



Elections Ontario

We Make Voting Easy.

Election Finances CFO Handbook for Constituency Associations

2022

Note: This handbook is effective until December 31st, 2022.

January 2022

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Disclaimer

This handbook is for the calendar year 2022. It provides guidance from Elections Ontario about how to comply with the *Election Finances Act*. To the extent that any conflict exists between this handbook and the *Election Finances Act*, the *Election Finances Act* prevails.

The most recently published handbook and forms for Constituency Associations can be found online, by clicking this [link](#) or by scanning the quick response (QR) code below using the camera on a smartphone.



Further information

Elections Ontario’s staff is always available to provide assistance. Please contact the Compliance Division at:

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Online resources provided by Elections Ontario

The Elections Ontario website features tools that our stakeholders can use to view information on financial returns, contributions and filing data. The webpages feature information related to the following topics:

- Registered political parties, reserved party names, and third party advertiser information;
- CFO handbooks and forms;
- Financial returns and contributions;
- Graphics and charts utilities;

- A bulk download utility for contributions;
- Searchable database of political financing and party information;
- Eligible and paid quarterly allowances to political parties and constituency associations;
- Nomination and leadership contests and contestants; and
- Information for candidates.

The “[Graphics and Charts](#)” section provides stakeholders with utilities to represent the contribution data using a graphical interface. Political entities can use this to view contribution information from past events, and totals per year and per event by party and electoral district.

More information can be found on our [website](#).

Political Entity Portal (PEP)

The [Political Entity Portal \(PEP\)](#) is an optional online filing tool that political entities can use to file their financial statements. All active key stakeholders who are affiliated to a registered political entity have access to the portal pending a brief sign-up activity.

Some of its key features include:

- Ability to complete financial statements – from data entry, to audit and submission – all online;
- Access to historically filed financial returns and download capabilities;
- Update your personal contact information; and
- Attachments, comments, and return PDF.

Contact us at eFiling@elections.on.ca for more information on PEP.

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Introduction

This section explains what a constituency association is under the *Election Finances Act*.

A constituency association, in an electoral district, means the association or organization endorsed by a registered party or an independent member as the official association of that party or that member in the electoral district.

The purpose of this handbook is to provide guidance to individuals appointed as the Chief Financial Officer of constituency associations endorsed by a registered political party.

Definitions

This section explains the election periods for by-elections, and fixed and non-fixed date general elections.

Election period

For a fixed date general election, the election period is the period commencing at 12:01AM on the day the writ is issued, and terminating on polling day.

For a by-election or general election with a non-fixed election date, the election period is the period commencing with the issuance of the writ for an election and terminating on polling day. [Act reference 37.1]

General election

The following text explains the two types of general elections: fixed date and non-fixed date.

Fixed date general election

An election in all electoral districts, following the dissolution of the legislative assembly, where election day is scheduled by section 9.1 of the *Election Act*.

Non-fixed date general election

An election in all electoral districts, following the dissolution of the legislative assembly, where election day is not scheduled by section 9.1 of the *Election Act*.

By-election

An election in an electoral district, between general elections.

Non-election period

This only applies to fixed date general elections, and, for political parties, represents the six-month period preceding the date the writs are issued. For third parties, the non-election period represents the 12-month period preceding the date the writs are issued.

Prohibitions on Pre-Registration Activity

This section explains activities prohibited prior to a constituency association registering under the *Election Finances Act*.

Limitations on financial activity before registration

A constituency association must not engage in financial activities, excluding accepting memberships for \$25 or less, for political purposes before registering with Elections Ontario. Financial activity includes, but is not limited to, accepting contributions and incurring expenses. [Act reference 11(1)]

Roles and Responsibilities

This section explains the roles and responsibilities of a chief financial officer and an auditor of a constituency association.

Chief Financial Officer (CFO)

A chief financial officer (CFO) is a person appointed by a constituency association to record, report and keep financial information in accordance with the *Election Finances Act*. All constituency associations must appoint a CFO before registration.

If the appointment ends for any reason, a new CFO must be appointed immediately and Elections Ontario informed in writing immediately. [Act references 33(1) and 33(3)]

Selecting and appointing a CFO

The obligations of a CFO are significant. Because of the skills required, it is recommended that the CFO have knowledge of accounting or bookkeeping.

A CFO cannot be the auditor of his or her own constituency association. The CFO or auditor of a registered constituency association cannot be a CFO of a third party.

Submit the Constituency Association Registration and Change Notice Form (A-1) to Elections Ontario when appointing a CFO.

