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Political Financing Handbook for
**Electoral District
Associations and
Financial Agents**

EC 20089

June 2016

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About This Document

Introduction to the Political Financing Handbook for Electoral District Associations and Financial Agents

This handbook is designed to assist electoral district associations and their financial agents. It is a tool that will help in the financial administration of the association.

This document is a general guideline issued pursuant to section 16.1 of the *Canada Elections Act*. It is provided for information and is not intended to replace the Act.

Elections Canada will review the contents of this handbook on a regular basis and make updates as required.

The handbook consists of four chapters:

1. Electoral District Association Registration
2. Roles and Responsibilities
3. Financial Administration
4. Reporting Requirements

What's new in this release?

Release	Where	Title	Summary
June 2016	All	n/a	Regular updates (dates, limits, formatting).
June 2016	All	n/a	Updates as per comments received on OGIs 2014-03, 2015-01, 2015-02 and 2015-06 from members of the Advisory Committee of Political Parties and the Commissioner of Canada Elections.
June 2016	All	n/a	References to OGIs added throughout the handbook as applicable.

Contact information

Internet	www.elections.ca
Telephone	<p>Political Financing Support Network 1-800-486-6563</p> <p>Regular Hours Monday to Friday, from 9:00 a.m. to 5:00 p.m. (Eastern Time)</p> <p>Elections Canada General Inquiries 1-800-463-6868</p>
Fax	<p>Political Financing 1-888-523-9333 (toll-free) 1-819-939-1803</p>
Mail	<p>Elections Canada 30 Victoria Street Gatineau, Quebec K1A 0M6</p>
E-mail	<p>General Inquiries info@elections.ca</p> <p>Political Financing Inquiries political.financing@elections.ca</p> <p>Electronic Financial Return (EFR) – Inquiries and Submissions efr-rfe@elections.ca</p>

Tables and Reminders

The tables and reminders in this section are quick reference tools for the use of electoral district associations and their financial agents.

This section contains the following:

- Contribution limits summary
- Transfers – types and rules
- Reporting requirements for electoral district associations
- Important reminders for electoral district associations, financial agents and electoral district agents
- Filing deadline extensions

Limits on contributions, loans and loan guarantees

Limits on Contributions, Loans and Loan Guarantees		
Political entity	2016 annual limit	Limit per election called between Jan. 1, 2016 and Dec. 31, 2016
To each registered party	\$1,525*	n/a
In total to all the registered associations, nomination contestants and candidates of each registered party	\$1,525*	n/a
In total to all leadership contestants in a particular contest	\$1,525*	n/a
To each independent candidate	n/a	\$1,525*
<p>Notes:</p> <ul style="list-style-type: none"> • The contribution limits apply to: total contributions, the unpaid balance of loans made during the contribution period and the amount of any loan guarantees made during the contribution period that an individual is still liable for. The sum of these three amounts cannot at any time exceed the contribution limit. • A nomination contestant is permitted to give an additional \$1,000 in total per contest in contributions, loans and loan guarantees to his or her own campaign. • A candidate is permitted to give a total of \$5,000 in contributions, loans and loan guarantees to his or her campaign. • A candidate is also permitted to give an additional \$1,525* in total per year in contributions, loans and loan guarantees to other candidates, registered associations and nomination contestants of each party. (This includes contributions to the registered association in the candidate's electoral district and contributions to the candidate's own nomination campaign.) • A leadership contestant is permitted to give a total of \$25,000 in contributions, loans and loan guarantees to his or her campaign. • A leadership contestant is also permitted to give an additional \$1,525* in total per year in contributions, loans and loan guarantees to other leadership contestants. <p>* The limits increase by \$25 on January 1st in each subsequent year.</p>		

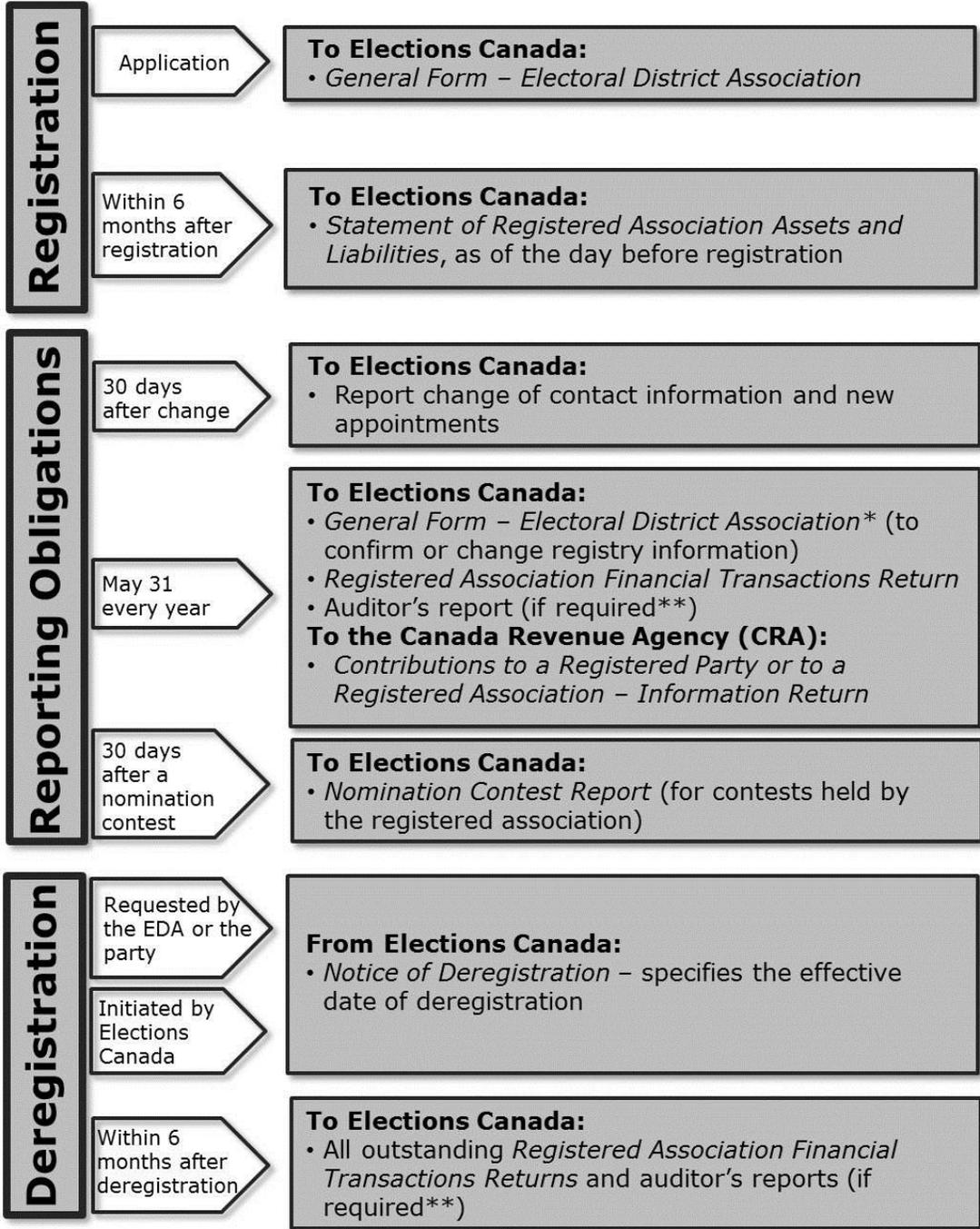
Transfers – types and rules

This table shows the allowable monetary and non-monetary transfers between related registered political entities.

		TO									
		Nomination Contestant		Leadership Contestant		Candidate		Registered Electoral District Association		Registered Party	
		Monetary	Non-monetary	Monetary	Non-monetary	Monetary	Non-monetary	Monetary	Non-monetary	Monetary	Non-monetary
FROM	Nomination Contestant	No	No	No	No	Yes ¹	No	Yes ²	No	Yes	No
	Leadership Contestant	No	No	No	No	No	No	Yes	No	Yes	No
	Candidate	Yes ³	Yes ³	No	No	No	No	Yes	Yes	Yes	Yes
	Registered Electoral District Association	No	Yes ⁴	No	Yes ⁴	Yes ⁷	Yes	Yes	Yes	Yes	Yes
	Registered Party	No	Yes ⁴	No ⁵	Yes ⁴	Yes ⁷	Yes	Yes ⁶	Yes ⁶	N/A	N/A
¹ A nomination contestant may transfer funds (but not property or services) to a candidate of the same party in the electoral district in which the nomination contest was held.											
² A nomination contestant can only transfer funds to the registered electoral district association that held the nomination contest.											
³ Candidates may transfer property, services and funds to their own nomination contestant campaign for the same election.											
⁴ Non-monetary transfers must be offered equally to all contestants.											
⁵ Directed contributions are the only exception: they may be transferred to the leadership contestant.											
⁶ Registered parties may transfer property, services and funds to electoral district associations, whether registered or not.											
⁷ Monetary transfers other than trust funds are allowed. After election day, monetary transfers are allowed only to pay claims and loans related to the candidate’s campaign.											

