF CANADA

Respondent

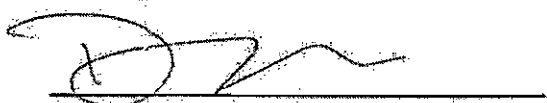
**AN APPLICATION pursuant to section 434 of the *Canada Elections Act* and
Rule 14.05(3)(d) of the *Rules of Civil Procedure***

AFFIDAVIT OF JANET L. ALLAN
(Sworn: August 28, 2009)

I, Janet L. Allan, of the City of St. Catharines, in the Province of Ontario,
MAKE OATH AND SAY THAT:

1. I am the National Technical Topic Team Leader for Not-For-Profit GAAP and Government Accounting for KPMG LLP.
2. Attached and marked as Exhibit "A" to my affidavit is a true copy of the opinion that was provided to Arthur Hamilton of the law firm of Cassels Brock and Blackwell LLP.
3. Attached and marked as Exhibit "B" to my affidavit is a true copy of my curriculum vitae.

SWORN BEFORE ME
at the City of St. Catharines
on August 28th, 2009.


JANET L. ALLAN

This is Exhibit "A" referred to in the Affidavit of Janet L. Allan, sworn before me this 28th day of August, 2009.


A Commissioner for Taking Affidavits



KPMG LLP
 Suite 3300 Commerce Court West
 PO Box 31 Stn Commerce Court
 Toronto ON M5L 1B2

Telephone (416) 777-8500
 Fax (416) 777-8818
 Internet www.kpmg.ca

Mr. Arthur Hamilton
 Cassels Brock & Blackwell LLP
 2100 Scotia Plaza
 40 King Street West
 Toronto Canada M5H 3C2

August 28, 2009

Dear Mr. Hamilton

You have asked us to provide our opinion on the reporting by not-for-profit organizations of GST rebates under generally accepted accounting principles ("GAAP"). Specifically, you have asked for this opinion with respect to the period from 2004 to present.

A not-for-profit organization for accounting purposes is defined under section 4400 of the CICA Handbook as follows:

Section 4400.02 (a) Not-for-profit organizations are entities, normally without transferable ownership interests, organized and operated exclusively for social, educational, professional, religious, health, charitable or any other not-for-profit purpose. A not-for-profit organization's members, contributors and other resource providers do not, in such capacity, receive any financial return directly from the organization.

Effective for periods commencing on or after April 1, 1997, the CICA Handbook included separate accounting standards for Not-for-profit organizations. The introduction to "Accounting Standards that Apply Only to Not-for-profit Organizations" states that EIC Abstracts must be applied when they are applicable. A copy of this introduction is provided in Appendix A.

Generally accepted accounting principles with respect to GST are discussed in EIC-18. EIC's are a primary source of GAAP.

EIC-18- Accounting for the Goods and Services Tax was issued October 31, 1990. A copy of EIC-18 is provided in Appendix B.

This EIC answered the question of how GST paid on purchases should be portrayed in the financial statements. The Committee reached a consensus that "purchase of goods or services should be recorded exclusive of GST that is recoverable".

Therefore, in our opinion, not-for-profit organizations should record GST net of any GST that is recoverable for the period from 2004 to present.

Yours truly

Janet Allan CA
 National Technical Topic Team Leader
 Not-for-profit organizations and government accounting

introduction to accounting standards that apply only to not-for-profit organizations

The CICA Handbook – Accounting applies to both profit-oriented enterprises and not-for-profit organizations, unless otherwise indicated. Not-for-profit organizations are defined in FINANCIAL STATEMENT PRESENTATION BY NOT-FOR-PROFIT ORGANIZATIONS, Section 4400.