Responsibilities of the CFO of a constituency association with an electronic database

The CFO is legally responsible for:

- certifying any changes in registration information reported to Elections Ontario;
- ensuring that all contributions received by the constituency association are recorded in the party's electronic database;
- keeping proper financial records of all income and expenditures, including deposit slips, invoices, etc.;
- ensuring that only eligible contributions are accepted, and corrective action is taken where ineligible contributions have been accepted;
- depositing all funds received in the financial institution on record with Elections Ontario;

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- recording contributions consisting of goods and services at fair market value;
- keeping a list of all contributions received, including name and address of contributors, and submitting the list to Elections Ontario with the financial statements;
- filing the financial statements with Elections Ontario by the deadline dates;
- disclosing financial statements to the chief financial officer of the registered party on a quarterly basis, or upon request;
- processing all payments on time;
- ensuring that funds are borrowed only from eligible sources;
- keeping all financial records for a minimum of six years as recommended by the Canada Revenue Agency (CRA); and
- transferring all financial records to the incoming CFO when leaving the position.

Responsibilities of the CFO of a registered constituency association with no electronic database

The CFO is legally responsible for:

- certifying any changes in registration information reported to Elections Ontario;
- keeping proper financial records of all income and expenditures, including deposit slips, invoices, etc.;
- ensuring that only eligible contributions are accepted, and corrective action is taken where ineligible contributions have been accepted;
- depositing all funds received in the financial institution on record with Elections Ontario;
- recording contributions consisting of goods and services at fair market value;
- keeping a list of all contributions received, including name and address of contributors, and submitting the list to Elections Ontario with the financial statements;

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- issuing tax receipts for the purpose of acknowledging contributions after they have been accepted;
- keeping all required copies of issued, cancelled, and unused tax receipts and cancellation notices;
- filing the financial statements with Elections Ontario by the deadline dates;
- processing all payments on time;
- ensuring that funds are borrowed only from eligible sources;
- keeping all financial records for a minimum of six years as recommended by the Canada Revenue Agency (CRA); and
- transferring all financial records to the incoming CFO when leaving the position.

Auditor

A registered constituency association is required to appoint an auditor within 30 days of receiving at least \$10,000 in contributions or incurring expenses of at least \$10,000, with respect to an election or with respect to a calendar year for which a financial statement is required. [Act reference 40(1)]

An auditor is appointed by a registered constituency association to provide an opinion on whether financial statements fairly present the information contained in the financial records.

Selecting and appointing an auditor

To audit a registered constituency association's annual or campaign period financial statements, an auditor must be a person or firm whose partners living in Ontario are licensed under the *Public Accounting Act, 2004*. [Act reference 40(1.1)]

An auditor for a constituency association cannot be:

- a returning officer or deputy returning officer;
- an election clerk;
- a nomination contestant, candidate or leadership contestant;
- a CFO of a candidate or leadership contestant; or
- a CFO of a registered party or constituency association.

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The partners or the firm with which such a person is associated, is not ineligible to act as an auditor for a constituency association. The appointment of an auditor must be communicated in writing by submitting the Constituency Association Registration and Change Notice Form (A-1) to Elections Ontario.

Responsibilities of the auditor

The auditor must:

- meet with the CFO of the registered constituency association to discuss the audit process well before the filing date to determine cut-off and closing procedures and to agree on a date when the auditor will be given access to all records, documents, books, accounts and vouchers of the constituency association that may be necessary to issue the auditor's report;
- provide an opinion on all annual and campaign period financial statements of the registered constituency association;
- provide an opinion on all supporting schedules of the financial statements of the registered constituency association;
- provide to the registered constituency association the auditor's invoice for the work performed. The CFO must file the invoice with the audited financial statements to Elections Ontario; and
- collect payment from the registered constituency association for the work performed, less any audit subsidy received directly from Elections Ontario.

Registration

This section explains the process and forms to register a constituency association, update changes in registration information, and deregistration.

A constituency association needs to register with Elections Ontario in order to:

- receive contributions and issue tax receipts to its contributors; and
- finance its political activities.

Pre-registration requirements

The following text explains the registration requirements prior to submitting a constituency association registration form.

Appointing a CFO

A constituency association must appoint a CFO before registering with Elections Ontario.

Refer to the Roles and Responsibilities section (previously described), which explains their duties.

Political party requirements

As a constituency association endorsed by a registered political party, there may be certain preregistration requirements specific to the political party that must be met. Consult with your political party for any requirements.

Contents of application and filing methods

The following text explains completing and submitting a constituency association registration form.

Application form

The registration requirements are listed within the Constituency Association Registration and Change Notice Form (A-1) and the Form Completion Guide and requires, among other things, information at the time of making the application regarding the officers of the constituency association and the appointment of the CFO. The Form A-1 must be submitted at the time of application for registration. [Act reference 11(2)]

Statement of assets and liabilities

As part of its application for registration, the CFO of the constituency association must provide Elections Ontario with a Statement of Assets and Liabilities as of a date within 90 days of the date of its application for registration.

