



FROESE FORENSIC
partners INC.

**Compliance Audit Report
For the City of Toronto
Re: Peter Li Preti**

July 10, 2013



Contents

1	Introduction.....	3
	Background to the Compliance Audit.....	3
	Our Approach to the Compliance Audit.....	4
	Procedures Performed	4
2	Overall Findings.....	6
	Overall Summary	6
	General	6
	Contributions.....	7
	Expenses	8
	Financial Reporting.....	10
	<i>Adjusted amounts</i>	10
	<i>Other</i>	13
3	Details in Support of Findings	14
	Contributions.....	14
	<i>Contributions from Corporate Entities</i>	14
	<i>Contributions in Excess of Allowed Limit</i>	15
	<i>Contribution Deposited after the Campaign Period</i>	15
	<i>Contribution from the Candidate</i>	15
	<i>Financial Reporting Issues related to Contributions</i>	16
	Expenses	17
	<i>Missing Invoices and Invoice Discrepancies</i>	17
	<i>The Co-Operators Insurance</i>	18
	<i>Campaign Workers</i>	19
	<i>Fifth Feb Design & Print Inc Invoices</i>	19
	<i>Campaign Office Rent</i>	20
	<i>Campaign Website</i>	21
	<i>Phone & Internet</i>	21
	<i>Fundraising Expenses</i>	22
	<i>Campaign Signs</i>	22
	<i>Financial Reporting Issues related to Expenses</i>	24
	<i>Other Adjustments</i>	24
	Additional Allegations from one of the Applicants	25
4	Restrictions and Limitations	26



Schedule 1 – Adjustments to the Financial Statement

Schedule 2 – Summary of Corporate Contributions

Appendix A – What the Act and Guide say about Financial Records and Reporting



1 Introduction

Background to the Compliance Audit

- 1.1 This Report is the result of a request for a compliance audit under Section 81 of the Municipal Elections Act, 1996 (“**the Act**”) in relation to the campaign finances of Peter Li Preti (“**Li Preti**” or “**the Candidate**”).
- 1.2 Li Preti filed for election as Councillor for Ward 8 on May 3, 2010.
- 1.3 On March 25, 2011, Li Preti attested that the financial statement for the campaign period from May 3, 2010 to December 31, 2010 (the “**Financial Statement**”) was true and correct to the best of his knowledge and belief.
- 1.4 On June 22, 2011 and June 23, 2011 Adam Chaleff-Freudenthaler (“**Chaleff-Freudenthaler**”) and Howard Moscoe (“**Moscoe**” or collectively “**the Applicants**”), respectively, submitted a request for a compliance audit to the City of Toronto (“**the City**”) Compliance Audit Committee (“**the Committee**”). The Applicants identified the following issues regarding the Financial Statement:
 - 1) The Li Preti campaign accepted contributions from corporations in violation of Section 70(7) of the Act;
- 1.5 On May 29, 2013, FFP had a conference call with Moscoe where he identified additional issues regarding Li Preti’s campaign. Those items were:
 - 1) Li Preti held an event at the Travelodge on Norfinch Avenue prior to filing as a candidate;
 - 2) Li Preti paid campaign expenses and workers’ salaries through his various medical clinics;
 - 3) Li Preti provided a \$500 grant to the owners of a condominium at 335-345 Driftwood in Ward 8 for a lawsuit against their condominium board in exchange for their support; and
 - 4) The Li Preti campaign did not report any inventory amounts for campaign signs from previous elections as an election expense.



- 1.6 On July 20, 2011, the Committee met to consider the merits of the application and determined that a compliance audit of the Financial Statement be conducted for the 2010 election campaign finances of Peter Li Preti pursuant to Subsection 81(7) of the Act. Li Preti appealed this decision, however the appeal was dismissed and the compliance audit proceeded.
- 1.7 Bruce Armstrong, FCPA, FCA, of Froese Forensic Partners Ltd (“**FFP**”) and Glen R. Davison, CPA, CA, were retained to conduct the compliance audit in accordance with the Act. Subsection 81(9) of the Act requires that the auditor prepare a report “*outlining any apparent contravention by the candidate.*” This Report contains our findings in relation to our compliance audit of the Financial Statement submitted by Li Preti.

Our Approach to the Compliance Audit

- 1.8 The objective of our compliance audit is to report any apparent contraventions of the Act identified through the course of our compliance audit related to the Financial Statement filed by Li Preti. We have set out our understanding of a number of relevant sections of the Act as **Appendix A** to this Report.
- 1.9 The compliance audit addressed the issues that are relevant to the 2010 Financial Statement of the Li Preti campaign sworn by the applicant. The audit also addressed other matters identified through the compliance audit process, including:
- 1) Whether the fair market value of goods and services were reflected in the Financial Statement as contributions and expenses;
 - 2) Whether campaign expenses were appropriately supported by invoices or other supporting documentation and incurred as appropriate; and
 - 3) Whether the Financial Statement was prepared in accordance with the Municipal Elections Act 1996 (“**the Act**”) and the City of Toronto 2010 Municipal Election Candidate’s Guide (“**the Guide**”).

Procedures Performed

- 1.10 Our procedures related to the compliance audit included:
- 1) A review of the Compliance Audit Application filed by the Applicant;
 - 2) A review of the Financial Statement and supporting documents;
 - 3) An ongoing review of the Act and the Guide;



- 4) Examination of the accounting and financial documentation provided by the City;
- 5) Performing corporate searches to validate whether corporate contributors were registered as corporations;
- 6) Correspondence and communications with Li Preti's campaign auditor;
- 7) Written and verbal correspondence with campaign vendors;
- 8) Written and verbal communications with the Applicants on February 21, 2013, May 27, 2013 and May 29, 2013 regarding additional concerns;
- 9) Scheduling and attending our initial meeting with Li Preti on April 3, 2013 and follow-up meeting on June 3, 2013;
- 10) Ongoing correspondence with Li Preti, in particular to request documents not included in the campaign file or as a follow-up to undertakings provided at our previous meetings; and
- 11) Preparation of our report.

2 Overall Findings

Overall Summary

- 2.1 In our opinion the Candidate's campaign expenses subject to limitation exceeded the campaign's authorized limit by \$3,064.72, as set out in [Schedule 1](#). This is an apparent contravention of Section 76(4) of the Act. Additional apparent contraventions in relation to contributions, campaign expenses, and financial reporting are discussed in summary form in [this section](#) and in more detail in [Section 3](#) of this report.

General

- 2.2 When the compliance audit commenced, FFP provided a detailed listing to Li Preti of the documents and records we required from him. The campaign records that were initially provided were incomplete and in our opinion were below the standard expected for the financial records of an election candidate. Li Preti cooperated fully and made every effort to respond to our numerous subsequent requests to provide further documentation. However in many cases, the support he provided was insufficient and of minimal value. For example, Li Preti often provided us with verbal or written responses rather than any actual supporting documentation, which we have assumed he was unable to provide.
- 2.3 As a result of the recordkeeping deficiencies, the number of financial reporting issues and unresolved items is more than we would consider appropriate for a candidate. In our opinion, and as explained further throughout our report, the Candidate was in apparent contravention of many of his duties as set out in Subsection 69 of the Act. We have been able to resolve the more significant items by expanding the intended scope of our compliance audit.
- 2.4 The Financial Statement for the period May 3, 2010 to December 31, 2010 reported a deficit of \$1,142.38 with total contributions of \$60,735.00.
- 2.5 Li Preti had a campaign expense limitation of \$23,916.75. The Financial Statement reported campaign expenses subject to limitation of \$23,410.07 and expenses not subject to limitation of \$38,467.31.