Note: Independent candidates may not send or accept transfers of funds, property or services to or from other political entities.

Reporting requirements for registered electoral district associations



* If the date falls within an election period, the deadline is July 31.
 ** An auditor’s report is required if the electoral district association accepted contributions totalling \$5,000 or more, or incurred expenses totalling \$5,000 or more. Note that transfers to affiliated political entities are not expenses.

Important reminders for registered associations, financial agents and electoral district agents

DO	DON'T
<ul style="list-style-type: none"> • Appoint a financial agent, who is involved in all budgeting and financial decisions of the registered association. • Appoint an auditor who is accredited under provincial law to perform accounting services (CPA, CA, CGA, CMA). • Ensure that only the financial agent or authorized electoral district agents accept contributions. • Ensure that only the financial agent or authorized electoral district agents incur or pay expenses. • Ensure that only the financial agent accepts or makes transfers on behalf of the association. • Issue receipts for each contribution over \$20. • For any expense of \$50 and over, keep a copy of the invoice and proof of payment. For any expense of less than \$50, keep proof of payment plus a record of the nature of the expense. • Report net contributions received from ticketed fundraising events (ticket price less the fair market value of the benefit received by each attendee). • Report monetary and non-monetary transfers received or sent to other political entities. • In the <i>Statement of Registered Association Assets and Liabilities</i> ensure that the "Opening balance" under the "Net assets" is equal to the "Ending balance" from the previous fiscal period. • Report all changes in your registry information within 30 days of the change. 	<ul style="list-style-type: none"> • Do not transmit election advertising or incur expenses for election advertising that would be transmitted during the election period. • Do not incur electoral campaign expenses on behalf of a candidate without the written authorization of the candidate's official agent. • Do not accept contributions: <ul style="list-style-type: none"> ○ from any source other than an individual who is a Canadian citizen or a permanent resident of Canada ○ that exceed an individual's contribution limits ○ in cash that exceed \$20 • Do not accept loans or loan guarantees from any source other than a financial institution, the registered party, a registered association of the registered party, or an individual who is a Canadian citizen or a permanent resident of Canada. • Do not accept a loan or loan guarantee from an individual if it exceeds the individual's contribution limit. • Do not issue official income tax receipts unless the financial agent has been authorized to do so in writing by the leader of the registered party. • Do not issue official income tax receipts for non-monetary contributions. • Do not transfer funds to candidates after election day except to pay a claim related to the candidate's campaign. • Do not transfer funds to leadership or nomination contestants. • Do not provide property or services to leadership or nomination contestants unless they are offered equally to all contestants in a particular contest.

DO	DON'T
<ul style="list-style-type: none"> • Submit the <i>General Form – Electoral District Association</i> to confirm or change registry information by May 31 each year. If a federal election is in progress in your electoral district on that date, the deadline is July 31. • Submit the <i>Registered Association Financial Transactions Return</i> by May 31 each year. • Allow the auditor sufficient time before the submission deadline to review the financial documents and prepare the audit report (auditor’s report is required if contributions or expenses, not including transfers to affiliated political entities, total \$5,000 or more). • Ensure that the current financial agent signs the declaration on the financial return and that the agent has been listed as the financial agent on record with Elections Canada. • Submit the <i>Contributions to a Registered Party or to a Registered Association – Information Return</i> to the Canada Revenue Agency by May 31 each year. • Submit a <i>Nomination Contest Report</i> within 30 days of the contest selection date for any contest held by the registered association. 	

Filing deadline extensions

Registered association reports – extension requests			
Document to submit	Extension from Elections Canada	Additional extension from Elections Canada	Extension from a judge
<i>Registered Association Financial Transactions Return</i>	Yes	No	Yes
Corrected or revised <i>Registered Association Financial Transactions Return</i> requested by the registered association	Yes	Yes	No
Corrected or revised <i>Registered Association Financial Transactions Return</i> requested by Elections Canada	No	No	No*
* Corrections or revisions requested by Elections Canada are not eligible for extensions and must be filed within the specified period. However, the financial agent can apply to a judge to be relieved of the obligation of complying with the request.			

Electoral District Association Registration

This chapter covers the following topics:

1.1 *The registration process*

1.2 *Deregistration*

Introduction

Before carrying out political financing tasks such as accepting contributions, issuing tax receipts, transferring property or services, or accepting surplus funds from candidates, an electoral district association of a registered political party must register with Elections Canada. This chapter focuses on the process of becoming a registered electoral district association. The chapter also explains the reasons for and consequences of deregistration.

1.1 The registration process

Definition

An electoral district association is an association of members of a political party in an electoral district.

Registering with Elections Canada

An electoral district association of a registered party must register with Elections Canada to engage in certain activities or become eligible for certain benefits. The association must be an electoral district association of a registered party to be able to register.

The registration form must include the following:

- the name of the association and the electoral district
- the name of the registered party
- the association's address where records are kept and to which communications may be addressed
- the names and addresses of the chief executive officer and other officers of the association
- the name and address of the appointed auditor
- the name and address of the financial agent

The application must be accompanied by:

- the signed consent of the financial agent to act in that role
- the signed consent of the auditor to act in that role
- a declaration signed by the leader of the registered party, certifying that the association is an electoral district association of the party

Upon receiving the application for registration, Elections Canada will determine whether the application has met the requirements for registration.

- If all requirements are met, Elections Canada informs the party and the association that the association is registered in the Registry of Electoral District Associations.
- If the requirements are not met, Elections Canada informs the party and the association about the reasons, and the association can make the necessary corrections.

Registry of Electoral District Associations

Elections Canada maintains a Registry of Electoral District Associations. An association becomes registered on the date it is entered in the registry.

Note: A registered party may not have more than one registered association in an electoral district.

An association remains registered in the registry as long as it continues to meet the requirements for maintaining that status. Should an association fail to meet requirements, Elections Canada may initiate the procedure for non-voluntary deregistration.

For more details, see the following section, **Obligations after registration**.

Benefits of being a registered association

Once the electoral district association is registered, it is allowed to perform financial tasks such as:

- accepting contributions
- issuing receipts valid for income tax purposes

Note: No agent of a registered association may issue a tax receipt without written authorization to do so from the leader of the registered party.

- transferring funds, property or services to a candidate endorsed by the registered party
- transferring funds, property or services to the registered party or another registered association of the party
- accepting surplus funds from a candidate or a nomination contestant in the same electoral district
- accepting surplus funds from a leadership contestant

Obligations after registration

Establish a fiscal year

The fiscal year of a registered association must be a calendar year. Depending on the date of registration, the association must modify the length of its first fiscal period so that it ends on December 31. The first fiscal period may not be less than 6 months or more than 18 months.

Examples

1. If an association registers on October 1, the association's first fiscal period will end on December 31 in the following year, 15 months after registration.
2. If an association registers on March 1, the association's first fiscal period will end on December 31 in the same year, 10 months after registration.

Reporting obligations

Registered associations must meet various reporting obligations. These include:

- notifying Elections Canada about changes in the association's registry information within 30 days after a change
- confirming the validity of registry information or reporting changes annually
- within six months after becoming registered, reporting assets and liabilities as of the day before the date of registration
- submitting financial reports annually
- reporting a nomination contest held by the association (nomination contests held by the registered party have to be reported by the registered party)

Note: Elections Canada may deregister a registered association if it fails to comply with the reporting obligations.

For more about reporting obligations, see Chapter 4, **Reporting Requirements**.

1.2 Deregistration

Introduction

Registered associations may be deregistered for several reasons. The association may ask to be deregistered, or the party might deregister one of its associations. The association may be deregistered for failing to perform an obligation required under the *Canada Elections Act*, or as a result of the regular revision of boundaries required by the *Electoral Boundaries Readjustment Act*.

This section discusses the reasons for, and consequences of, deregistration.

Voluntary deregistration

The registered association may send a request to Elections Canada to become deregistered. The chief executive officer and the financial agent of the association have to sign the application.

Involuntary deregistration

Elections Canada may deregister a registered association if the deregistration is requested by the party or if the association fails to comply with an obligation.

Deregistration requested by the party

The registered party may request deregistration of a registered association. The application has to be signed by the leader of the party and two of its officers.

Note: If a registered party is deregistered, its registered associations are also deregistered.

Note: Elections Canada cannot process an application for voluntary deregistration during an election period.