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This initial statement is not required to be audited. However, it must be attested to by the CFO of the constituency association and the attestation must be witnessed.

Refer to the Form Completion Guide for details to be included within the statement of assets and liabilities.

Endorsement by political party

The registered political party endorsing the constituency association must certify the endorsement as part of the application for registration. A party official must either sign the Constituency Association Registration and Change Notice Form (A-1) or, if endorsing multiple constituency associations at the same time, submit a letter of endorsement. The letter of endorsement must be sent to Elections Ontario stating the constituency association endorsed by the political party.

Application filing methods

The completed and signed Constituency Association Registration and Change Notice Form (A-1) can be sent to Elections Ontario by any delivery method so long as the application is complete. Examples of accepted delivery methods include mail, fax, email, or hand delivery.

Effective date of registration

Elections Ontario will register the constituency association upon approval of the registration application, providing the registration form is complete and signed.

Elections Ontario will send written confirmation of registration to the constituency association and the political party endorsing the association. Elections Ontario will provide training materials and other information for the ongoing operations of the registered constituency association. [Act reference 11(3)]

Bank Account – name of account

The *Election Finances Act* does not specify the exact wording for the name of a bank account for an entity. Each registered entity must open a bank account to be used for all financial activity of the entity.

We recommend that the name on the account should be clearly identified as an account for that entity.

The Act does not specify the type of account that must be opened, but typically, it would be similar to an account for a non-profit organization.

Consult with your financial institution regarding their requirements for opening an account.

Change in registration information

The following text explains how to affect changes in registration information.

Written notice of changes

Whenever there is any change of registration information, a registered constituency association must provide written notice of the change to Elections Ontario within 30 days by filing a revised Constituency Association Registration and Change Notice Form (A-1). The revised form must be signed by the CFO and President (or equivalent).

A change in registration information includes a change to:

- the full name of the registered constituency association and of the registered political party endorsing it;
- the CFO of a registered constituency association;
- the auditor (if applicable) of a registered constituency association;
- the principal officers of a registered constituency association;
- the persons authorized by a registered constituency association to accept contributions;
- the address of the place or places in Ontario where records of a registered constituency association are kept and of the place in Ontario to which communications may be addressed;
- the name and address of every financial institution at which a bank account is held by a registered constituency association for holding contributions; and
- the signing officers responsible for each bank account.

Any change to the information provided in the original statement of assets and liabilities is not considered a change in registration information and should not be reported as such. [Act reference 11(4)]

Change in CFO

When there is a change in CFO, the registered constituency association must immediately appoint another CFO and file a revised Constituency Association Registration and Change Notice Form (A-1), containing the name, address, and telephone number of the new CFO. [Act reference 33(3)]

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For a change in CFO, the revised form must be signed by the incoming CFO and president (or equivalent).

In addition, where there is a change in CFO, the person accepting the appointment shall receive the following documents from the outgoing CFO:

- the financial records of the registered constituency association;
- the complete supply of tax receipt forms provided by Elections Ontario (where an electronic database is not used to issue tax receipts). The outgoing CFO also has the option of returning the supply of tax receipt forms to Elections Ontario who will then issue a new supply of tax receipt forms to the incoming CFO; and
- a reconciliation of used and unused tax receipts (where an electronic database is not used to issue tax receipts) from the date the last financial statements were filed with Elections Ontario to the date the transfer of responsibility is effective.

If these documents are not provided, the new CFO must write to advise Elections Ontario of the steps taken to secure the documents.

Responsibility for notification

The responsibility for notifying Elections Ontario of changes in registration information lies with the registered constituency association. Elections Ontario will rely and act on information submitted by the president or equivalent and CFO last on record with Elections Ontario.

Deregistration

The following text explains the three types of deregistration that apply to a constituency association.

Types of deregistration

There are three types of deregistration of a registered constituency association:

- voluntary deregistration;
- discretionary deregistration; and
- mandatory deregistration.

Voluntary deregistration

A registered constituency association may address a request in writing to Elections Ontario to be deregistered. [Act reference 12(1)]

Discretionary deregistration by Elections Ontario

Elections Ontario may deregister a registered constituency association where:

- the registered constituency association fails to immediately appoint a CFO or fails to inform Elections Ontario in writing within 30 days of any change in registration information; or
- the CFO of the registered constituency association fails to file complete annual or campaign period financial statements.