Contributions

- 2.6 The Li Preti campaign accepted contributions totalling \$21,000.00 and issued forty-six (46) receipts, primarily to individuals, for the contributions. In fact, these contributions came from corporate entities, as summarized in Schedule 2. Li Preti made no attempt to conceal this information, included the respective corporate details in the Financial Statement and advised that he took outside professional advice in order to validate. In our opinion, these contributions are in each instance an apparent contravention by both the contributor and the Candidate with respect to the City of Toronto By-Law 1177-2009 and Subsection 70.1(1) of the Act. The contributions should have been returned to the contributors and replacement personal cheques requested from them. This is further discussed in paragraphs 3.1 to 3.5.
- 2.7 There were four (4) campaign contributions in the amount of \$1,000.00 each that exceeded the maximum contribution limit of \$750.00. Li Preti recognized the problem at the time and issued cheques for \$250.00 to each contributor to rectify the excess contributions. However none of the cheques were negotiated and Li Preti did not take any evident further steps to follow-up these items. In our opinion, Li Preti did not sufficiently adhere to his requirements and as such was in apparent contravention of Subsection 69(1)(m) of the Act. Accepting an excess contribution is an apparent contravention of Subsection 71(1) of the Act. This is further discussed in paragraphs 3.6 to 3.7.
- 2.8 FFP does not agree with the Candidate's characterization that the \$10,000.00 advanced at the outset of the campaign was a loan. Even if the bank actually provided a loan, in our opinion it was to a Li Preti business rather than to his campaign and as such, would have been an apparent contravention of Subsection 75 of the Act. In the absence of any confirming information/documentation from the Bank, we have treated this amount as a contribution from the Candidate.
- 2.9 Li Preti failed to record in his Financial Statement either the \$10,000.00 contribution he made to the campaign in May 2010 or the refund of this amount in August 2010. Only following the campaign period and in the event of a campaign surplus is the Candidate entitled to any refund. Further, this would be limited to the lesser of what the Candidate contributed and the actual surplus. Issuing a refund to himself before the campaign period ended is an apparent contravention of Subsection 79(6). This is further discussed in paragraphs 3.9 to 3.11.
- 2.10 There were a number of instances in which consideration was given as to whether the contributions was of a corporate or personal nature, as follows:
- 1) One (1) of the instances in which a personal name was not evident yet a business name was referred to;

- 2) Two (2) instances in which the cheque was from a proprietorship; and
 - 3) Four (4) instances in which the cheque was from a law firm and the amounts were attributed to specific individuals.
- 2.11 In each instance, we have determined that the contributions are acceptable and not in contravention of the MEA or the City of Toronto By-Law. However, as they were recorded incorrectly in the Financial Statement, they are all apparent financial reporting contraventions of Subsections 69(1)(k) and 78(1) of the Act. This is further discussed in paragraphs 3.12 to 3.14.
- 2.12 There were a number of instances in which contributions were either not recorded or were recorded incorrectly in the Financial Statement, as follows:
- 1) Four (4) corporate contributions for \$1,000.00 each that were recorded as \$750.00 each, as discussed in paragraphs 3.6 to 3.7;
 - 2) The recording of numerous contributions in the Financial Statement as personal, although they were in fact corporate, and *vice versa*, as discussed in paragraphs 3.12 to 3.14;
 - 3) A contribution for \$300.00 receipted to Luigi Raggiunti ("**Raggiunti**") that was recorded as \$200.00 and in which the actual contributor was a corporation as discussed in paragraph 3.15;
 - 4) The failure to record a \$200.00 cash deposit as noted in paragraph 3.17;
 - 5) The failure to record both a Candidate contribution of \$10,000.00 and a subsequent refund of the same amount, as discussed in paragraph 3.9 to 3.11; and
 - 6) Incorrect recording of ticket sales and revenues received from a major fundraiser, as discussed in paragraph 3.16.
- 2.13 In these instances, they are apparent financial reporting contraventions of Subsections 69(1)(k) and 78(1) of the Act and also 66(1) for item (4) and 69(1)(i) for item (6).

Expenses

- 2.14 Overall and as noted in paragraph 2.2, there was a significant absence of supporting documentation in the campaign expense records initially provided to FFP. For example, copies of campaign cheques issued to various payees were often provided as the only support for expenses incurred, thereby providing little validation as to what

the expenses represented. On request, Li Preti was able to provide supporting documentation in some (but not all) instances. It is unclear why this detailed supporting documentation was not provided initially to FFP.

- 2.15 In our opinion, this significant lack of any supporting documentation is an apparent contravention of Subsections 69(1)(g) of the Act. This is further discussed in paragraphs 3.18 to 3.25.
- 2.16 In several instances, a value was not attributed or reported for goods and services utilized throughout the campaign. In our opinion, the exclusion of the following expenses and the corresponding contribution in kind is an apparent contravention of Subsections 67(1), 67(2)(2) and 69(1)(d) of the Act.
- 1) Additional expense of \$610.00 for the use of office space at 1270 Finch Avenue West, Toronto for the campaign office as discussed in paragraphs 3.36 to 3.46;
 - 2) Additional expense of \$200.00 for the use of a personal website for campaign purposes as discussed in paragraph 3.41;
 - 3) Additional expense of \$540.37 for the use of personal phones, cell phones and internet data plans of campaign workers for the months of September and October 2010 as discussed in paragraphs 3.42 to 3.46; and
 - 4) The additional cost of \$1,375.00 for purchasing new campaign signs as discussed in paragraphs 3.50 to 3.56.
- 2.17 There were a number of instances in which expenses were either not recorded or were recorded incorrectly in the Financial Statement, as follows:
- 1) An invoice for \$150.00 issued by the Taste of the Caribbean African Food Expo related to promotion of Li Preti's business interests, yet was changed to read \$100.00 and was paid to M. Khan from the campaign account and charged to *Salaries & Benefits* in the Financial Statement, as discussed in paragraph 3.20;
 - 2) Payments totalling \$450.00 were made to campaign workers at various dates considerably in advance of the voting day yet were classified as *voting day party* expenses, as discussed in paragraph 3.25;
 - 3) An office insurance payment for \$141.56 was sub-divided between *fundraising* costs and expenses subject to the limit, as discussed in paragraphs 3.26 to 3.29;



- 4) Two invoices were received from Fifth Feb in which one for \$1,412.50 was related to the campaign and the other for \$1,607.42 was related to a Li Preti medical clinic. Each invoice was recorded and paid from the wrong entity, as discussed in paragraphs 3.33 to 3.35;
 - 5) The method utilized for allocating the phone & internet expenses for the first three (3) months of the campaign, as summarized in paragraph 2.13(3) and discussed in paragraphs 3.42 to 3.46;
 - 6) Expenses were paid to Laura Li Preti totalling \$443.00 that was charged to *fundraising*. FFP has considered that \$55.00 was personal in nature while the remaining \$338.00 should be reclassified to *office expenses*, subject to the limit, as discussed in paragraphs 3.47 to 3.49;
 - 7) Additional expenses totalling \$1,412.50 were paid to Fifth Feb for the design and printing of campaign flyers. Li Preti recorded them as campaign signs instead of *brochures*, as discussed in paragraph 3.35;
 - 8) The failure to consider assigning any value to opening sign inventory, nil per FFP, as well as the failure to record a value for the closing inventory of campaign signs, as discussed in paragraph 3.57 to 3.58;
 - 9) Failure to record a contribution in kind related to valid expenses totalling \$400.00 that were incurred and recorded in two (2) instances, despite the respective payees never cashing the cheques received, as discussed in paragraphs 3.59 to 3.60; and
 - 10) The incorrect allocation of a \$100.00 expense amount as well as a double booking of the same amount to the correct account as discussed in paragraph 3.61.
- 2.18 In each of the above instances, they are apparent financial reporting contraventions of Subsections 69(1)(k) and 78(1) of the Act.