Deregistration for failing to comply with an obligation

Elections Canada may deregister a registered association if it fails to provide:

- a statement confirming the validity of the information filed with the Registry of Electoral District Associations by May 31 each year, or by July 31 if that date falls during an election period
- any document required to inform Elections Canada about a change in the information filed with the registry or any new appointment within 30 days of the event
- the *Statement of Registered Association Assets and Liabilities* within six months after the effective date of registration
- a *Nomination Contest Report* within 30 days after the contest selection date
- the *Registered Association Financial Transactions Return* by May 31 each year

If the registered association has failed to perform any of these obligations, Elections Canada first notifies the chief executive officer and the financial agent of the association, and asks the association to:

- correct the omission within 30 days of receiving the notice, or
- satisfy Elections Canada that the omission was not the result of negligence or a lack of good faith

Note: Elections Canada also sends a copy of this notice to the leader and the chief agent of the registered party with which the registered association is affiliated.

If the association does not correct the omission, but instead satisfies Elections Canada that the omission was not the result of negligence or a lack of good faith, Elections Canada may:

- exempt the association in whole or in part from complying with the obligation, or
- specify a new deadline to comply with the obligation

Note: Failure to comply with notices from Elections Canada may lead to deregistration of the association.

Process of deregistration

If a registered association is deregistered, Elections Canada notifies the association in writing. A copy of the notice is sent to the registered party with which the association is affiliated. The written notice contains the effective date of deregistration, which will be at least 15 days after the date of the notice.

Elections Canada enters the deregistration of an association in the Registry of Electoral District Associations and publishes the notice of deregistration on its website and in the *Canada Gazette*.

Obligations after deregistration

After the effective date of deregistration, the association is no longer allowed to perform the following tasks:

- accept contributions
- issue tax receipts
- transfer funds, property or services to a candidate endorsed by the registered party
- transfer funds, property or services to the registered party or to another registered association of the party
- accept surplus funds from a candidate, leadership contestant or nomination contestant

The financial agent remains responsible for filing the *Registered Association Financial Transactions Return* within six months after deregistration. Financial returns must be filed for:

- the fiscal period in which the association became deregistered
- any other fiscal period for which the association has not filed a return

Note: An auditor's report is also required if the association has accepted contributions totalling \$5,000 or more, or incurred expenses totalling \$5,000 or more, in a given fiscal period. Note that transfers to affiliated political entities are not expenses.

This chapter covers the following topics:

2.1 *Mandatory appointments*

2.2 *Optional appointments*

Introduction

The electoral district association has to appoint a chief executive officer, a financial agent and an auditor before registration. In addition, a registered association may appoint electoral district agents to perform certain financial tasks, or other officers of the association. This chapter discusses these mandatory and optional appointments and the responsibilities of the persons appointed.

2.1 Mandatory appointments

Chief executive officer

The association must appoint a chief executive officer before applying for registration. The *Canada Elections Act* does not specify eligibility requirements for this role.

The chief executive officer's responsibilities include:

- certifying the *General Form – Electoral District Association*
- signing the application for deregistration

Financial agent

The association must appoint a financial agent before applying for registration.

The financial agent of a registered association is responsible for administering its financial transactions and reporting them, as required by the *Canada Elections Act*.

The registered association may have only one financial agent at a time.

Eligibility

Who can become a financial agent?

- an individual who is eligible to vote
- a corporation incorporated under the laws of Canada or a province
- a person who is a member of a partnership that has been appointed as an auditor for the registered party (if the partnership is an auditor for any other type of political entity, the person is not eligible to be the registered association's financial agent)

Note: Although it is not a legal requirement, a financial agent should be experienced in managing finances. The role requires a strong ability to control, record and administer financial transactions, as well as to create financial reports.

Who is not eligible to act as financial agent?

- a candidate
- an election officer or a member of the staff of a returning officer
- an undischarged bankrupt
- an auditor appointed as required by the *Canada Elections Act*
- an individual who is not an elector
- a person who does not have the capacity to enter into contracts in the province or territory in which the person ordinarily resides

Appointment process

The association's application for registration must include the name and address of the financial agent and a signed consent from the financial agent to act in that capacity.

If for any reason the financial agent is no longer able to continue in that role, the association must appoint a new financial agent without delay. The association has to notify Elections Canada of the new appointment within 30 days by sending the *General Form – Electoral District Association*. The report has to include a signed consent from the new financial agent.

The financial agent's responsibilities and obligations

It is advisable to open a bank account to be used exclusively for the registered association's finances. The financial agent and authorized electoral district agents may have signing authority.

- All monetary transactions should go through the bank account.
- Only the financial agent and authorized electoral district agents can accept contributions or loans on the registered association's behalf.
- Only the financial agent can accept or send transfers on the registered association's behalf.
- Only the financial agent and authorized electoral district agents can issue receipts for contributions. Note: The registered association must obtain written authorization from the leader of the registered party before issuing tax receipts.
- Only the financial agent and authorized electoral district agents can incur or pay the registered association's expenses.
- The financial agent has to prepare and submit financial reports as required by the *Canada Elections Act*.

Auditor

The association must appoint an auditor before applying for registration.

A registered association may have only one auditor at a time, but the same person can be the auditor for more than one registered association.

Eligibility

Who can become an auditor?

- a person who is a member in good standing of a corporation, an association or an institute of provincially incorporated professional accountants
- a partnership of which every partner is a member in good standing of a corporation, an association or an institute of provincially incorporated professional accountants

Provincially incorporated professional accounting designations include: Chartered Professional Accountant (CPA), Chartered Accountant (CA), Certified General Accountant (CGA) or Certified Management Accountant (CMA)

Who is not eligible to be an auditor?

- a candidate, the official agent of that candidate or any other candidate
- an election officer or a member of the staff of the returning officer
- a chief agent of a registered party or an eligible party
- a registered agent of a registered party
- an electoral district agent of a registered association
- leadership contestants, their financial agents and leadership campaign agents
- nomination contestants and their financial agents
- financial agents of registered third parties

Appointment process

The association's application for registration must include the name and address of the auditor and a signed consent from the auditor to act in that capacity.

If for any reason the auditor is no longer able to continue in that role, the association must appoint a new auditor without delay. The association must notify Elections Canada of the new appointment within 30 days by sending the *General Form – Electoral District Association*. The report has to include a signed consent from the new auditor.

The auditor's responsibilities and obligations

If in a fiscal period the registered association receives contributions totalling \$5,000 or more, or incurs expenses totalling \$5,000 or more, the auditor examines the registered association's financial records and prepares a report stating the auditor's opinion as to whether the association's financial return presents the information contained in the financial records on which it is based. Note that transfers to affiliated political entities are not expenses.

The auditor has a right to access all documents of the association, and may require the financial agent to provide any information or explanation that is necessary to enable the auditor to prepare the report.

Payment of audit expenses

After Elections Canada receives the auditor's report and the copy of the auditor's invoice, it authorizes a payment of the audit expenses up to a maximum of \$1,500.

Note: The subsidy is provided only when an audit is required for the association's annual financial return.

2.2 *Optional appointments*

Electoral district agents

A registered association may appoint electoral district agents, who may be authorized by the association to accept contributions, borrow funds or incur and pay expenses on behalf of the association.

A registered association may have any number of electoral district agents.

Eligibility

Eligibility requirements for this role are the same as for the role of financial agent. In addition, the registered association has to specify the terms and conditions of the appointments.

Appointment process

A registered association may appoint electoral district agents at any time.

Within 30 days of the appointment, the registered association must provide Elections Canada with a written report that lists the names and addresses of the new electoral district agents, and specifies the terms and conditions of the appointments. The report must include the financial agent's signed declaration.

Elections Canada enters the information in the Registry of Electoral District Associations.

The electoral district agent's responsibilities and obligations

Authorized electoral district agents might perform one or all of the following tasks:

- accept contributions or loans on the registered association's behalf
- issue receipts for contributions
- incur or pay the registered association's expenses

This chapter covers the following topics:

3.1 *Contributions*

3.2 *Loans*

3.3 *Transfers*

3.4 *Expenses*

Introduction

This chapter helps to explain how the rules and regulations of the *Canada Elections Act* apply to the registered association's financial administration.