[Act reference 12(2)]

For discretionary deregistration, the notice of proposal process is as follows:

- Elections Ontario will send notice of the proposal with written reasons to the registered constituency association by registered mail; [Act reference 12(4)]
- A registered constituency association that receives the above notice may, within 30 days after the notice is sent, make a written request to Elections Ontario to review the proposal; [Act reference 12(4.1)]
- On receiving the request, Elections Ontario must review the proposal and give the registered constituency association an opportunity to make representations to Elections Ontario; [Act reference 12(4.2)]
- Following the review, Elections Ontario may decide to withdraw the proposal or to carry it out, and must give written notice of the decision to the registered constituency association; and [Act reference 12(4.3)]
- If Elections Ontario does not receive a request for review from the registered constituency association within 30 days, the association will be deregistered.

Mandatory deregistration by Elections Ontario

Elections Ontario will deregister a registered political party where fewer than two candidates are nominated by the party or its constituency associations at a general election.

Where a political party is deregistered, the registered constituency associations of such political party are thereby also deregistered. [Act reference 12(5)]

Consequences of deregistration

The following text explains the consequences of a constituency association's deregistration.

Filing requirements for a deregistered constituency association

When a registered constituency association applies for voluntary deregistration or is deregistered, the CFO must file the following with Elections Ontario:

- financial statements for the current period up to the date of deregistration;
- for discretionary deregistration, financial statements for all previous periods for which financial statements are outstanding; and
- for constituency associations where manual tax receipts are issued, all used and unused tax receipts.

[Act references 12(9), 25(2), 41 and 42]

Constituency association's funds upon deregistration

When a registered constituency association applies for voluntary deregistration, the association can transfer its funds to its affiliated political party or any registered constituency association of its affiliated political party prior to applying for deregistration. Any funds that remain upon deregistration must be paid to Elections Ontario.

When a registered constituency association is deregistered, all its funds that are not required to pay outstanding debts must be paid to Elections Ontario, who will hold them in trust for the constituency association. [Act reference 12(8)]

If the constituency association does not become reregistered within two years after its deregistration, the funds become the property of the affiliated political party. [Act reference 12(8)]

Reregistration for a deregistered constituency association

A constituency association deregistered as a result of failure to meet financial statement reporting requirements may not apply for reregistration until all financial statements and supporting documentation up to the date of deregistration have been filed with and approved by Elections Ontario. To reregister, the constituency association must go through the entire registration process again beginning from submitting the registration form. [Act reference 12(6)]

Holding a Nomination Contest

This section explains the requirements of holding a nomination contest and the treatment of surplus funds.

Notice of nomination contest

A registered political party or registered constituency association that proposes to hold a nomination contest shall file with Elections Ontario a statement setting out the date of the official call of the nomination contest and the date fixed for the vote (Form NC-2). [Act reference 12.1(2)]

Nomination contestant registration is only permitted once Elections Ontario has been notified of the nomination contest. A person who actively engages in the contest must register with Elections Ontario as soon as Elections Ontario is advised that a contest is taking place (Form NC-1).

If notification is provided late, before the contest concludes, the registration requirements may be applied at the discretion of Elections Ontario.

If Elections Ontario is not notified of the contest being held, or if Elections Ontario is notified after the contest is held, the matter is an infringement of the Act and the party or constituency association, its officials and the contestants may be referred to the Ministry of the Attorney General by the Chief Electoral Officer.

Refer to the Nomination Contestant handbook for requirements of a nomination contestant.

Surplus funds

After a candidate is selected for an electoral district, and there is a surplus of funds, the contestant(s) shall pay the surplus funds to the relevant constituency association or political party. In the event the nomination contestant is selected as the candidate for the electoral district, then the individual may opt to transfer the excess funds into the depository for contributions as a candidate. [Act reference 12.1(7)]

Contributions

This section explains administering contributions: the sources, limits, types, and disclosure for a constituency association.

Contributions are money, goods, or services given to a registered constituency association for the purposes outlined in the *Election Finances Act*. Contributions are one part of total income that is used in a registered constituency association's operations. There are restrictions as to the source, amount and form of contributions. In addition, there are recording and reporting requirements for contributions.

Contributions may only be made by individuals normally resident in Ontario, using their own funds.

Contributions do not include:

- any money, goods or services solicited by or donated to a constituency association by political party, leadership contestant, candidate, or nomination contestant not registered under the Act. [Act references 10(1), 11(1), 12.1(1), 13(2), and 14(1)];
- membership fees less than \$25, if the registered constituency association has opted not to include this fee amount as a contribution in their policies; and
- any goods produced, or services performed, for any registered constituency association, by voluntary labour.

For the purposes of contributions, 'voluntary labour' is defined as any service provided free of charge by a person outside their working hours. It does not include a person providing the voluntary labour who is self-employed and the service is one that is normally charged for by that person.

In any calendar year all the goods and services contributed by a person and having an aggregate value of \$100 or less, may not be considered as a contribution, at the option of the person providing the goods or services. Refer to the Goods and services section under Non-monetary contributions.