Financial Reporting

Adjusted amounts

- 2.19 Schedule 1 incorporates all of the proposed adjustments to the Financial Statement discussed earlier in this Section of the report, as follows:

Campaign Period Income – Decreased by \$6,574.63 as follows:

- Adjustment 1 – Increased by \$1,000.00 to account for four (4) excess corporate contributions that were each recorded as \$750.00 (paragraphs 2.7 and 2.12);
- Adjustment 2 – Decreased by \$21,000.00 to account for the corporate contributions that should never have been accepted (paragraphs 2.6 and 2.12);
- Adjustment 3 – Increased by \$10,000.00 to record the contribution made by the Candidate (paragraph 2.8, 2.9 and 2.12);
- Adjustment 4 – Increased by \$100.00 to correct a contribution of \$300.00 that was recorded in the Financial Statement as \$200.00 (paragraph 2.12);
- Adjustment 5 – Increased by \$200.00 to reflect the failure to identify or record a cash deposit in either the campaign records or the Financial Statement (paragraph 2.12);
- Adjustment 6 – Increased by \$610.00 to reflect a contribution in kind of additional office rent (paragraph 2.16);
- Adjustment 7 – Increased by \$200.00 to reflect a contribution in kind for the use of a personal website (paragraph 2.16);
- Adjustment 8 – Increased by \$540.37 to reflect a contribution in kind for continuous use of personal and cell phones and internet data plans (paragraph 2.14 and 2.16);
- Adjustment 9 – Increased by \$1,375.00 for the unrecorded purchase of new campaign signs to be used during the election (paragraph 2.16); and
- Adjustment 16 – Increased by \$400.00 to reflect a contribution in kind received via two payees never cashing the cheques that they were issued (paragraph 2.17).

Brochures expense – increased by \$1,218.08 as follows:

- Adjustment 13 – Decrease by \$194.42 via elimination of a payment to Fifth Feb for \$1,607.42 that pertained to the Candidate's business interests and inclusion of an amount to Fifth Feb for \$1,412.50 that was paid and should have been charged to the campaign (paragraph 2.17); and
- Adjustment 15 – Increased by \$1,412.50 as a result of reallocating election flyer expenses previously recorded as *signs* expenses (paragraph 2.17).

Office expenses – increased by \$848.00 as follows:

- Adjustment 6 – Increased office rent expense by \$610.00 to better reflect fair market value in the area (paragraph 2.16);
- Adjustment 14 – Increased by \$338.00 to reallocate a portion of expenses paid to Laura Li Preti that were previously charged to *fundraising* expenses (paragraph 2.17); and
- Adjustment 17 – Decreased by \$100.00 to remove a *fundraising* expense (paragraph 2.17).

Phone and/or internet expense – increased by \$614.86 as follows:

- Adjustment 7 – Increased by \$200.00 to reflect the use of the personal website during the campaign (paragraph 2.16); and
- Adjustment 8 – Increased by \$414.86 to reflect the additional cost of utilizing personal phones, cell phones and internet data plans during the full campaign and to maintain a 50:50 usage between the campaign and fundraising (paragraph 2.16 and 2.17).

Salaries & benefits - Increased by \$450.00 as follows:

- Adjustment 10 – Decreased by \$100.00 to reflect monies paid to a campaign worker to reimburse him for expenses paid on behalf of the Candidate's business interests (paragraph 2.17); and
- Adjustment 11 – Increase of \$450.00 to reflect the payments made to workers that were recorded as *voting day party* expenses, not subject to the limit (paragraph 2.17).

Sign expenses – Decreased by \$37.50 as follows:

- Adjustment 9 – Increased by \$1,681.00 to reflect the market value of the purchase of new signs less the deposit provided by Vince Guccione on delivery (paragraph 2.16); and
- Adjustment 15 – Decreased by \$1,412.50 to reallocate campaign flyer expenses to *brochures* (paragraph 2.17).

Other expenses – increased by \$71.28 as follows:

- Adjustment 12 – Increase of \$71.28 representing the 50% portion of office insurance expense that was charged to *fundraising* (paragraph 2.17).

Cost of fundraising function – decreased by \$483.77 as follows:

- Adjustment 8 – Increased by \$125.51 to reflect the additional cost of utilizing personal phones, cell phones and internet data plans during the full campaign and to maintain a 50:50 usage between the campaign and fundraising (paragraph 2.16 and 2.17);
- Adjustment 12 – Decreased by \$71.28 representing the 50% portion of office insurance expense that should have been charged to *Insurance* (paragraph 2.17);
- Adjustment 14 – Decreased by \$438.00 to reflect a portion of the expenses paid to Laura Li Preti that were either personal (\$55.00) or office expenses, subject to the limit (paragraph 2.17); and
- Adjustment 17 – Decreased by \$100.00 to reflect the double booking of a cheque paid to Daniele Bottani on July 16, 2010 (paragraph 2.17).

Voting Day Party – Decreased by \$450.00 as follows:

- Adjustment 11 – Reduction of \$450.00 to reclassify payments made to workers to *salaries & benefits* expense (paragraph 2.17).

Other

- 2.20 Opening inventory was not reported in the Financial Statement despite the use of signs from previous Li Preti campaigns. However, Li Preti spent considerable funds for refurbishing these signs before they could be utilized again. Under these circumstances, in our opinion an opening inventory value of nil is appropriate and there is no apparent financial reporting contravention of the Act. This is further discussed in paragraphs 3.57 to 3.58.
- 2.21 The Candidate did not assign an ending inventory value for campaign signs left over following the 2010 campaign. While Li Preti acknowledged that there were a lot of signs remaining, he was unsure whether he will run for political office in the future. In our opinion, this is an apparent financial reporting contravention of Subsection 78(1) of the Act. Inclusion of an ending inventory figure will have no effect on the calculation of campaign expenses subject to the limit.

3 Details in Support of Findings

Contributions

Contributions from Corporate Entities

- 3.1 Chaleff-Freudenthaler in his submission identified thirty-two (32) contributions from the Financial Statement that appeared to be corporate in nature. The Moscoe submission identified a number of the same corporate contributions.
- 3.2 FFP reviewed the campaign financial records and determined that the Li Preti campaign accepted contributions totalling \$21,000.00 and issued forty-six (46) receipts, primarily to individuals, for these contributions. In fact, these contributions came from corporate entities as set out on Schedule 2 of this report. As noted in comments below, adjustments needed to be made to certain of the contribution amounts.
- 3.3 In a meeting with Li Preti, he stated that he had received and accepted advice from an accountant and a lawyer that if the corporate contribution was from a corporation, it was acceptable as long as the contribution was reimbursed to the corporation by the individual through a loan account, shareholders account or some other vehicle that provides for immediate reimbursement to the corporation. We advised Li Preti that this advice was, in our opinion, incorrect.
- 3.4 The notes and commentary in Schedule 2 set out the efforts made by Li Preti and his campaign staff to try to identify those corporations whereby the contribution was intended to have been made by an individual. As indicated there are instances where:
 - 1) Letters were written on corporate letterhead advising that the contribution to the campaign was personal,
 - 2) Notations were made on cheque stubs suggesting the donation was personal,
 - 3) Hand written notes were made suggesting a particular donation was personal,
 - 4) A staff member, W. Youssef, wrote on copies of some of the corporate cheques that "*personal donation verified by W. Youssef*".
- 3.5 Most of the corporate entities listed on Schedule 2 had one or more of the four notations listed above.