Limits on Contributions, Loans and Loan Guarantees to a Registered Association	
Political entity	2016 annual limit
In total to all the registered associations, nomination contestants and candidates of each registered party	\$1,525*
<ul style="list-style-type: none"> The contribution limits apply to: total contributions, the unpaid balance of loans made during the contribution period and the amount of any loan guarantees made during the contribution period that an individual is still liable for. The sum of these three amounts cannot at any time exceed the contribution limit. <p>There are some exceptions to the limits on contributions:</p> <ul style="list-style-type: none"> A nomination contestant is permitted to give an additional \$1,000 in total per contest in contributions, loans and loan guarantees to his or her own campaign. A candidate is permitted to give a total of \$5,000 in contributions, loans and loan guarantees to his or her campaign. A candidate is also permitted to give an additional \$1,525* in total per year in contributions, loans and loan guarantees to other candidates, registered associations and nomination contestants of each party. (This includes contributions to the registered association in the candidate's electoral district and contributions to the candidate's own nomination campaign.) <p>* The limits will increase by \$25 on January 1st in each subsequent year.</p>	

Examples
<ol style="list-style-type: none"> Max decides to contribute \$1,525 to the registered party he supports. In addition, he makes a \$525 contribution to the party's registered association in his riding; and when a federal election is called in the same year, he makes a \$1,000 contribution to the candidate representing the party in his riding. With that, Max reaches the annual limit for contributions to the registered party as well as the annual limit for contributions to any combination of candidates, registered associations and nomination contestants of the registered party. Clara made a \$1,525 contribution in her riding to the registered association of the party she supports. Later that year an election is called and Clara makes a \$1,000 contribution to the candidate representing the party in her riding. The official agent of the candidate, however, is aware of the contribution made to the association and returns the cheque to Clara, because with the earlier contribution she has reached her annual limit. <p>Note: It is important that the financial agents of electoral district associations and nomination contestants and the official agents of candidates communicate about contributions, loans and loan guarantees, because the yearly contribution limit applies to the total amount of these.</p> <ol style="list-style-type: none"> Peter gave a \$1,525 loan to a candidate in his riding during the election period. The full amount is still outstanding on December 31; consequently Peter could not have made another contribution that year to the registered association. The sum of contributions, loans and loan guarantees cannot at any time exceed the contribution limit. <p>Note: These examples use the limits in effect for 2016.</p>

3.1 Contributions

This section provides details and practical examples about contributions: Who can contribute what and how much? Is volunteer labour a contribution? What are the rules about anonymous contributions, ticketed fundraising events, auctions and draws?

In addition, this section provides basic information about how to administer contributions.

Note: The term “individual” used in the **Financial Administration** chapter refers to a Canadian citizen or permanent resident.

Definitions

What is a contribution?

A contribution is donated money (monetary contribution) or donated property or services (non-monetary contribution).

Monetary contribution

A monetary contribution is an amount of money provided that is not repayable.

Monetary contributions include cash, cheques or money orders, credit card or debit card payments, and contributions made using online payment services.

Non-monetary contribution

The amount of a non-monetary contribution is the commercial value of a service (other than volunteer labour) or of property, or the use of property or money, to the extent that it is provided without charge or at less than commercial value. This includes forgone interest on loans.

What is commercial value?

Non-monetary contributions are recorded at commercial value. The commercial value is the lowest amount charged at the time that it was provided for the same kind and quantity of property or service, or for the same use of property or money, by:

- the person who provided it (if the person who provided the property or service is in that business), or
- another person who provides that property or service on a commercial basis in the area (if the person who provided the property or service is not in that business)

Note: If the commercial value of a non-monetary contribution is \$200 or less, and it is from an individual not in that business, the contribution amount is deemed to be nil.

Example

A self-employed web designer offers to design the registered association’s website and does not charge for the service. This is a non-monetary contribution from the web designer. The commercial value is equal to the lowest amount charged by that individual for the same kind of service of similar scope.

Volunteer labour

Volunteer labour is any service provided free of charge by a person outside of their working hours. Volunteer labour is not a contribution.

Note: A service provided by a self-employed person who normally charges a fee for that service is a non-monetary contribution and is not volunteer labour. The person providing the service has to be eligible under the contribution rules.

Example

A person who is employed as a teacher offers to work in the evenings in the registered association's office to answer the phone and help with general office duties. This is volunteer labour and therefore it is not a contribution.

Contribution rules

Who can contribute?

Only individuals who are Canadian citizens or permanent residents can make a contribution to a registered party, a registered association, a candidate, a leadership contestant or a nomination contestant.

Any money that is used for the campaign out of the candidate's or the contestant's own funds is a contribution.

Note: Corporations, trade unions, associations and groups cannot make contributions.

Contributor identification

Depending on the amount and type of the contribution, the contributor's personal information has to be recorded as follows:

- The financial agent or authorized electoral district agents can accept anonymous contributions of \$20 or less.
- For contributions over \$20, the contributor's name has to be recorded and a receipt must be issued.

Note: In order to issue a tax receipt, the financial agent has to record the address as well.

- For contributions over \$200, the contributor's name and address have to be recorded and a receipt must be issued.

Note: When recording a contributor's personal information, the full first and last name (initials are not acceptable) and the home address have to be recorded.

Ineligible contributions

The financial agent and the electoral district agents are responsible for ensuring that contributions are in accordance with the rules set out in the *Canada Elections Act*. The following contributions are ineligible:

- cash contributions over \$20
- contributions from corporations, trade unions, associations and groups
- contributions that exceed the limit
- indirect contributions (no individual can make a contribution that comes from money, property or the services of another person or entity)

- contributions from an individual who is not a Canadian citizen or a permanent resident
- contributions made as a result of a term of an agreement for the provision for payment of goods or services, directly or indirectly, to a registered party or a candidate

Returning ineligible contributions

The financial agent or authorized electoral district agent must not knowingly accept a contribution that exceeds the limit. It is also advisable not to accept any other type of ineligible contribution.

If the registered association receives an ineligible contribution and it has been deposited into the association's bank account, the financial agent has to return the unused contribution to the contributor within 30 days of becoming aware that it is ineligible. If that is not possible, the financial agent has to send a cheque for the amount of the ineligible contribution to Elections Canada, payable to the Receiver General for Canada.

If the registered association receives an ineligible contribution and it has not been deposited into the bank account, the financial agent has to return the contribution to the contributor and no reporting is required.

A contribution is considered used if the bank account balance was below the contribution amount at some point after the contribution date. In this case, the financial agent has to send a cheque for the amount of the ineligible contribution to Elections Canada, payable to the Receiver General for Canada.

In the case of an ineligible non-monetary contribution that has been used, the financial agent has to send an amount equal to the commercial value of the property or service to the Receiver General for Canada.

Examples

1. The financial agent of a registered association deposits a cheque for \$600 from a contributor into the association's bank account. When he enters the contribution in the books, he notices that the same person has already contributed \$1,000 in that year. Within 30 days, the financial agent issues a cheque for the excess amount, \$75, and sends it to the contributor.
2. The financial agent receives a cheque for \$2,000 from a contributor. As this is obviously an over-contribution, the financial agent does not deposit the cheque, but sends it back to the contributor.

Note: These examples use the limits in effect for 2016.

3. The financial agent receives a notice from Elections Canada a couple of months after the reporting deadline, stating that a person who made contributions to both a candidate and the registered association exceeded the annual limit. Since the date of the ineligible contribution, the registered association's bank account balance had fallen below the ineligible amount; the funds were therefore used. The amount of the ineligible contribution must be sent to Elections Canada within 30 days of the financial agent becoming aware of the contravention. To obtain funds for returning the contribution, the financial agent could organize a fundraising event, request a transfer from the registered party, or request that the registered party repay the contribution on the registered association's behalf. Once the money is available, the financial agent sends a cheque for the excess amount to Elections Canada, payable to the Receiver General for Canada.

Anonymous contributions

If the financial agent or an authorized electoral district agent receives a contribution that is:

- over \$20 and the name of the contributor is not known, or
- over \$200 and the name and address of the contributor are not known

the financial agent has to send a cheque for the amount without delay to Elections Canada, payable to the Receiver General for Canada.

Ticketed fundraising

If a fundraising activity is held for the primary purpose of soliciting monetary contributions through the sale of tickets, the amount of a ticket purchaser's monetary contribution is the difference between the price of the ticket and the fair market value of the benefit that the ticket entitles the purchaser to receive. The benefit received includes the fair market value of using a rented venue, the cost of dinner and entertainment, etc.

Example

A ticketed fundraiser was expected to attract 50 attendees. On the assumption that this number would attend, the following expenses were incurred in an open and competitive market:

- room rental – \$500
- meal – \$2,500
- decorations – \$300
- entertainment – \$500
- server staff and gratuities – \$200
- total – \$4,000

The fair market value of the benefit for each ticket purchaser is \$80, calculated by dividing \$4,000 by 50. The fair market value remains the same regardless of the number of individuals who actually attend the event.

Forty tickets were sold at \$200 each for the event. The amount of each monetary contribution is therefore \$120, calculated by subtracting \$80 (the fair market value) from the ticket price (\$200).