Eligible contributions

Only contributions solicited for the purposes of the *Election Finances Act* will be considered to be a contribution. Purposes of the Act are interpreted by Elections Ontario to be activities related to electing a candidate to the Legislative Assembly of Ontario and incidental activities necessary.

Contributions must be made using the contributor's own funds. Contributions may only be made by individuals normally resident in Ontario using their own funds. [Act reference 19(1)]

For guidance on contributions received from fund-raising events, refer to the section on Fund-raising.

Literature and communication used to solicit contributions

All literature and communication used to solicit contributions by or on behalf of a registered constituency association must clearly identify the constituency association receiving the contribution.

Sources of contributions

The following text explains sources of political contributions.

Eligible contributors

In order to be considered an eligible contributor, the person must be defined as either:

- a person who is normally resident in Ontario, including a person serving in the armed forces, diplomatic service, or similar type of employment abroad if that person's normal home is in Ontario; or
- a deceased person's estate.

Contributions from an affiliated political organization are considered eligible. Refer to the section on Contributions from affiliated political organizations, below.

No constituency association registered under the Act shall accept a contribution made in contravention of the above. [Act references 16(1), 16(4), and 29(1)]

Certain contributions by estate

An estate may make contributions to constituency associations, and for the purposes of those contributions, the estate is deemed to be one person.

Contributions from trade unions, corporations, unincorporated associations, and organizations

Contributions to a constituency association registered under the Act through any trade union, corporation, unincorporated association or organization are not permissible.

Contributions from affiliated political organizations

An affiliated political organization is an organization within or associated with a registered political party, such as a youth group or other group of party members, which is recognized, endorsed or supported by the political party or one or more of its registered constituency associations. [Act reference 26(4)]

An affiliated political organization may make a contribution to the political party with which it is affiliated, a constituency association with which it is affiliated, and a candidate endorsed as an official candidate by the affiliated political party or constituency association. [Act reference 26(3)]

An affiliated political organization may also hold specific fund-raising events under the sponsorship of the affiliated constituency association provided that the entire proceeds and a statement of income and expenses of each event are turned over to the constituency association's CFO.

No affiliated political organization may accept a contribution from any person or entity other than its affiliated political party or constituency association. [Act reference 26(3.1)]

Source of contributor's funds

No registered constituency association or person acting on its behalf may solicit or knowingly accept any contribution that is not made in the contributor's own funds. [Act reference 19(2)]

Example:

If a contributor attends a fund-raising event, that person must pay for the ticket from his or her own funds and must not be reimbursed for that payment.

For guidance on contributions received from fund-raising events, refer to the section on Fund-raising.

Ineligible contributions

The following text explains ineligible contributors, and anonymous and conditional contributions.

Ineligible contributors

No registered constituency association may directly or indirectly knowingly accept contributions from an ineligible contributor. [Act reference 29(1)]

Ineligible contributors to a registered constituency association include, but are not limited to:

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- any source outside Ontario;
- registered charities;
- any corporation or trade union;
- any person normally resident outside Ontario;
- members of the House of Commons living in Ontario but representing an electoral district outside Ontario;
- federal political parties or constituency associations; and
- political parties or constituency associations from other provinces.

Anonymous contributions

A registered constituency association must not accept anonymous contributions.

A registered constituency association must return anonymous contributions to the contributor. If the contributor cannot be identified, the funds must be paid to Elections Ontario. [Act reference 17(2)]

Conditional contributions

A registered constituency association may accept directed contributions so long as they are for the general or specific purposes of the constituency association.

Examples:

- A contributor gives \$100 with the direction that it be used to place an advertisement in a newspaper; this is an acceptable contribution.
- A contributor gives funds to cover fees for meetings, seminars, workshops, or conferences that are sponsored by the political party and held in Ontario; this is an acceptable contribution.

However, a registered constituency association must not solicit or accept directed contributions that would contravene the *Election Finances Act*.

Examples:

- If a potential contributor instructs that funds equivalent to the contribution be ultimately transferred to a registered constituency association or candidate such that the contribution limit of the constituency association or candidate would be exceeded, this is considered a directed contribution contrary to the *Election Finances Act* and must not be accepted.

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- If a potential contributor instructs that funds solicited are to be used for purposes outside of the *Election Finances Act* (for example, Save the Whales) or purposes specifically prohibited (for example, leadership contests), these are considered directed contributions contrary to the *Election Finances Act* and must not be accepted.

A registered constituency association must also not accept conditional contributions. A conditional contribution is where the contributor, as a condition of making the contribution, requires the recipient to give the contributor a material benefit in return as well as a tax receipt.