The Sections that follow this Introduction apply only to not-for-profit organizations. These Sections deal with matters that are unique to not-for-profit organizations, or with issues where the needs of financial statement users indicate that different requirements from those that apply to profit-oriented enterprises are appropriate. These Sections are based on the concepts set out in FINANCIAL STATEMENT CONCEPTS, Section 1000.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, Section 1100, is applicable to not-for-profit organizations and establishes standards for financial reporting in accordance with generally accepted accounting principles (GAAP). It describes what constitutes Canadian GAAP and its sources. The Section also provides guidance on sources to consult when selecting accounting policies and determining appropriate disclosures, when a matter is not dealt with explicitly in the primary sources of GAAP. The primary sources of GAAP include, among others, and in addition to Accounting Handbook Sections discussed below, Accounting Guidelines, including Appendices, and Board Notices, and Abstracts of Issues Discussed by the Emerging Issues Committee (EIC Abstracts), including Appendices. A not-for-profit organization should apply the provisions of Section 1100 when reporting in accordance with GAAP, and would thus apply the requirements of Accounting Guidelines and EIC Abstracts and other primary sources of GAAP, to the extent they are applicable in the organization's circumstances.

The following table sets out the applicability of Accounting Handbook Sections to not-for-profit organizations (NFPs). Sections are considered to be of general applicability if they address matters that should be considered by all not-for-profit organizations. Other Sections are applicable to the extent that a particular organization has the transactions or circumstances dealt with in the Section. The remaining Sections are of very limited or no applicability to not-for-profit organizations.

Section	General applicability	Applies to NFPs with relevant transactions or circumstances	Limited or no applicability to NFPs
1000, FINANCIAL STATEMENT CONCEPTS	X		
*(1)			

CICA Standards and Guidance Collection

Section	General applicability	Applies to NFPs with relevant transactions or circumstances	Limited or no applicability to NFPs
1100, GENERALLY ACCEPTED ACCOUNTING PRINCIPLES	X		
1300, DIFFERENTIAL REPORTING			X
1400, GENERAL STANDARDS OF FINANCIAL STATEMENT PRESENTATION	X		
1505, DISCLOSURE OF ACCOUNTING POLICIES	X		
1506, ACCOUNTING CHANGES	X		
1508, MEASUREMENT UNCERTAINTY	X		
1510, CURRENT ASSETS AND CURRENT LIABILITIES	X		
1520, INCOME STATEMENT			X
1530, COMPREHENSIVE INCOME			X
1535, CAPITAL DISCLOSURES		X	
1540, CASH FLOW STATEMENTS	X		
1582, BUSINESS COMBINATIONS			X ** (2)
1590, SUBSIDIARIES			X ** (3)

CICA Standards and Guidance Collection

Section	General applicability	Applies to NFPs with relevant transactions or circumstances	Limited or no applicability to NFPs
1601, CONSOLIDATED FINANCIAL STATEMENTS		X	
1602, NON-CONTROLLING INTERESTS		X	
1625, COMPREHENSIVE REVALUATION OF ASSETS & LIABILITIES			X
1651, FOREIGN CURRENCY TRANSLATION		X	
1701, SEGMENT DISCLOSURES			X
1751, INTERIM FINANCIAL STATEMENTS		X	
1800, UNINCORPORATED BUSINESSES			X
3000, CASH		X	
3020, ACCOUNTS AND NOTES RECEIVABLE		X	
3025, IMPAIRED LOANS		X	
3031, INVENTORIES		X	
3040, PREPAID EXPENSES		X	
3051, INVESTMENTS		X	
3055, INTERESTS IN JOINT VENTURES		X	
3061, PROPERTY, PLANT AND EQUIPMENT			X

CICA Standards and Guidance Collection

Section	General applicability	Applies to NFPs with relevant transactions or circumstances	Limited or no applicability to NFPs
3063, IMPAIRMENT OF LONG-LIVED ASSETS			X
3064, GOODWILL AND INTANGIBLE ASSETS			X
3065, LEASES		X	
3110, ASSET RETIREMENT OBLIGATIONS		X	
3210, LONG-TERM DEBT		X	
3240, SHARE CAPITAL			X
3251, EQUITY			X
3260, RESERVES			X
3280, CONTRACTUAL OBLIGATIONS	X		
3290, CONTINGENCIES	X		
3400, REVENUE		X	
3461, EMPLOYEE FUTURE BENEFITS		X	
3465, INCOME TAXES			X
3475, DISPOSAL OF LONG-LIVED ASSETS AND DISCONTINUED OPERATIONS		X	
3480, EXTRAORDINARY ITEMS		X	
3500, EARNINGS PER SHARE			X
3610, CAPITAL TRANSACTIONS			X