Note: The contribution rules apply to contributions made through ticketed fundraising.

Fundraising during an election period

If a registered association organizes a fundraising activity during an election period to raise funds for a candidate's campaign, the promotion of the event is considered election advertising. Prior to incurring election expenses on behalf of the candidate, the financial agent of the registered association must receive written authorization from the candidate's official agent. In addition, since this is an election advertising expense, the candidate's official agent's authorization also has to be mentioned in or on the promotion — for example, "Authorized by the official agent of John Smith."

The registered association must send a copy of the original supplier invoice for the advertising expense to the candidate's campaign. The candidate's campaign must report the amount as an election expense.

Example

During an election period, the registered association is planning a fundraising event to collect contributions for the candidate's campaign. The financial agent obtains the official agent's written authorization to incur expenses for advertising the event, and the association creates flyers and distributes them in the riding. After the event, the financial agent sends an invoice from the registered association and a copy of the original supplier invoice to the candidate's campaign for the expenses incurred for designing, printing and distributing the flyers. The official agent reports the invoiced amount as an election expense.

Auctions and draws

Note: Please check the provincial or territorial regulations before organizing draws or other lotteries. In jurisdictions where draws are permitted, a licence from the province or territory may be required.

Below is a list of important reminders about auctions and draws:

- Any donated property or service sold at an auction is subject to the rules about contributor eligibility and contribution limits.
- If the donated property or service has a commercial value of \$200 or less and it is donated by someone not in that business, the non-monetary contribution from the donor is deemed to be nil.
- The monetary contribution made by a person at an auction is the amount paid minus the commercial value of the item purchased.
- If the property or service sold at an auction is not available on a commercial basis, the full purchase price is a contribution.
- Anyone buying a ticket for a draw is making a contribution equal to the price paid for the ticket.

Example

Diane donated a painting to an auction organized by the registered association. A local art dealer appraised the painting at \$450. During the auction, John made the winning bid and paid \$600 for the painting. Let's see what the contributions are:

1. Diane made a \$450 non-monetary contribution to the registered association by donating the painting.
2. John made a monetary contribution. The amount is the paid price minus the commercial value of the painting: $\$600 - \$450 = \$150$.

Note: In addition, the financial agent records \$450 (the painting's commercial value) as an expense and an other revenue in the association's annual statement of revenues and expenses.

Sponsorship or advertising

A transaction involving the receipt of money by a political entity in exchange for advertising or promotional opportunities directed at members or supporters of the political entity is not recognized as a commercial transaction. Any money received as part of such an arrangement is to be treated as a contribution that is subject to the contribution limit and eligibility rules.

Administering contributions

Accepting contributions

Only the financial agent and authorized electoral district agents can accept contributions to the registered association.

Recording anonymous contributions

If anonymous contributions of \$20 or less are collected during an event, the financial agent or an authorized electoral district agent must record:

- a description of the function at which the contributions were collected
- the date of the function
- the approximate number of people at the function
- the total amount of anonymous contributions accepted

Anonymous contributions of \$20 or less may also be received outside the context of a particular function. In that case, the financial agent or an electoral district agent has to keep track of the total amount collected plus the number of contributors.

Example

Volunteers of the registered association organize a wine and cheese event one evening and invite local residents. Approximately 40 people show up. During the evening, the financial agent passes a basket around to collect cash contributions from the attendees. She informs the guests about the contribution rules: a maximum of \$20 can be accepted from any one individual as an anonymous cash contribution. At the end of the evening there is \$326 in the basket.

After the event the financial agent records the following: the date and a description of the event, the approximate number of people who attended (40), and the amount collected in anonymous contributions (\$326).

Issuing contribution receipts

Receipts have to be issued for each contribution over \$20.

Only the financial agent and authorized electoral district agents can provide official receipts for contributions, including receipts issued for income tax purposes.

Note: The registered association must obtain written authorization from the leader of the registered party before issuing tax receipts.

The financial agent may use Elections Canada's Electronic Financial Return (EFR) software to issue all receipts, including tax receipts. Please refer to the EFR User Guide for more information. The *EFR User Guide* can be found under the Help menu within the EFR software application. EFR is free and downloadable from the Elections Canada website.

Example

Clara contributed \$500 to the registered association of the party she supports. Later in the same year when an election was called, Clara contributed \$300 to Peter, a candidate in Clara's riding. Clara will receive a tax receipt for \$500 from the registered association and a tax receipt for \$300 from Peter's campaign.

What to keep in mind when administering contributions

As a best practice, it is recommended to only accept contributions made by way of a traceable instrument – such as a cheque or money order – that links the contributor to the contribution. Here are some important points to keep in mind when recording contributions or issuing receipts:

- Although it is recommended to only accept contributions made by way of a traceable instrument, in the event a contribution is received on a cheque from a joint bank account, it is generally reported under the name of the individual who signed the cheque. However, if the cheque is accompanied by written instructions signed by both account holders indicating how the contribution is to be allocated to the contributors, the contributions are reported in accordance with that agreement.
- If a contribution is received through an online payment service, a processing fee might apply. The full contribution amount has to be recorded as a contribution and the processing fee has to be recorded as an expense. For example, if the registered association receives a \$500 contribution through an online payment service and the net deposit to the bank account is \$490, the financial agent has to record and issue a receipt for a contribution of \$500 and record an expense of \$10.
- Although it is recommended to only accept contributions made by way of a traceable instrument, in the event the registered association receives a cheque from a partnership, the partnership has to provide the following information in writing: name and home address of each contributor, the voluntary nature of each contribution, who it is intended for, and the amount of each contribution. The instructions must be signed and dated by each contributor. Each contributing partner's share of a partnership draw should also be reduced by the amount of that partner's contribution.
- A contribution from an unincorporated sole proprietor has to be recorded in the individual's name (not the business name), using the contributor's home address (a contributor's address is required for contributions over \$200).

3.2 Loans

Loans are used as a source of financing. This section discusses how loans are received, reported and repaid.

Getting a loan

A registered association may receive a loan from either a financial institution or an individual who is a Canadian citizen or permanent resident. A registered association may also receive a loan from the registered party or from another registered association. Loans from any other person or entity are not permitted.

A written loan agreement must accompany all loans.

Loans from financial institutions

There is no limit to the amount a registered association can borrow from a financial institution. Note however that if the financial institution requires a loan guarantee, only the registered party, another registered association, or individuals who are Canadian citizens or permanent residents can guarantee the loan. The amount an individual guarantees is subject to the individual's contribution limit.

Note: A financial institution must charge a fair market rate of interest on loans made to registered associations. Any forgone interest resulting from the financial institution charging a lower interest rate would constitute a non-monetary contribution from an inadmissible contributor.

Loans from the registered party or from another registered association

There is no limit to the amount a registered association can borrow from the registered party or from another registered association of the registered party. The registered party or another registered association can also guarantee loans obtained from financial institutions. There is no limit to the amount a registered party or a registered association can guarantee.

Loans from individuals

If an individual obtains a personal loan from a financial institution and lends those funds to the registered association, the lender is the individual and not the financial institution. The loan amount would be subject to the individual's contribution limit.

An individual can lend money to a registered association as long as the total of the individual's contributions, the unpaid balance of loans made that year and the amount of any outstanding loan guarantees made that year does not at any time exceed the contribution limit for the calendar year.

Note: An individual cannot make a loan to a registered association if the loan is made possible by money, property or the services of any person or entity that provided it to the individual for that purpose.

Loan interest

The financial agent has to record the interest rate of each loan in the *Registered Association Financial Transactions Return*.

Interest incurred on a loan is an expense, whether it is paid or accrued.

If the interest rate on a loan from an individual is lower than the market interest rate, the financial agent will need to record the forgone interest as a non-monetary contribution from the individual.

Note: If the loan is from an individual who is not in the business of lending money and the forgone interest on the loan is \$200 or less, the non-monetary contribution is deemed to be nil.

Demand loan

A demand loan is a loan with no specific payment deadline. It is due whenever the lender demands to be repaid. To report a demand loan, a loan agreement has to be submitted with the registered association's financial return. It is recommended that the agreement include a maximum term for the repayment.

Note: If the demand loan is from an individual, it is subject to the contribution limit.

Overdraft and line of credit

If overdraft protection or a line of credit is used, it must be recorded as a loan at the maximum amount used. Note however that if the financial institution requires a guarantee, only the registered party, another registered association of the registered party, or individuals who are Canadian citizens or permanent residents can guarantee the overdraft or line of credit. The amount an individual guarantees is subject to the individual's contribution limit.