Example:

A contributor cannot donate \$200 on the condition that the recipient purchase a bicycle using those funds to give to the contributor.

Contribution limits

There are limits on contributions that may be accepted by a registered constituency association. All eligible contributors to a registered constituency association are subject to the same limits.

Contribution limits apply to the total of monetary and goods and services contributions from any single source. No registered constituency association or person acting on its behalf may knowingly accept any contributions in excess of the limits imposed by the *Election Finances Act*. [Act reference 18(1.1)]

In the 2022 calendar year, a person can contribute up to a limit of \$3,325. This \$3,325 limit is aggregated across all registered constituency associations and nomination contestants of any one registered party.

Should the contribution limit be exceeded in any year, the amount of the excess contribution must be returned to the contributor or, if it cannot be returned, then remitted to Elections Ontario. [Act reference 17(2)]

2022 Contribution Limits to Constituency Associations & Nomination Contestants

Source	Period	Contribution Limit	Recipients Included in the Limit
Individual contributor using own funds	Calendar year (including all campaign periods in that year)	\$3,325	All constituency associations for a party and all nomination contestants for that party

Examples:

- Suyin may contribute an amount up to \$3,325 to constituency associations of one political party in 2022. If Suyin does this, she will not be able to contribute to any nomination contestants of that party in 2022 because she has reached the 2022 contribution limit.
- Rahul may contribute an amount up to \$3,325 to nomination contestants of one political party in 2022. If Rahul does this, he will not be able to contribute to any constituency associations of that party in 2022 because he has reached the 2022 contribution limit.
- Daniel may contribute an amount up to \$3,325 to constituency associations and nomination contestants of one political party in 2022. If Daniel does this, he cannot make any further contributions to constituency associations and nomination contestants of that party in 2022 because he has reached the 2022 contribution limit.

Monetary contributions

A monetary contribution to a registered constituency association of up to \$25 may be given in cash. Any monetary contribution of more than \$25 shall not be contributed through cash. Such contributions must be made by any modern financial practice where the contributor and their account information can be confirmed. Such practices include payment by cheque, credit card, E-transfer, money order signed by the contributor, debit card, online payment (e.g. PayPal) or cryptocurrency (e.g. Bitcoin). [Act reference 16(2)]

Non-monetary contributions

The following text explains non-monetary contributions: good and services.

Goods and services

All goods or services provided by an individual are considered a contribution with an offsetting expense if their annual total value is more than \$100. If the

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annual total value is \$100 or less, it is also considered a contribution unless the donor specifies otherwise. Goods or services not considered a contribution are recorded as other income with an offsetting expense. [Act reference 21(2)]

Whenever goods or services have been provided, whether or not considered to be a contribution for the purposes of the *Election Finances Act*, an expense in the equivalent fair market value is considered to have been incurred.

An exception, where goods and services are not considered to be a contribution, is when goods and services are produced by voluntary labour, which are not paid for by the registered constituency association. [Act reference 1(1)] For more information, refer to the section on ‘voluntary labour’ in the Non-Contribution Income.

Examples:

- Rahul brought pizza totaling \$30 to the constituency association’s meeting held in August 2022. Since the fair market value of the pizza is less than \$100, the CFO of the constituency association must ask Rahul if he would like to treat the donation of pizza as a contribution, for which Rahul would be issued a tax receipt for goods and services. Rahul does not want the pizza to be considered a contribution.

Rahul also shows up at another meeting in September 2022 with pizza totaling \$40 for which he also does not treat as a contribution.

In October 2022, Rahul purchases office supplies totaling \$40 for the constituency association. Rahul has now provided goods totaling \$110 for the constituency association. The CFO for the constituency association must now inform Rahul that his donations of pizza and office supplies has exceeded the \$100 threshold and the total \$110 must now be considered a contribution of goods and services and a tax receipt for \$110 will be issued to Rahul.

- Suyin is a bookkeeper who provides bookkeeping services to ABCD constituency association in 2022. The fair market value of her services is \$400 for the year, since the fair market value exceeds \$100 for that year. The CFO for ABCD constituency association must consider Suyin’s bookkeeping services as a contribution of goods and services and a tax receipt for \$400 will be issued to Suyin.

The following is the exception, and is not considered a contribution:

- goods produced by voluntary labour, which are not paid for by the registered constituency association. [Act reference 1(1)]

Value of goods and services

The value of goods and services is considered to be the fair market value for similar goods and services at the time they are provided.

If the contributor is in the business of supplying such goods and services, fair market value is the lowest amount charged by the contributor for an equivalent amount of goods and services at the same time and in the same market area.