Contributions in Excess of Allowed Limit

- 3.6 On Schedule 2 we have noted 4 instances of corporate contributions that were each in the amount of \$1,000 which is \$250 in excess of the allowed limit. Between August and November 2010, Li Preti issued \$250 cheques on the campaign bank account to each of these four (4) entities in an effort to rectify the excess contribution. He advised us that he actually hand delivered one of the cheques.
- 3.7 None of the cheques was ever negotiated and there is no evidence to suggest that the Li Preti campaign made any efforts to follow-up these items. At a minimum, in our opinion Li Preti should have replaced each of the stale dated cheques with a draft or money order paid from the campaign account. As such, in our opinion the campaign contribution from each of these entities should have been revised to reflect that the Candidate at all times had received \$1,000 from each of these contributors.

Contribution Deposited after the Campaign Period

- 3.8 Li Preti's campaign received a contribution from Michael Sullivan in the amount of \$400.00. A deposit slip was written with a date of December 29, 2010. The cheque was not deposited until March, 2011. The campaign period ended December 31, 2010. Negotiation of this contribution took place after the campaign period. A copy of the contributor's cheque was not in the files and we were not able to confirm the date that the contribution was made to the campaign. Li Preti was unable to explicitly explain why he chose to hold the cheque for over two months after the campaign period ended.

Contribution from the Candidate

- 3.9 The first deposit to the campaign account was \$10,000.00 on May 20, 2010. The deposit slip was not included in the campaign records. Li Preti was not able to provide the original or a copy of the deposit slip for this deposit. On August 1, 2010 a cheque for \$10,000.00 was issued from the campaign account to Shoreham Chronic Pain.
- 3.10 Li Preti advised that the \$10,000.00 was a loan from the Shoreham Chronic Pain line of credit and the \$10,000.00 cheque issued from the campaign account on August 1, 2010 was repayment of this loan. Li Preti advised that FFP would be provided with a letter to this effect from the branch manager at which he holds his business account. In response, FFP was recently provided with a letter from the Bank advising that no information would be provided unless they were provided with a Court ordered summons. FFP has not followed up further at this point.
- 3.11 A candidate is able to provide funds to the campaign, and if there is a surplus in the campaign account the funds can be returned, up to the amount of the contribution, to

the candidate. The refund, however, must be done after the campaign period is over. Refunding these funds ahead of the end of the campaign is an apparent contravention.

Financial Reporting Issues related to Contributions

- 3.12 The Applicants identified a number of contributions that they felt were corporate in nature. Our audit determined that eight (8) of these contributions were personal and all but one (1) of these was listed correctly as personal contributions in Part II of Schedule 1 to the Financial Statement. They were apparently noted as corporate by the Applicants because there was reference to a business name in one of the columns in Part II of Schedule 1 of the Financial Statement. In these instances, FFP has determined that the individual name listed in the Financial Statement schedule agrees with the contribution receipt and the actual cheque deposited.
- 3.13 Our audit identified a number of instances in which consideration had to be given as to whether the contribution was of a corporate or personal nature, as follows:
- 1) A review of the respective cancelled cheques and Corporate Registrations for the Province of Ontario failed to confirm a corporate registration in two (2) instances. These entities have been considered to be sole proprietorships; and
 - 2) In four (4) instances, the contribution was from a law firm where receipts were issued to individuals specified by the law firm.
- 3.14 In our opinion, these contributions are acceptable and not in contravention with the MEA or the City of Toronto By-Law.
- 3.15 The list of contributors included with the Financial Statement recorded a contribution from Luigi Raggiunti, which was in fact received from FITNESS Walk-In Clinic Inc. The amount recorded on the contributor list was \$200.00. The deposit slip dated July 21, 2010 recorded the deposit as \$300.00 as reflected on the cheque copy from the contributor. Receipt # 7252 issued to Raggiunti was in the amount of \$200.00, in error.
- 3.16 Schedule 2 of the Financial Statement noted a Campaign Fundraiser on July 24, 2010. Li Preti advised us that a major fundraising event did take place on this day. Schedule 2 identified that 565 tickets were sold at \$100.00 each. Li Preti confirmed that this recording of ticket sales is erroneous. It appears to be an effort by his auditor to reconcile to the list of depositors over \$100 that totalled to \$56,500.00. This particular schedule is incorrect and does not reflect what contributions were in fact received at this event. Li Preti also held four other events such as BBQs at which he received individual contributions less than \$25.00.

- 3.17 To summarize, the Total Contribution (Schedule 1 of Financial Statement) amount of \$60,735.00 should be adjusted for the following items:
- 1) Increased by \$1,000.00 for the four (4) excess corporate contributions;
 - 2) Decreased by \$21,000.00 to eliminate all corporate contributions;
 - 3) Increased by \$100.00 to reflect the actual contribution made by Raggiunti;
 - 4) Increased by \$200.00 to reflect cash contributions received but not recorded. Specifically, the deposit made on August 13, 2010 was \$200.00 higher than the cheques deposited for that day. FFP requested support for this cash contribution but has not received nor followed-up further on obtaining further details; and
 - 5) Increased by \$10,000.00 to reflect the contribution received from the Candidate at the outset of his campaign.

Expenses

Missing Invoices and Invoice Discrepancies

- 3.18 Photocopies of campaign cheques issued to various payees were included in the campaign file as the only documentary support for expenses, which in our opinion are not sufficient for campaign record keeping. Receipts should have been retained. The cheque payees included but were not limited to the Golden Age Academy, the Italian Walk of Fame, the Grandravine Seniors Club, the Canadian Italian Benevolent Cultural Fund, Mr. Fanone, Liem Tran, Atila Algace, Jennifer Li Preti, Daniel Bottoni and Ida Christina Li Preti.
- 3.19 A number of these payments appeared to be donations to various cultural, religious and social groups in and around Ward 8. When asked, Li Preti advised that this gave him the opportunity to speak at these venues during his campaign. When we requested additional support for these payments, Li Preti provided a number of copies of generic receipts that appeared to have been issued from a common receipt book. When asked, Li Preti advised that when people came to pick up a cheque from him for a cultural group, he issued a receipt to them.
- 3.20 An invoice for \$150.00 was issued by the Taste of the Caribbean African Food Expo to "Dr. Peter Li Preti, Shoreham Chronic Pain Clinic ("**Shoreham Chronic Pain**")." Shoreham Chronic Pain is a medical clinic Li Preti formerly owned. The invoice was for promotional space at the expo and advertising in the booklet distributed at the event. A copy of Li Preti's advertisement in the booklet was attached to the invoice