The financial agent has to include the following information when reporting an overdraft or a line of credit:

- the maximum amount used
- the name and address of the financial institution
- the interest rate charged
- the dates and amounts of any repayments of principal and payments of interest
- the full name and address of any guarantors and the amounts they have guaranteed
- the unpaid balance at the end of each calendar year

Example

The registered association's bank account has overdraft protection of \$1,000. The account goes into overdraft by \$200 and the financial agent pays back \$100 within the same day. Later on that day, the financial agent withdraws another \$400 from the bank account, bringing the highest amount overdrawn during that year to \$500. On December 31 the account is no longer in an overdraft position.

The maximum overdraft amount to be reported in the registered association's annual financial return is \$500, while the balance on December 31 to be reported is nil.

Administering loans

The financial agent must include the following information when reporting a loan:

- the full name and address of each lender
- the full name and address of any guarantors and the amount guaranteed
- the interest rate charged
- the amount of the loan
- the dates and amounts of repayments of principal and payments of interest
- a copy of the loan agreement should accompany the return

Note: If there is any amendment to the above information, the financial agent must send an update to Elections Canada without delay.

3.3 Transfers

Definition

A transfer is a provision of funds, property or services between specified political entities of the same political affiliation. Where specifically permitted under the *Canada Elections Act*, a transfer is not considered to be a contribution, and contribution rules therefore do not apply.

Transfers are permitted only between related political entities (registered party, electoral district association, candidate, and leadership or nomination contestant) of the same political affiliation.

However, not all types of entities are authorized to provide all types of transfers. For a quick reference guide to eligible and ineligible transfers, see the “Transfers – types and rules table” in the **Tables and Reminders** section.

Transfer types

A monetary transfer is a transfer of funds. A non-monetary transfer is a transfer of property or services.

Incoming transfers

The following transfers may be accepted by a registered association:

- funds, property or services from the registered party or from any registered association of the registered party
- funds, property or services from a candidate of the registered party it is affiliated with
- funds from a nomination contestant to the registered association that held the nomination contest
- funds from a leadership contestant of the registered party it is associated with

If the registered association receives property or services from an affiliated political entity for less than the commercial value, the financial agent has to report the difference as a non-monetary transfer from the affiliated political entity.

Note: Transfers may not be accepted from provincial parties or provincial electoral district associations. Transfers from a registered provincial division of a federal registered party are considered transfers from the registered party.

Outgoing transfers

The registered association may transfer funds, property or services to the following political entities:

- the registered party it is associated with
- another registered association of the registered party
- a candidate (after election day, monetary transfers to candidates are allowed only to pay claims related to the candidate’s campaign)

The registered association may transfer property or services, but not funds, to the following political entities:

- a nomination contestant, if the non-monetary transfer is offered equally to all contestants
- a leadership contestant, if the non-monetary transfer is offered equally to all contestants

Property or services provided by the registered association to another political entity

When property or a service is provided to the registered party, another registered association, a candidate, a nomination contestant or a leadership contestant by the registered association, a copy of the original supplier invoice as well as the invoice from the association must be sent to the political entity receiving the transfer. The documentation should confirm the amount reported in the political entity's financial return. Common items supplied by the association include signs and riding service packages.

Example

The registered association purchases signs and transfers them to the candidate's campaign. The financial agent sends a copy of the original supplier invoice to the candidate's campaign. The candidate's official agent reports the commercial value of the signs as an electoral campaign expense as well as a non-monetary transfer from the registered association.

Administering transfers

The financial agent has to include the following information when recording a transfer:

- the full name of the affiliated political entity
- the date the transfer was made or received
- the amount of funds transferred or the commercial value of property or services provided

Note: If an invoice requiring payment is prepared by one political entity and sent to its related political entity, together with a third party vendor invoice representing the commercial value of the goods or services provided, this is not a transfer but a sale of goods or services from one entity to another.

3.4 Expenses

The *Canada Elections Act* does not set limits on the amount of expenses a registered association may incur. Expenses incurred for property or services used by the registered association must be reported in the association's annual financial return.

However, if expenses are incurred for property or services that are subsequently used to promote a candidate or a party during an election period, they must be reported by the candidate or the party, as the case may be, as election expenses. For example, the registered association may rent an office that is used as a campaign office during the election period. These expenses must be reported as election expenses in the candidate's return.

Advertising activities

Election advertising

Election advertising is the transmission to the public of an advertising message promoting or opposing a registered party or the election of a candidate during the election period. Election advertising has to be authorized by a registered agent of a party or by the official agent of a candidate. This authorization has to be mentioned in or on the message – for example, "Authorized by the official agent of John Smith."

Prohibition on election advertising

During an election period, the registered association is prohibited from transmitting election advertising or incurring expenses for election advertising.

The registered association can conduct election advertising only if it is done on behalf of a candidate or the party, and if it receives prior written authorization from a registered agent of the party or by the official agent of a candidate. This authorization must be mentioned in or on the message. A copy of the original supplier invoice for the election advertising activity must be sent to the candidate or party. The expenses incurred for advertising conducted during the election period, including the cost of production and distribution, are to be reported as election expenses in the candidate's or party's return.

Traditional election advertising

Advertisements distributed through traditional means such as signs, billboards, flyers, pamphlets, radio, television, newspapers or magazines during an election period are election advertising and have to be authorized by a registered agent of the party or by the official agent of a candidate. This authorization has to be in or on the message.

The association may have in its possession signs used in a previous election. If these signs are reused in a second or subsequent election, the current commercial value of equivalent signs will have to be recorded as a non-monetary transfer to the political entity receiving the transfer. Transfer rules apply to these transactions.

Example

After an election is called, the financial agent of the registered association obtains the official agent's written authorization to purchase and distribute signs promoting the candidate. The financial agent has to send a copy of the original supplier invoice to the candidate's campaign. These expenses are election expenses of the candidate. In addition, the official agent's authorization must be mentioned on the signs.

Election advertising on the Internet

Election messages communicated over the Internet are election advertising only if they have, or would normally have, a placement cost.

If the registered association conducts any election advertising on behalf of a candidate or party, the official agent's or a registered agent's prior written authorization must be obtained and mentioned in or on the advertisement. Where the authorization statement cannot be included on the advertising message because of its size, this is acceptable if the statement is made immediately apparent to the viewer by following the link in the advertising message.

Content and messages posted for free on social media platforms such as Twitter and Facebook, or communicated on the association's website, are not election advertising.

Websites of registered associations

If the association's pre-existing website stays online during the election period, this is not election advertising, but it is an election expense of the candidate who the website promotes. For this reason, the candidate's official agent must approve this transfer from the association to the campaign. If the official agent does not wish to have this expense count toward the candidate's election expenses limit, the website must go offline during the election period.

Examples

1. During the election period, the association would like to post a video promoting the candidate on YouTube. Because there is no placement cost to post the video, it is not considered election advertising. However, because it is an election expense of the candidate, the association has to obtain prior written authorization from the candidate's official agent.
2. The association would like to hire a media firm to place banners on websites and social media platforms during the election period, directing users to videos promoting the candidate on YouTube. Because there is a placement cost, the banners are election advertising. The association has to obtain prior written authorization from the candidate's official agent, and this authorization must be mentioned on the banners. The financial agent has to send a copy of the original supplier invoice to the candidate's campaign. These expenses are election expenses of the candidate.

OGI reference

For a detailed discussion of this topic, please refer to Elections Canada's interpretation note 2015-04, *Election advertising on the Internet*, on the Elections Canada website.

Voter contact calling services

Voter contact calling services are services involving the making of calls during an election period for any purpose related to an election, including:

- promoting or opposing a registered party, its leader, a candidate, a nomination contestant or any position on an issue a party or person is associated with
- encouraging electors to vote or to refrain from voting
- providing information about the election, including information about voting hours and the location of polling stations
- gathering information about how electors voted in past elections, or will vote in the election, or their view on a candidate or on any issue a candidate is associated with
- raising funds for a registered party, a candidate or a nomination contestant

Before incurring expenses for voter contact calling services, the registered association must obtain authorization from the chief agent, the official agent or the financial agent of the political entity the services are to be acquired for. The registered association must send an invoice, including a copy of the original supplier invoice, to the registered party, the candidate or the nomination contestant.

Expenses incurred for voter calls conducted during the election period, including the cost of production and distribution, have to be reported as election expenses (or nomination campaign expenses) by the entity the services were acquired for.

Note: If a registered association provides voter contact calling services to a nomination contestant, the service must be offered equally to all nomination contestants.

OGI reference

For a detailed discussion of this topic, please refer to Elections Canada's interpretation note 2015-11, *Application of election advertising rules to telephone calls*, on the Elections Canada website.