Where the contributor is not in the business of supplying such goods and services, fair market value is the lowest amount charged at the same time by any other person providing similar goods on a commercial retail basis or similar services on a commercial basis in the same market area. [Act reference 21(1)]

If the goods and services contributed has an aggregate fair market value of \$100 or less, the contributor has the option to not have it considered as a contribution.

Goods and services provided for less than fair market value

Where goods and services are provided for a price less than fair market value, including goods and services that are not paid for or where there is an agreement not to accept payment, the difference between the price and fair market value must be considered a contribution. [Act reference 21(3)]

However, the rules regarding the eligibility of contributors still apply.

Payment of suppliers

All suppliers must be paid promptly within the normal credit terms as provided by the supplier. Any delay in payment may also be considered an ineligible contribution or an ineligible loan.

Supporting documentation for goods and services

All contributions of goods and services must be supported by an invoice, statement of account, or receipt from the supplier of the goods and services. [Act reference 38(7)]

Fees for certain meetings may be considered a contribution

Funds given to a registered political party or constituency association covering fees for meetings, seminars, workshops or conferences, provided that such events are sponsored by the political party or constituency association, and are held in Ontario, may be considered a contribution and are eligible for a tax receipt subject to the maximum contribution limit.

Attendance at such events is considered to be part of the Ontario political process and, therefore, such contributions are accepted for the purposes set forth in the *Election Finances Act*. Where the registration fee includes hotel, meal and travel costs, the entire amount of the fee may be considered to be a contribution subject to the maximum contribution limit.

Administering contributions

The following text explains accepting, recording, receipting, returning and reporting contributions.

Accepting contributions

The following text explains accepting and depositing contributions.

Deposit of contributions

A constituency association may accept contributions only if it is registered with Elections Ontario.

Contributions will be considered accepted:

- if paid by cash, cheque, E-transfer, cryptocurrency (e.g. Bitcoin), money order, or debit card, at the time the contributions are deposited in the financial institution on record with Elections Ontario; or
- if paid by credit card, online payment (e.g. PayPal) or any other manner that associates the contributor's name and account with the payment, on the date of the transaction.

All money collected by or on behalf of a registered constituency association must be deposited. [Act reference 16(3)]

Contributions received in an envelope postmarked prior to the end of a reporting period, or received on the last day of a reporting period that cannot be deposited because the financial institution is closed, must be recorded as an outstanding bank account deposit on the last day of the reporting period. Each outstanding deposit must be deposited on the next available banking day.

Persons authorized to accept contributions

Only the CFO or other authorized persons noted on the Constituency Association Registration and Change Notice Form (A-1) filed with Elections Ontario may accept contributions. While the *Election Finances Act* permits other authorized persons on record to accept contributions, it is the CFO's responsibility to ensure that only eligible contributions are accepted and appropriately recorded.

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Any contributions collected by others, for example, by means of a door-to-door canvass, must be turned over immediately to the CFO or other persons on record with Elections Ontario, along with a list of the names and addresses of the contributors and the amounts of their individual contributions.

Recording of contributions

All contributions accepted on behalf of a registered constituency association must be recorded by the CFO.

Use of electronic database for recording contributions and issuing tax receipts

If the registered political party endorsing a registered constituency association is required or has chosen to use an electronic database for recording contributions and issuing tax receipts, refer to the Electronic Database section which details requirements for recording and reporting contributions for the constituency association. The political party will also have its own requirements for the electronic database which the constituency association must be aware of.

The CFO of registered constituency associations shall not issue receipts for contributions. Instead, the CFO of the registered party is responsible for ensuring that receipts are issued to the contributor.

Receipting of contributions

All contributions accepted by a registered constituency association must have a tax receipt issued by the CFO. Refer to the Tax Receipts section for further details on receipting of contributions.

Return of contributions

A CFO may learn that a contribution has been made or accepted in contravention of any provisions of the *Election Finances Act*. These contraventions may include, but are not limited to:

- contributions from unidentifiable or anonymous sources;
- contributions from ineligible sources;
- contributions in excess of the limits provided in the *Election Finances Act*;
- cash contributions in excess of \$25;
- contributions of funds not belonging to the contributor;
- contributions of funds from a federal political party or its organizations; or

- contributions of funds from a municipal candidate.

In these cases, the CFO must return to the contributor an amount equal to the sum contributed within 30 days. [Act reference 17(1)]

Any such contribution not returned to the contributor or any anonymous contribution accepted by a registered constituency association must not be used for any purpose and must be paid to Elections Ontario. [Act reference 17(2)]

Since any money returned is not used for a political purpose, the contributor is not entitled to a tax receipt for the portion of the contribution returned. Therefore, any issued tax receipt must be cancelled.

Refer to the Tax Receipts section for further details on cancelling tax receipts. [Act reference 17(1)]

Reporting of contributions

The following text explains the requirement to disclosure contributions with filed financial statements.