- and the advertisement was for Shoreham Chronic Pain. The invoice amount was changed to \$100.00 and paid for via a cheque issued to M. Khan from the campaign account and charged to *Salaries & Benefits*. We do not consider this to be a campaign-related expense and will be adjusting the reported expense total accordingly.
- 3.21 Ida Li Preti (“**Ida**”) was issued a cheque from the campaign account to reimburse her for a purchase she made from the Nino D’Aversa Bakery. No receipts or invoices from this bakery were included in the campaign file and Li Preti confirmed that there was no receipt retained from the bakery.
- 3.22 Jennifer Li Preti (“**Jennifer**”) was issued a cheque and a receipt from the campaign to reimburse her for “decorations in fundraising event” however there were no retail purchase receipts included in the records provided. A receipt was eventually provided by Li Preti from Cattolica Flowers Inc in support of this expense.
- 3.23 Daniel Bottani was issued a cheque and receipt from the campaign for “confection bags”, however there were no retail purchase receipts included in the campaign records in support of this expense.
- 3.24 A photocopy of a campaign cheque for \$100.00 payable to “cash” with the notation “petty cash” was in the campaign records as support for a fundraising cost not subject to the limit. It was only upon request that Li Preti provided the receipts that were reimbursed using petty cash. These receipts should have been included in the records initially given to FFP.
- 3.25 The municipal election voting day in 2010 was on October 25, 2010. Li Preti reported \$2,820.00 as ‘voting day party/appreciation notices’ and this amount is composed of multiple cheques made to various campaign workers dated August 8th, October 1st, 12th, 15th and 29th 2010, however the campaign file did not include documentation in support of these cheques. Li Preti advised that he provided funds to campaign workers to order and purchase food for the Election Day party, however we were not provided with receipts for the purchase of the food items. Based on the plausibility of the Li Preti explanation, we have accepted the Candidate’s treatment for all but the \$450.00 payment made on August 8, 2010.

The Co-Operators Insurance

- 3.26 Included in the campaign records was a payment receipt issued by The Co-Operators insurance to Mama’s House Restaurant dated July 23, 2010 in the amount of \$142.58. This invoice appears to have been paid by campaign volunteer Janet Neilson (“**Ms. Neilson**”) who Li Preti advised us owns Mama’s House Restaurant. Ms. Neilson was then issued a cheque by Ida from her personal bank account and Ida was then issued a cheque by the campaign. Half of this amount was reported as an expense subject to the

limit and the other half was reported as a fundraising expense which is not subject to limitation.

- 3.27 When asked why the insurance was split in half, Li Preti said that half was attributed to liability associated with “signs and other possible lawsuits” and the other half was attributed to campaign office liability. We have considered this to be an expense 100% subject to the limit.
- 3.28 It is common practice for insurance policies to be held in the name of the insured party, which would be the Candidate’s campaign. It is unclear why that did not occur.
- 3.29 In providing an explanation about this, Li Preti’s said that “*Co-operators insurance has a record of insuring Peter Li Preti 2010 campaign. They have yet to identify who paid for it...Janet a campaign volunteer...confirmed that she paid for the policy with a cheque from one of her business.*” As at the time of writing this report, FFP has not received documentation from Li Preti specifically indicating that his campaign and not a campaign volunteer’s business, was insured with the Co-operators.

Campaign Workers

- 3.30 Li Preti advised that he had paid campaign workers for his campaign that ranged from individuals who had prior experience with election campaigns to high school students. The amounts paid to individuals were classified as either salary (subject to limit) or fundraising (not subject to limit) based on the type of work completed by the individual. No logs were kept of the hours worked or tasks completed by these paid workers.
- 3.31 Li Preti advised that no campaign workers were paid from his various medical clinic banks accounts.
- 3.32 Li Preti advised there were numerous volunteers that worked on his campaign that were not compensated for their work.

Fifth Feb Design & Print Inc Invoices

- 3.33 Invoice 00152/10 dated August 19, 2010 for \$1,607.42 was issued from Fifth Feb to “Chronic Pain Toronto” for printing glossy brochures. This invoice was included in the campaign records and paid for by a cheque drawn on the campaign account. This invoice would appear to be related to Li Preti’s medical clinic rather than the campaign. We will be adjusting the campaign expense total to exclude this invoice.

- 3.34 FFP contacted Fifth Feb Design & Print Inc (“**Fifth Feb**”) to request all invoices issued to the Li Preti campaign. FFP has determined that one (1) of the invoices was not expensed through the campaign records.
- 3.35 Two different orders for the campaign were placed with Fifth Feb between May 21st and May 25, 2010 and each resulted in a billing for \$1,412.50. However, only one of these invoices was included within the campaign records and was actually paid for through the campaign. Fifth Feb has confirmed that all invoices were paid and we have assumed that the second invoice was either paid personally or through the medical clinic. We will be adjusting the campaign expense totals to include this missing invoice.

Campaign Office Rent

- 3.36 From June to October 2010, the Li Preti campaign used a second story office space at 1270 Finch Avenue West, a property he owns. Li Preti reported \$790.00 for office expense in his Financial Statement. Of this amount, \$590.00 was for leasehold improvements including repairs and repainting prior to using the office space and \$200.00 was paid to a campaign worker, Daniel Bottani. There were no supporting invoices or documents for these cheque amounts. There were also no reported expenses associated with office rent. As mentioned previously, Li Preti said that \$71.28 was attributed as office insurance.
- 3.37 Li Preti advised that he owns the commercial building at 1270 Finch Avenue West with business partners and did not pay rent to use the space. Regardless of ownership, the Act requires that a value must be given for the use of the office space and recorded as an expense and a contribution.
- 3.38 Li Preti advised that his office was Unit 7 of 1270 Finch Avenue West which was quite small, approximately 410 square feet¹, and shared washrooms with other units in the building.
- 3.39 We have researched lease prices for commercial space in the same vicinity as the campaign office and found that leases per square foot ranged from \$3.95 to \$13.50². The lower amount is charged for spaces that are industrial warehouses with some office facilities and the higher amount is charged for space in an office building. Taking into consideration that the campaign office was on the second level of the

¹ We interviewed Li Preti at FFP’s offices and he indicated that his campaign office was similar in size to our main boardroom which is approximately 410 square feet.

² As listed on www.icx.ca, a commercial real estate listing website.

building and was not located on a major roadway, we have determined a square foot amount of \$7.00 is appropriate.

- 3.40 This would result in an annual lease rate of \$2,870.00 (410 square feet x \$7.00) for the campaign office or \$1,200.00 for the five (5) months required during the campaign. Despite the lack of supporting documentation, we have given Li Preti credit for the \$590.00 in leasehold improvement costs that was spent prior to occupancy. The remaining costs of \$610.00 (\$1200.00 less \$590.00) will be adjusted in the expense totals.

Campaign Website

- 3.41 On various literature printed for the Li Preti campaign, the website *www.lipreti.com* was listed. Li Preti did not include an expense for the use of the website or domain. Li Preti advised that he pays a minimal amount to maintain the website and domain. If utilized for the campaign, a cost which is fair market value during the 2010 campaign must be attributed and reported. Based on costs incurred by other candidates that we have audited, we have determined a conservative estimate of \$40.00/month for five (5) months for the domain use, web hosting and website updating for the campaign and will adjust office expenses by \$200.00.