Examples

1. The financial agent distributes flyers outside of an election period to promote an information session held at the registered association's office. Expenses incurred for the flyers, including the cost of production and distribution, are to be reported as expenses of the registered association.
2. After an election is called, the financial agent of the registered association obtains the official agent's written authorization to purchase and distribute signs promoting the candidate. The financial agent has to send a copy of the original supplier invoice to the candidate's campaign. These expenses are election expenses of the candidate.
3. The association is renting a billboard that promotes the party and the Member of Parliament from the riding. The expenses are reported in the association's annual financial return. When a federal election is called and the Member of Parliament runs for re-election, the association plans to keep the billboard up to promote the incumbent candidate. The official agent has to authorize the expenses of the billboard, including the design, installation and rental expenses, and report them as election expenses in the candidate's return.

Auditor's fee

The *Canada Elections Act* provides for a subsidy of a maximum of \$1,500 for audit services when an audit is required for the association's annual financial return. The auditor's invoice has to be submitted with the association's annual financial return. The auditor is paid directly from public funds.

If the auditor's fee exceeds the maximum allowable subsidy, the registered association is responsible for the difference.

Administering the registered association's expenses

The financial agent is responsible for recording and reporting the registered association's expenses and keeping receipts and invoices, as required by the *Canada Elections Act*.

Who can incur expenses?

Only the financial agent and authorized electoral district agents can incur registered association expenses.

Who can pay expenses?

Only the financial agent and authorized electoral district agents can pay registered association expenses.

Expenses can be paid from the petty cash by a person authorized in writing by the financial agent. (The financial agent must set the maximum amount that may be paid from the petty cash.)

Non-monetary contributions and transfers are also recorded as expenses or assets

If the registered association receives a non-monetary contribution, the full commercial value of the property or service is a contribution from the individual.

If the registered association purchases property or a service from an individual for less than commercial value, the difference between the purchase price and the commercial value of the property or service is a non-monetary contribution from the individual.

In both cases, the full commercial value of the donated property or service is also an expense or an asset.

Note: If the commercial value of a non-monetary contribution is \$200 or less, and it is from an individual not in that business, the contribution is deemed to be nil and consequently no expense has to be reported. However, all non-monetary transfers provided by the registered party, a candidate or another registered association must be reported, regardless of their commercial value.

If the registered association receives property or a service from an affiliated political entity at no charge, the full commercial value of the property or service is a non-monetary transfer from the affiliated political entity.

If the registered association purchases property or a service from an affiliated political entity for less than commercial value, the difference between the purchase price and the commercial value of the property or service is a non-monetary transfer from the affiliated political entity.

In both cases, the full commercial value of the transferred property or service is also an expense or an asset.

Invoices

If an expense of \$50 or more was incurred and paid on behalf of the registered association, either the financial agent or the authorized electoral district agent who made the payment must keep a copy of the supplier invoice setting out the nature of the expense and the proof of payment.

If an expense of less than \$50 was incurred and paid on behalf of the registered association, either the financial agent or the authorized electoral district agent who made the payment must keep a record of the nature of the expense and the proof of payment.

For payments made from the petty cash, the person who is authorized to pay petty expenses has to provide the invoices and proof of payment within three months after the date the petty expense was incurred.

Claims and loans repayment and reporting

All invoices for claims have to be submitted to the financial agent or authorized electoral district agents.

Claims have to be paid within 36 months after payment is due. There is no time limit for paying loans.

The registered association's annual financial return must include the following schedules when reporting unpaid claims and loans:

- statement of unpaid claims and loans
- previously reported claims and loans that have been paid in full since the last fiscal period
- statement of claims and loans that remain unpaid 18 or 36 months after their due date

Maintaining books and records

The registered association has to maintain proper books and records to ensure accurate reporting and compliance with the *Canada Elections Act*.

The financial agent must prepare the Registered Association Financial Transactions Return and submit it to Elections Canada by May 31 every year. The return has to be accompanied by supporting schedules when applicable.

For details about completing the registered association's return, see Chapter 4, **Reporting Requirements**.

Reporting Requirements

This chapter covers the following topics:

- 4.1 Reporting timeline*
- 4.2 Mandatory reporting*
- 4.3 Submission to Elections Canada*
- 4.4 Filing an amended financial return*

Introduction

The registered association has to complete and file certain reports with Elections Canada. This chapter outlines what they are and when they need to be filed.

Note: Elections Canada has developed free software to assist with the preparation of financial returns: the Electronic Financial Return (EFR) software. The EFR software is downloadable from the Elections Canada website.

4.1 Reporting timeline

The *Canada Elections Act* requires certain reports to be completed and submitted by set deadlines. The forms are available on the Elections Canada website.

Deadline	Who is responsible	Mandatory documents	Submit to whom
6 months after becoming a registered association	Financial agent	<i>Statement of Registered Association Assets and Liabilities</i> as of the day before registration	Elections Canada
30 days after a change of registry information	Financial agent or chief executive officer	Report change of contact information and new appointments	Elections Canada
May 31	Financial agent	<i>Contributions to a Registered Party or to a Registered Association – Information Return</i>	Canada Revenue Agency
May 31*	Chief executive officer	<i>General Form – Electoral District Association</i>	Elections Canada
May 31	Financial agent	<i>Registered Association Financial Transactions Return</i> Auditor's report**	Elections Canada
30 days after nomination contest held by the association	Association's representative	<i>Nomination Contest Report</i>	Elections Canada
* If the date falls within an election period, the deadline is July 31. ** The auditor's report is required if the association accepted contributions totalling \$5,000 or more, or incurred expenses totalling \$5,000 or more, in the fiscal period. Note that transfers to affiliated political entities are not expenses.			

4.2 Mandatory reporting

Reporting after registration

The registered association has to inform Elections Canada about its assets and liabilities after it becomes registered.

The *Statement of Registered Association Assets and Liabilities* lists the association's assets and liabilities as of the day before the effective date of the registration. It must be submitted to Elections Canada by the financial agent within six months after the association becomes registered.

Reporting changes in the registry information

If a change occurs in the registry information of the registered association (for example, the association changes address or appoints a new officer), the financial agent or the chief executive officer must inform Elections Canada in a written report about the change within 30 days.

Elections Canada then updates the Registry of Electoral District Associations accordingly.

Annual reporting obligations

Certain reports have to be completed and filed annually.

Reporting to Canada Revenue Agency

Every year, the registered association must report to the Canada Revenue Agency the contributions it has received, using the *Contributions to a Registered Party or to a Registered Association – Information Return*. It must be submitted by the financial agent. The deadline is the same as for the association's annual financial return, which is May 31. The form is available on the Elections Canada website.

Registry information update

A registry information update is mandatory.

Every year, registered associations receive a package from Elections Canada with the association's information as maintained in the registry and a form to provide updates. The association's chief executive officer is responsible for submitting the *General Form – Electoral District Association* by the deadline of May 31 each year, certifying that the information in the registry is accurate or that it requires an update. If the date falls within an election period, the deadline is July 31.

The form is also available on the Elections Canada website.

Registered Association Financial Transactions Return

The *Registered Association Financial Transactions Return* must be completed by the financial agent and sent to Elections Canada within five months after the end of a fiscal period. The return covers the following:

- Declaration
 - registered association's information
 - financial agent's information
 - financial agent's signature, attesting to the completeness and accuracy of the return
- Statement of contributions, transfers and loans received
- Statement of returned contributions
- Statement of transfers made
- Statement of unpaid claims and loans
- Previously reported unpaid claims and loans that have been paid in full since the last fiscal period
- Statement of unpaid claims and loans 18 and 36 months past due
- Statement of expenses incurred for voter contact calling services for calls made during an election period
- Financial statements including a statement of assets and liabilities, and a statement of revenues and expenses

Along with the *Registered Association Financial Transactions Return*, the financial agent has to provide supporting schedules as applicable.

Note: After the association's financial return has been submitted, Elections Canada may contact the financial agent to request additional supporting documents during the review of the association's financial return.

For details about how to complete the association's financial statements, see the **Appendix**.

Auditor's report

The auditor's report must accompany the *Registered Association Financial Transactions Return* if the association accepted contributions totalling \$5,000 or more, or incurred expenses totalling \$5,000 or more, in a fiscal period. The financial agent is responsible for ensuring that this report is completed and submitted to Elections Canada by May 31.

Note: The \$5,000 threshold does not include the audit fee or any transfer made or received by the registered association.

After the financial agent has completed the association's annual financial return, the auditor verifies that the information in the return accurately presents the information in the financial records kept by the financial agent. The auditor's report contains the auditor's opinion as to whether the completed *Registered Association Financial Transactions Return* presents this information.

It is very important for the financial agent to give the auditor enough time to properly audit the *Registered Association Financial Transactions Return* before the deadline. Therefore it is advised to give the complete association's annual financial return to the auditor well before the deadline for submission.