CICA Standards and Guidance Collection

Section	General applicability	Applies to NFPs with relevant transactions or circumstances	Limited or no applicability to NFPs
3800, GOVERNMENT ASSISTANCE			X
3805, INVESTMENT TAX CREDITS			X
3820, SUBSEQUENT EVENTS	X		
3831, NON-MONETARY TRANSACTIONS		X	
3840, RELATED PARTY TRANSACTIONS			X
3841, ECONOMIC DEPENDENCE			X
3850, INTEREST CAPITALIZED — DISCLOSURE CONSIDERATIONS		X	
3855, FINANCIAL INSTRUMENTS — RECOGNITION AND MEASUREMENT		X	
3861, FINANCIAL INSTRUMENTS — DISCLOSURE AND PRESENTATION		X	
3862, FINANCIAL INSTRUMENTS — DISCLOSURES		X	
3863, FINANCIAL INSTRUMENTS — PRESENTATION		X	
3865, HEDGES		X	

CICA Standards and Guidance Collection

Section	General applicability	Applies to NFPs with relevant transactions or circumstances	Limited or no applicability to NFPs
3870, STOCK-BASED COMPENSATION AND OTHER STOCK-BASED PAYMENTS			X
4100, PENSION PLANS			X
4211, LIFE INSURANCE ENTERPRISES			X
4250, FUTURE-ORIENTED FINANCIAL INFORMATION		X	

EMERGING ISSUES COMMITTEE ABSTRACT OF ISSUE DISCUSSED EIC-18

Additional Resources

This Abstract is to be read in conjunction with the discussion of the status of the deliberations of the Emerging Issues Committee contained in the Introduction to the *Abstracts of Issues Discussed*.

ACCOUNTING FOR THE GOODS AND SERVICES TAX

Date issued: October 31, 1990 1(1)

Issue

On January 1, 1991, the existing federal sales tax (FST) will be replaced by a new sales tax — the Goods and Services Tax (GST) — which will be levied at a rate of 7% on most goods and services consumed in Canada. An overview of some of the general characteristics of this tax follows:

- (a) The GST will be a value-added tax applying to most goods and services consumed in Canada, whether they are produced or imported. Unlike the provincial retail sales taxes, the GST will operate throughout the production and distribution chain.
- (b) Businesses will charge tax on their domestic sales and usually will be able to recover the tax paid on goods and services used in the course of doing business (input tax credits). In effect, the GST will apply to the value added by each business, where value added is equivalent to the total sales of the business minus its purchases of goods and services from other businesses.
- (c) Purchasers will be liable for GST with the vendor normally acting as an agent of the taxation authorities. Final consumers will bear the full impact of the GST as they will not be able to claim input tax credits.
- (d) The timing of claims for input tax credits will not depend on the timing of any particular sale; credits will be recoverable immediately whether the input item is an inventory item, a service, a capital asset or an expense.
- (e) GST registrants will be entitled to a FST rebate on inventories held for sale on

CICA Standards and Guidance Collection
January 1, 1991.

- (f) GST will not be charged on two categories of items:
- (i) Zero-rated (tax free) supplies — Although no GST will be payable on the sale of zero-rated supplies, the vendors of such supplies will be permitted to claim input tax credits, thereby removing the effect of GST from these goods and services.
 - (ii) Tax exempt supplies — No GST will be payable on the sale of exempt supplies but the vendors will be prohibited from claiming input tax credits on purchases attributable to such supplies.

The issues are:

1. How should the GST collected on sales, and paid on purchases, be portrayed in the financial statements?
2. How should the FST rebate be accounted for in the financial statements?

EIC Discussion

On the **first issue**, the Committee reached a consensus that revenues should be recorded net of GST collected. Purchases of goods or services should be recorded exclusive of GST that is recoverable. The net amount due to or from the taxation authorities should be included as part of accounts receivable, or accounts payable, as appropriate.