Phone & Internet

- 3.42 Two invoices from Rogers for the months of June (\$376.36) and July (\$173.23) and totalling \$549.59 were reported as fundraising expenses, not subject to limitation. One invoice for the month of August totalling \$260.14 was reported as a phone and internet expense, which is subject to limitation. No phone or internet expenses were reported for September and October.
- 3.43 Li Preti advised that he had a business phone, internet and fax package installed in the campaign office, however the phone line and internet service was unreliable and they did not continue the plan for the months of September and October and instead relied on campaign workers personal cellular, data and phone plans for communication and Wi-Fi from other units surrounding the campaign office. No additional phone or internet expenses were reported for these months.
- 3.44 The months of September and October leading up to the election are usually the busiest for a campaign and an amount should have been attributed and reported for them. Based on the total average of the charges for the three preceding months ($\$809.73 \div 3$), we have calculated an estimated total cost of \$1,350.00, or a monthly cost of \$270.00 that should be attributed to the phone and internet expenses for each of the five (5) months.

- 3.45 We do not agree with the allocation of the June and July amounts solely to fundraising, nor do we agree with the allocation of the August amount solely to phone & internet as it is unlikely that the usage was strictly for each purpose. We have considered that an overall 50:50 split between fundraising and office costs is appropriate and have adjusted the previous costs recorded by the campaign.
- 3.46 This will result in an increase in fundraising costs of \$125.51 (\$675.00 less \$549.59); and an increase of \$414.86 (\$675.00 less \$260.14) in phone and/or Internet expenses; and a contribution in kind of \$540.37 (\$125.51 + \$414.86) from an indeterminate source(s).

Fundraising Expenses

- 3.47 There were a series of receipts reimbursed by the campaign to Laura Li Preti (“**Laura**”) reported as fundraising expenses. Li Preti advised that Laura is his daughter and she worked on the campaign primarily for fundraising purposes however we do not consider all of these expenses for which she was reimbursed to be fundraising-related.
- 3.48 For example, there are receipts for items such as toilet paper, paper towel, cleaning supplies, electrical power bars and various stationary and office supplies that we consider to be office expenses. Li Preti said that it was classified as fundraising because these items were used while planning fundraising endeavours, however we do not agree. We have determined a total of \$338.00 to be adjusted and reflected as office expenses.
- 3.49 Further, a number of the receipts submitted by Laura should not have been reimbursed by the campaign at all. These include the costs of items reimbursed to Laura (i.e. cigarettes, car washes, shaving cream, deodorant and sunscreen) that we do not consider to be fundraising or campaign related. We have determined a total of \$55.00 to be deducted from the fundraising expenses.

Campaign Signs

- 3.50 Included as an expense for campaign signs was an invoice from Vince Guccione (“**Guccione**”) that totalled \$5,000.00 with the description “Sign / Post / Banners”. There was no indication of quantities of signs or a breakdown of costs.
- 3.51 Li Preti provided a letter from Guccione that specified the following costs relating to the campaign signs:

Description	Cost
2,200 used and reconditioned signs, charged \$1.00 each	\$ 2,200.00
1,800 older reconditioned signs both large and small	1,100.00
500 new smaller signs at \$1.25 each	625.00
5 kits and posts to erect signs	1,200.00
500 signs in poor condition not used – no cost	---
Sub-total	5,125.00
Fixed price, all inclusive	\$ 5,000.00

- 3.52 Li Preti advised that Guccione refurbished signs from previous Li Preti campaigns, created kits that included screws and wooden stakes to mount the signs and ordered new signs for the 2010 campaign. We have not been provided with invoices for any of the mounting hardware or 2010 campaign signs.
- 3.53 FFP contacted Guccione and he advised that he did recondition a large number of older signs for the Li Preti campaign during May and June 2010. He further advised that he did not source or purchase new signs as his letter might suggest. Rather, he took delivery of 500 smaller new signs in which Li Preti asked him to pay \$625.00 to the supplier, on delivery and he would be subsequently reimbursed. Guccione advised that his price included the posts and hardware required for assembly of both the reconditioned and new signs.
- 3.54 Our research has determined that Li Preti used new signs in 12” x 24” and 24” x 48” dimensions and that there is absolutely no possibility that any combination of 500 signs could be purchased for \$625.00. We have requested further documentation from Li Preti including the name of the sign supplier and an invoice. Just prior to releasing our report, Li Preti advised us the name of the supplier and that he had determined that he had moved out of his premises in 2011. At this point FFP has not conducted any further follow-up.
- 3.55 For purposes of determining a reasonable cost for these new signs, we have estimated that the campaign used 300 of the smaller signs and 200 of the larger signs and that the \$625.00 paid by Guccione was a final instalment, due on delivery. We have undertaken two (2) additional steps:



- 1) Moscoe is quite knowledgeable in the sign production industry and provided us with pictures of the signs used in the Li Preti campaign and an estimated schedule of per unit costs of \$2.29 for 16" x 24" signs and \$6.77 for 24" x 48" signs. Exclusive of HST, this would result in total sign expense of \$2,041.00 made up of \$687.00 for the smaller signs and \$1,354.00 for the larger signs; and
 - 2) We conducted considerable research into campaign sign costs on a couple of previous compliance audits and determined that costs of \$3 to \$5 per new sign were appropriate, not including post and hardware costs. Averaging these would suggest an overall cost of \$1,900.00 + HST = \$2,147.00.
- 3.56 In the absence of any further information from the Candidate, we have determined that an overall cost of \$2,000.00 is reasonable and have given Li Preti credit for the \$625.00 that Guccione paid to the supplier, on delivery. This would result in an additional sign expense of \$1,375.00 and a corresponding contribution in kind likely provided by the Candidate.

Financial Reporting Issues related to Expenses

- 3.57 Li Preti advised that he did use refurbished campaign signs from prior elections. These signs should have been valued and reported as an opening inventory on Schedule 3 of the Financial Statement and carried forward as a 2010 campaign expense.
- 3.58 Similarly, Li Preti has a closing inventory of signs at the conclusion of the 2010 election, the future utility of which will depend on whether or not he decides to run again and their overall condition. A value should have been attributed to them and inserted in Schedule 4 and Box D of the Financial Statement. Inclusion of this information will have no effect on the total campaign expenses subject to limitation.

Other Adjustments

- 3.59 Cheque #29 issued from the campaign bank account to Linda Morowei ("Ms. Morowei") in the amount of \$250.00 on July 16, 2010 and attributed as a fundraising expense. This cheque was never negotiated and the fundraising expenses will be adjusted accordingly.
- 3.60 Cheque #108 issued from the campaign account to Mr. Fanone ("Fanone") in the amount of \$150.00 on October 2, 2010 was attributed as an advertising expense. This cheque was never negotiated and the advertising expenses will be adjusted accordingly.

- 3.61 Cheque #25 issued to Daniel Bottoni (“**Bottoni**”) was reported in the fundraising expenses as totalling \$200.00, however the cheque was only issued and negotiated for \$100.00. This cheque was also double-booked - as an expense subject to limitation (\$100.00 for office expense) and an expense not subject to limitation (\$100.00 for fundraising). Li Preti advised that this cheque should be attributed as a \$100.00 fundraising expense. We will be adjusting the expenses accordingly.