Note: The *Canada Elections Act* provides for a subsidy of a maximum of \$1,500 for audit services when an audit is required for an association's annual financial return.

Reporting a nomination contest

A registered association that held a nomination contest must submit a *Nomination Contest Report* to Elections Canada within 30 days after the contest selection date. If the contest was held by a registered party, the registered party has to file the report. A *Nomination Contest Report* must be submitted in all cases where the contest was made open to more than one person to propose their name for consideration. This applies even if only one contestant entered the contest.

Note: It is important to submit the *Nomination Contest Report* within one month after the contest, as required by the *Canada Elections Act*. After receiving the *Nomination Contest Report*, Elections Canada starts sending notifications to the nomination contestant and the financial agent about filing deadlines and other important reporting obligations.

The *Nomination Contest Report* includes the following information:

- the name of the electoral district, the registered association and the registered party
- the date on which the nomination contest began and the selection date
- the names and addresses of the nomination contestants and their financial agents
- the name of the person selected in the nomination contest

4.3 Submission to Elections Canada

When documents are filed with Elections Canada, they have to be signed. Registry reports must be completed on prescribed forms and mailed or faxed to the Registrar’s Office at Elections Canada. The forms are available on the Elections Canada website.

The association’s annual financial return may be completed and submitted in a number of ways.

With the submission, please remember to give your name, role and the association’s name. It is recommended to keep a copy of all documents submitted to Elections Canada. Documents filed with Elections Canada have to be signed.

Completed how	How to submit	Where to send documents
Paper forms	<ol style="list-style-type: none"> 1. Sign the paper copy of the reports. 2. Send the reports by courier, mail, fax or e-mail (in PDF format) to Elections Canada. 3. Send the originals of all supporting documentation to Elections Canada by courier or mail. 	<p>E-mail: efr-rfe@elections.ca</p> <p>Mail: Elections Canada 30 Victoria Street Gatineau, Quebec K1A 0M6</p>
EFR	<ol style="list-style-type: none"> 1. EFR creates a submission file of the return. 2. Send the submission file as an attachment in an e-mail to Elections Canada. 3. Print the pages requiring signatures and send them by courier, mail, fax or e-mail (in PDF format) to Elections Canada. 4. Send the originals of all supporting documentation to Elections Canada by courier or mail. 	<p>Fax: Political Financing 1-888-523-9333 (toll-free) 1-819-939-1803</p>
<p>Notes:</p> <ul style="list-style-type: none"> • Always keep copies for your records. • For details about EFR submissions, please consult the <i>EFR User Guide</i>, available in the EFR software. 		

Filing deadline and extensions

The *Canada Elections Act* specifies deadlines for submitting reports.

If the financial agent cannot submit the *Registered Association Financial Transactions Return* with all mandatory documents by the deadline, the financial agent or the chief executive officer of the association may apply to Elections Canada for authorization to submit the return and the auditor’s report (if required) within an extended period of time. However, the request has to be received by Elections Canada within two weeks after the applicable deadline.

Note: Only a judge may grant an extension requested more than two weeks after the deadline has passed.

The following table explains which documents are eligible for extension under the *Canada Elections Act*.

Registered association reports – extension requests			
Document to submit	Extension from Elections Canada	Additional extension from Elections Canada	Extension from a judge
<i>Registered Association Financial Transactions Return</i>	Yes	No	Yes
Corrected or revised <i>Registered Association Financial Transactions Return</i> requested by the registered association	Yes	Yes	No
Corrected or revised <i>Registered Association Financial Transactions Return</i> requested by Elections Canada	No	No	No

The *Request for Extension of Filing Deadline* form should be used to apply for an extension. Elections Canada will grant an extension unless the financial agent's failure to provide the document was deliberate or was the result of a failure to exercise due diligence.

Note: The *Canada Elections Act* does not allow for extensions on registry reports.

Documents not eligible for extension

Corrections or revisions requested by Elections Canada are not eligible for extensions and must be filed within the specified period. However, the financial agent can apply to a judge to be relieved of the obligation of complying with the request.

Court extension

If Elections Canada refuses to authorize an extension or, in the case of the *Registered Association Financial Transactions Return*, the financial agent is unable to file the required documents within the extended period, the financial agent may apply to a judge for an extension. Note that court extensions are not available for corrected or revised returns.

Note: If the documents are not filed by the statutory deadline and no extension has been authorized, a registered association may face deregistration.

4.4 Filing an amended financial return

In certain circumstances it may be necessary to amend the association's financial return. An amended *Registered Association Financial Transactions Return* has to be filed with Elections Canada to correct errors or omissions.

Corrections or revisions requested by Elections Canada

On reviewing the association's financial return, Elections Canada may request the registered association to correct or revise the association's financial return within a specified period.

Corrections or revisions requested by the registered association

If there is a need to correct or revise the association's financial return (for example, some omitted contributions have to be added to the original return), the financial agent or the chief executive officer has to submit a written request to Elections Canada for authorization to file a corrected or revised return.

An amended return must be submitted within 30 days after the correction or revision is authorized.

Appendix

Registered Association's Financial Transactions Return *Part 4: Association's Financial Statements*

Part 4 of the *Registered Association's Financial Transactions Return* contains the association's financial statements. The financial agent must complete both the *Statement of revenues and expenses* and the *Statement of assets and liabilities*, based on the association's own financial statements prepared in accordance with current accounting standards.

This appendix explains the information required for each field.

Statement of revenues and expenses

Fields	Explanation
REVENUES	
Contributions	Monetary and non-monetary contributions received or receivable
Transfers	Monetary and non-monetary transfers received or receivable
Interest income	Bank interest and investment income received or receivable
Fundraising activities	Non-contribution portion of fundraising revenue
Other	Any revenue not listed above (provide supporting schedule)
TOTAL REVENUES	
EXPENSES AND CASH OUTFLOWS	
Advertising – radio	Includes airtime charged by the radio station and other expenses associated with the advertisement, such as hiring talent, designing the advertisement, etc.*
Advertising – TV	Includes airtime charged by the TV station and other expenses associated with the advertisement, such as hiring talent, designing the advertisement, etc.*
Advertising – other	Signs, brochures, billboards, websites, social media*
Voter contact calling services	Expenses not paid for by a political entity, for which the services were acquired
Bank charges and interest	Bank fees, cheque fees, overdraft charges, etc.
Amortization	Current year’s depreciation of capital assets
Transfers	Monetary and non-monetary transfers made or payable
Fundraising activities	Total expenses paid or payable for fundraising events
Office expenses	Rent and utilities
Office expenses	Insurance, supplies, subscriptions and dues, maintenance, etc.
Polling and research	Polling and research conducted
Professional services	Include legal and consulting fees, and the auditor’s fee
Salaries and benefits	Salaries and benefits paid to employees (administration, bookkeeping, etc.)
Travel and hospitality	Example: expenses of electoral district association officials or volunteers travelling to the party’s annual convention
Other	Examples: registration fee for conventions, writedown of obsolete assets, and any other expense not listed above (provide supporting schedule)
TOTAL EXPENSES	
NET INCOME (LOSS)	
<i>* The registered association is prohibited from incurring election advertising expenses.</i>	

Statement of assets and liabilities

Fields	Explanation
CURRENT ASSETS	
Cash and equivalents	Bank account balance, short-term deposits and petty cash
Accounts receivable	Amounts owed to the registered association
Inventory	Signs and other items of significant value
Prepaid expenses	Prepaid insurance, property taxes, utilities, etc.
Other	Any asset not listed above (provide supporting schedule)
TOTAL CURRENT ASSETS	
LONG-TERM ASSETS	
Capital assets	Depreciated value of fixed assets, such as computers and related equipment, furniture, etc. (provide supporting schedule)
Other	Any other long-term asset, for example, a long-term investment (provide supporting schedule)
TOTAL LONG-TERM ASSETS	
TOTAL ASSETS	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	Outstanding charges applicable to the year reported (for example, monthly telephone bill, hydro bill)
Loans	12-month payments applicable to the year reported on a multi-year loan (capital only)
Other	Any other current liabilities (provide supporting schedule)
TOTAL CURRENT LIABILITIES	
LONG-TERM LIABILITIES	
Loans	Loan balances owing (capital owed on Dec 31 less 12 months' payments, which is the amount in <i>Other current liabilities</i>)
Other	Other long-term liabilities not listed above (provide supporting schedule)
TOTAL LONG-TERM LIABILITIES	
NET ASSETS	
Opening balance	Ending balance from the previous year's annual financial return
Add net income (subtract loss)	Current year's net income (or loss) – from the <i>Statement of revenues and expenses</i>
Ending balance = Accumulated surplus (deficit)	
TOTAL LIABILITIES AND NET ASSETS	Must equal total assets