GST that will not be recoverable will increase the cost of purchases and should be accounted for as a component of the cost of the good or service to which it relates. For example, GST paid on the acquisition of capital assets relating to the sale of exempt supplies will be included in the cost of those assets. GST paid with respect to current period costs will be included in the determination of net income in that period.

On the **second issue**, the Committee reached a consensus that the FST rebate on qualifying goods in inventory on January 1, 1991 should be accounted for as a reduction of the cost of the inventory on hand, together with a corresponding receivable, effective January 1, 1991.

Status

The Committee does not plan any further discussions on this issue.

This is Exhibit "B" referred to in the Affidavit of Janet L. Allan, sworn before me this 28th day of August, 2009.



A Commissioner for Taking Affidavits

Janet Allan, CA

Email: jlallan@kpmg.ca

Professional Qualifications and Education

Honours Bachelor of Mathematics (1980, University of Waterloo)

Chartered Accountant (1981, Ontario)

Employment History

Partner or Associate Partner, KPMG (1991 - present)

Senior Manager, Manager or Chartered Accountant, Peat Marwick Thorne/Thorne Ernst & Whinney/Thorne Riddell (KPMG predecessors) (1981 – 1991)

Co-op student, Thorne Riddell (1976 - 1980) (KPMG predecessor)

Relevant Experience

Janet is a member of the department of National Assurance and Professional Practice. She is the National leader of the KPMG Technical Topic Team for Not-For-Profit GAAP and Government Accounting. This role includes the following:

- Monitoring standards and regulatory developments
- Responding to Invitations to Comment and Exposure Drafts
- Developing and maintaining appropriate practice and training materials
- Establishing, supporting and maintaining practice groups
- Developing communications and publications
- Providing consultation support to partners in the firm and
- Sharing best practices throughout the firm

Janet has over thirty years of experience in public accounting, serving a broad range of clientele including local government, education, and not-for-profit organizations.

Relevant experience includes the following:

- Financial statement audits and general business advice to not-for-profit organizations, municipalities, school boards, hospitals, colleges and universities.
- District School Boards. Served over 15 years as lead audit partner and concurring partner. Engagements have included:
 - Reporting on the results of applying specified auditing procedures issued under s9100 of the CICA handbook for the Ministry of Education relating to revenues and expenditures earned and incurred by the school board, and;
- Ministry of Education, Ontario. Served five years as instructor and a member.
 - Member of a Reporting Entity Workgroup to provide input with respect to the consolidation of the school boards into the Province's annual financial statements.
 - Assistance with development of policies to record capital assets in School Boards for purposes of consolidation within the Province's financial statements.

Relevant Experience (continued)

- Colleges and Universities
 - Audit of expenditures under the Facilities Renewal and Major Capital Support Programs for the Ministry of Training, Colleges and Universities.
 - Audit of enrolment and Ontario Student Assistance Program (OSAP)
- Municipalities
 - Audit of annual financial statements for several municipalities including early implementation for one municipality's December 31, 2008 fiscal year end, of tangible capital assets and financial statement presentation changes

Specialized Skills and Other Involvements

- Member of the Institute of Chartered Accountants of Ontario Practice Inspection Committee.
- Chair of KPMG Ontario School Board Group
- Chair of KPMG Higher Education Group
- Member of KPMG's Southwestern Ontario Local Government Service Group

Conservative Fund Canada
Applicant

and

The Chief Electoral Officer of Canada
Respondent

Court File No. 09-8323-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
Commercial List**

Proceeding commenced at **TORONTO**

APPLICATION RECORD

Cassels Brock & Blackwell LLP
2100 Scotia Plaza
40 King Street West
Toronto, Ontario M5H 3C2

W. J. Burden
LSUC #15550F
Tel: (416) 869-5963
Fax: (416) 640-3019

Arthur Hamilton
LSUC #39474W
Tel: (416) 860-6574
Fax: (416) 640-3009

Lawyers for the Applicant