Additional Allegations from one of the Applicants

- 3.62 Moscoe advised FFP of concerns regarding Li Preti’s campaign that were not included in his submission to the CAC and are identified in paragraph 1.5.
- 3.63 Regarding 1.5(1), Li Preti advised that he did attend a meeting at the Travelodge on Norfinch Avenue prior to filing as a candidate. He said that the purpose of this gathering was to speak to people in his ward to gauge the level of support he would have if he ran for councillor and that no expenses were incurred. We do not consider this meeting to be a campaign expense.
- 3.64 Regarding 1.5(2), Li Preti advised that he did not pay any campaign workers from his various medical clinics. Obtaining and reviewing the financial records of the Li Preti medical clinics is beyond the normal scope of this audit and would not be pursued further unless additional and separate information was provided to indicate that campaign workers were actually paid from the bank accounts of the Li Preti medical clinics.
- 3.65 Regarding 1.5(3), Li Preti advised that, to the best of his recollection, he did not provide personal or business funds to the condominium owners at 335-345 Driftwood Avenue. He advised that he checked his personal and business bank accounts and found no record of this alleged \$500.00 payment. We have reviewed the campaign records and can find no evidence of any payment of this nature.



4 Restrictions and Limitations

- 4.1 This Report was prepared for the City of Toronto in relation to the compliance audit regarding the 2010 election campaign finances of Peter Li Preti requested by the Compliance Audit Committee. This report is not to be used for any other purpose and we specifically disclaim any responsibility for losses or damages incurred through use of this Report for a purpose other than as described in this paragraph.
- 4.2 Although we reserve the right, we will be under no obligation to review and/or revise the contents of this Report in light of information which becomes known to us after the date of this Report.
- 4.3 This Report is respectfully submitted by Bruce Armstrong of FFP and Glen R. Davison. We were assisted in the compliance audit by Stuart Douglas and Ainsley Vaculik of FFP.

Yours truly,

A handwritten signature in purple ink, appearing to read 'Bruce Armstrong', with a long horizontal flourish extending to the right.

Bruce Armstrong, FCPA, FCA, CFE
Managing Director
Froese Forensic Partners Ltd.

A handwritten signature in purple ink, appearing to read 'Glen R. Davison', written in a cursive style.

Glen R. Davison, CPA, CA, LPA
License #1-5774

SCHEDULE 1

Peter Li Preti
Adjustments to the Financial Statement
for the period May 3, 2010 to December 31, 2010 incl.

Box C: Statement of Campaign Period Income and Expenses

	As Filed	Adjustment #	Amount	As Adjusted
Income				
Contributions from Candidate	\$ -	3	10,000.00	10,000.00
All other contributions	60,735.00	1, 2, 4,	(19,900.00)	40,835.00
Other - Contributions in kind	-	5, 6, 7, 8, 9, 16	3,325.37	3,325.37
Total Campaign Period Income	<u>60,735.00</u>		<u>(6,574.63)</u>	<u>54,160.37</u>
Expenses Subject to Spending Limit				
Advertising	1,375.60		-	1,375.60
Bank Charges	114.47		-	114.47
Brochures	2,132.58	13, 15	1,218.08	3,350.66
Nomination filing fee	100.00		-	100.00
Office Expenses	790.00	6, 14, 17	848.00	1,638.00
Phone and/or Internet	260.14	7, 8	614.86	875.00
Salaries and benefits/professional fees	12,153.50	10, 11	350.00	12,503.50
Signs	6,412.50	9, 15	(37.50)	6,375.00
Other - Insurance	71.28	12	71.28	142.56
Sub-total	<u>23,410.07</u>		<u>3,064.72</u>	<u>26,474.79</u>
Expenses Not Subject to Spending Limit				
Accounting and Audit	1,695.00		-	1,695.00
Costs of fund-raising function	33,952.31	8, 12, 14, 17	(483.77)	33,468.54
Voting day party	2,820.00	11	(450.00)	2,370.00
Sub-total	<u>38,467.31</u>		<u>(933.77)</u>	<u>37,533.54</u>
Total Campaign Period Expenses	<u>61,877.38</u>		<u>2,130.95</u>	<u>64,008.33</u>
Excess (Deficiency) of Income over Expenses	<u>\$ (1,142.38)</u>		<u>(8,705.58)</u>	<u>(9,847.96)</u>
Campaign Expenses Subject to Limitation				
From Line 1 of BOX B	\$ 23,916.75			23,916.75
Expenses previous and as adjusted	23,410.00		3,064.72	26,474.72
(Over) Under the Limit	<u>\$ 506.75</u>		<u>(3,064.72)</u>	<u>(2,557.97)</u>

SCHEDULE 2

Peter Li Preti
Summary of Corporate Contributions
for the period May 3, 2010 to December 31, 2010 incl.

Schedule 2 - 1

Information As Recorded On the Financial Statement					Additional Information		
Receipt #	Donation	Last Name	First Name	Business Name per schedule	Issuer per cheque and/or receipt details	Comments	Note
7202	750	Racco	Paul	RAM	RAM Iron & Metal Inc.		1,5
7207	250	Leon	Mark		Leon's Furniture Limited		1,5
7214	200	Colacci	Carmen	Alta Moda Furniture	732086 Ontario Limited - Paul's Ontario Furniture		1,5
7217	750	Ferro	Domenic	Bernardo Funeral Home	Bernardo Funeral Home Limited		1
7222	500	Serravalle	Tony		2054975 Ontario Inc.		5
7226	750	Lombardo	Tony	La Seta Imports	La Seta Import-Export Ltd.		2,5
7233	400			Blank Legal Services	Blank Legal Services Professional Corp.		3,5
7234	400			Royal Medical	Royal Medical		3,5
7235	400	Colacci	Carlo		Claimant's Choice Inc.		1,4,5
7236	400	Colacci	V		Claimant's Choice Inc.		4,5
7237	400			The Harvard Chronic Pain	The Harvard Chronic Pain andLtd.	Receipt issued to Harvard Chronic Pain Institute	4,5
7249	200	Verri	Sal	ITALICA	I.T.A. Tax Accounting Professional Inc.		1,5
7250	300	Reale	David		2046278 Ontario Inc.		1,5
7251	300	Raggiunti	Julie		FITPAC Walk-In Clinic Inc.		5
7252	200	Raggiunti	Luigi		FITPAC Walk-In Clinic Inc.	Chq for \$300.00 received - Jul 21/10 deposit	5
7253	200	Schembre	Pino	Cattolica Flowers	Cattolica Flowers Inc.		1,5
7254	500	Li Preti	Ida		Fine Arts Assessment & Treatments		
7255	500	Kaufman	Aubrey		Fine Arts Assessment & Treatments		
7256	500	Li Preti	Jennifer		Fine Arts Assessment & Treatments		
7257	400	Mandarino	Gus		PARAMAX	Paramax Realty Inc.	1,5
7258	750	Eliau	George		V. Hazelton Limited		1,5
7263	500	Solomon	Melanie		639605 Ontario Limited		5
7264	500	Solomon	Mel		639605 Ontario Limited		5
7291	400	Protsenko	Vlad	York Construction Academy	2001016 Ontario Inc.		1,5
7297	250			Roman Metal Fabricating	Roman Metal Fabricating Ltd.		1,5
7298	250	Colucci	Vito	Vita's Properties	Vitas Properties Ltd.		1,5
7299	500	Ledesma	Jamie		1225038 Ontario Ltd./Solimar Holdings Ltd.		5
7300	500	Ledesma	Lupe		1225038 Ontario Ltd./Solimar Holdings Ltd.		5
7306	500	Casa	Rose Mary		300335 Ontario Limited		5
7307	500	Casa	Gino		1090664 Ontario Ltd.		5
7308	500	Malhi	Nirmal		2011306 Ontario Limited		5
7333	750	Pesce	Eric	Ber-Cool Ltd.	Ber-Cool Ltd.		5
7335	750			Bondfield Construction	Bondfield Construction Company Limited		5
7351	200	Paving	Miller		Miller Paving Limited		
7353	750			Primo Mechanical	Primo Mechanical Inc.	Contributor name blocked on receipt copy	5
7355	500			Kentech Automation	Kentech Automation Inc.		1,5
7357	750			Trinity Development Group	Tinity Development Group Inc.	Contribution for \$1,000.00. Refund chq #99 dated Aug 16/10 issued but never cashed	5
7362	200	Lee	Joseph		Visual Signs and Graphics Inc.		5
7364	400	Colacci	Michael		The Harvard Chronic PainInstitute Ltd.		5

This Schedule is an integral part of and should be read in conjunction with the Report dated July 10, 2013

Peter Li Preti
Summary of Corporate Contributions
for the period May 3, 2010 to December 31, 2010 incl.

Schedule 2 - 2

Information As Recorded On the Financial Statement					Additional Information		
Receipt #	Donation	Last Name	First Name	Business Name per schedule	Issuer per cheque and/or receipt details	Comments	Note
7365	400	Prokofiew	Konrad		Blank Legal Services Professional Corp.		1,3,5
7366	400	Kraszewski	Paul		Royal Medical		3,5
7368	750			Tee Pee Excavating & Grading	Tee Pee Excavating & Grading Inc.	Contribution for \$1,000.00. Refund chq #121 dated Nov 6/10 issued but never cashed	1,5
7369	750			Tiple A Excavating	Triple A Excavating Ltd.	Contribution for \$1,000.00. Refund chq #120 dated Nov 6/10 issued but never cashed	5
7370	750			Pittsburgh Steel Group	Pittsburgh Steel Group	Contribution for \$1,000.00. Refund chq #119 dated Oct 30/10 issued but never cashed	5

Corporate Contributions \$100 or less - not required to be listed in Filed Financial Statement

7361	100				1597180 Ontario Inc. Ltd.		5
7296	100				Beaver Valley Stone Limited		5

Total \$ 21,000.00

Notes

- 1) Letter written on corporate letterhead stating that the corporation had intended that the funds be advanced to the contributor as a loan/advance
- 2) Notation on cheque stub copy indicating "Donation Personal"
- 3) Hand written note signed by "Carlo(?)" directing that receipt be issued to a particular individual
- 4) Hand written note signed by "Carlo(?)" stating " however it remains a personal contribution
- 5) Written notation on cheque copy - "Personal donation verified by W. Youssef"

APPENDIX A

What the Act & Guide say about Financial Records and Reporting Re: Peter Li Preti

What the Act and Guide Say about Contributions

- 1.1 Subsection 66(1) of the Act states that “...*money, goods and services given to and accepted by or on behalf of a person for his or her election campaign are contributions.*”
- 1.2 Subsection 66(3) states that “*the value of goods and services provided as a contribution is...if the contributor is not in the business of supplying the goods and services, the lowest amount a business providing similar goods or services charges the general public for them in the same market area at or about the same time.*”
- 1.3 Where a contribution is made or received in contravention of the Act, paragraph 69(1)(m) requires that the contribution be returned to the contributor “*as soon as possible after the candidate becomes aware of the contravention.*” Paragraph 69(1)(n) also requires that a contribution not returned to the contributor be paid to the City Clerk.
- 1.4 Subsection 70(7) of the Act states that a contribution can only be accepted from and made by a person or entity entitled to make one.
- 1.5 Subsection 70.1(1) of the Act states that “*the City of Toronto may by by-law prohibit a corporation...or a trade union...from making a contribution to or for any candidate for an office on city council.*” The City of Toronto passed by-law 1177-2009 prohibiting contributions from corporations or trade unions to or for candidates running for an office on Toronto City Council.
- 1.6 As included in Subsection 71(1) of the Act, the maximum contribution that can be made to a candidate for the office of councillor in the City of Toronto is \$750.00.
- 1.7 Regarding campaign loans, Section 75 states that “*A candidate and his or her spouse may obtain a loan from a bank or other recognized lending institution in Ontario, to be paid directly into the candidate’s campaign account.*” This loan cannot be guaranteed by anyone other than the candidate or his or her spouse.
- 1.8 In the section “Before Election Day” under the heading “Accepting Campaign Contributions” (page 39), the City of Toronto 2010 Municipal Election Candidate’s Guide includes that any contribution over \$25 must be made by cheque, money order or credit card.

What the Act and Guide Say about Expenses

- 1.9 Subsection 67(1) of the Act states that “*costs incurred for goods and services by or on behalf of a person wholly or partly for use in his or her election campaign are expenses*” [underlining added].
- 1.10 Item 2 of Subsection 67(2) states that expenses include “*the value of contributions of goods and services.*” Accordingly, any contribution of goods or services is also a campaign expense of the same amount.
- 1.11 Subsection 76(4) specifies that a candidate’s campaign expenses “*shall not exceed an amount calculated in accordance with the prescribed formula.*”
- 1.12 Subsection 79(6) specifies that any refund of contributions made by a candidate can be made following the end of the campaign period, but not to exceed the surplus [underlining added].
- 1.13 In the section “Before Election Day” of the City of Toronto 2010 Municipal Election Candidate’s Guide under “Definition of a campaign expense” (page 45), it states: “*Any expense incurred in whole or in part for goods or services for a candidate’s campaign is considered a campaign expense. It includes...any contribution of goods or services during the campaign period.*”

What the Act and Guide Say about Financial Reporting

- 1.14 Subsection 69(1) of the Act, under the heading “Duties of candidate”, requires candidates to perform a number of tasks, including:
- 1) Value all contributions of goods and services (69(1)(d));
 - 2) Issue receipts for every contribution (69(1)(e));
 - 3) Keep records of the receipts issued for every contribution, the value of every contribution, whether a contribution is in the form of money, goods or services and the contributor’s name and address (69(1)(f));
 - 4) Retain receipts for all expenses (69(1)(g)) and (h)) for the term of office of the members of council or until their successors are elected;
 - 5) Keep records of the gross income received for any fundraising function (69(1)(i));
 - 6) Make financial filings in accordance with sections 78 and 79.1 (69(1)(k)); and
 - 7) Provide proper direction to those authorized to incur expenses and accept or solicit contributions on behalf of a candidate (69(1)(l)).

- 8) A contribution of money made or received in contravention of the Act be returned to the contributor as soon as possible after the candidate is aware of the contravention (69(1)(m)).
- 1.15 Subsection 78(1) of the Act, under the heading “Financial Statement and Auditor’s Report”, states that *“on or before 2 p.m. on the filing date, a candidate shall file with the clerk with whom the nomination was filed a financial statement and auditor’s report, each in the prescribed form, reflecting the candidate’s election campaign finances.”*
- 1.16 In the section “After Election Day” under the heading “Financial Statement” (page 77), the City of Toronto 2010 Municipal Election Candidate’s Guide states that it is the responsibility of the candidate to ensure they file a complete and accurate financial statement on time.
- 1.17 Candidates are required to sign a ‘Box F: Declaration’ in the Financial Statements. By signing, the candidate *“hereby declare[s] to the best of my knowledge and belief that these financial statements and attached supporting schedules are true and correct.”*

What the Act and Guide Say about Offences, Penalties and Enforcement

- 1.18 Subsection 89(h) of the Act states that *“A person is guilty of an offence if he or she furnishes false or misleading information to a person whom this Act authorizes to obtain information.”*