Public disclosure

It is recommended that contributors donating more than \$200 be notified that their names and addresses will be recorded and submitted with the financial statements, and that their names and amounts will be published by Elections Ontario on the Elections Ontario website. [Act reference 2(1)]

Reporting on financial statements

All the recorded information for contributions during any year, except campaign contributions, must be reported with the annual financial statements to be filed with Elections Ontario.

All the recorded information for contributions specific to a campaign must be reported in the campaign period financial statement filed with Elections Ontario.

Contributions accepted by a political party on behalf of a constituency association (agency contributions)

The following text explains contributions accepted on behalf of a constituency association by the political party.

Contributions eligible to be accepted by a political party

A registered political party may accept contributions of money (but not goods and services) on behalf of its registered constituency associations. These monetary contributions are referred to as “agency contributions”.

Responsibility of CFO of constituency association

The registered constituency association's CFO must:

- ensure every agency contribution accepted by the constituency association's political party is recorded in the financial statements of the constituency association that include the date the contribution was received by the registered political party;
- include the details of agency contributions with details of contributions received directly in compiling the list of contributors whose contributions total more than \$200, which is a part of the financial statements filed with Elections Ontario; and
- ensure that contributions, including agency contributions, received from a single source do not exceed the contribution limit provided under the *Election Finances Act*.

When the financial statements are being prepared, the registered constituency association's CFO must determine whether the registered political party's CFO has agency contributions on hand that have not yet been forwarded to ensure completeness of reporting. Any agency contributions not yet forwarded must be forwarded immediately by the political party and reported as part of contributions received by the constituency association.

Tax Receipts

This section explains obtaining and processing tax receipts for contributions to a constituency association.

A tax receipt is issued for every contribution to a registered constituency association. Even a donor who wants a contribution of goods or services of an amount of less than \$100 treated as a contribution is entitled to receive a receipt. [Act reference 25(1)]

The CFO of a registered constituency association is responsible for issuing proper tax receipts for all eligible contributions.

Only tax receipt forms provided by Elections Ontario may be used for tax purposes.

Use of electronic database for recording contributions and issuing tax receipts

If the registered political party endorsing a registered constituency association is required or has chosen to use an electronic database for recording contributions and issuing tax receipts, refer to the Electronic Database section which details requirements for issuing electronic tax receipts for the constituency association. The political party will also have its own requirements for the electronic database which the constituency association must be aware of.

Obtaining tax receipts

Elections Ontario will supply blank tax receipts to the CFO of a registered constituency association upon request. Only the CFO or authorized persons on record with Elections Ontario may request blank tax receipts.

The request can occur either by mail, email or phone. The following information must be included in a request for tax receipt forms.

- the number of receipts requested;
- the format of receipts requested (there are two different formats of receipts available):
 - handwritten three-part receipts; or
 - printable receipts (Elections Ontario does not provide any software or templates for printing receipts); and
- address and telephone number of where the receipts shall be sent. Note that a signature is required upon delivery by courier.

Issuing tax receipts

The following text explains issuing tax receipts.

Who can issue tax receipts?

Only CFOs or persons authorized to accept contributions on record with Elections Ontario can issue and sign tax receipt forms. [Act reference 33(4)(c)]

When to issue tax receipts?

Tax receipts may be issued only once the contribution has been accepted. It is recommended that contributed funds clear the bank prior to issuing a tax receipt.

It is recommended that tax receipts be issued by the end of February for the prior year contributions so contributors have enough time to complete their income tax return. Tax receipts may be issued at any time, though experience has shown that contributors who are issued tax receipts too far in advance of their tax filings may misplace their receipts.

Information on tax receipts

A sample tax receipt appears as follows, with descriptions of the fields below:

The image shows a sample tax receipt form from Elections Ontario. The form is pink and contains the following fields and text:

- Logo:** Ontario coat of arms with the word "Ontario" below it.
- Header:** "ELECTIONS ONTARIO" and "OFFICIAL RECEIPT / RÉCÉPISSÉ OFFICIEL".
- Date accepted/ Date de l'acceptation:** Fields for Day, Month, and Year.
- Date issued/ Date de l'émission:** Fields for Day, Month, and Year.
- Amount received/ Montant reçu:** A field with a decimal point and a space for a dollar sign.
- From/De:** Radio button options for "Individual/particulier", "Monetary/monnaie", and "Goods/Services/Advertising/articles/services/publicité".
- Signature line:** A dashed line for the signature of the Chief Financial Officer / directeur des finances.
- Full Name - Individual / Mailing address / Nom complet du particulier / Adresse postale:** A large text area for the recipient's information.
- Footer:** "08/2017", "See over / Voir au verso", and "CONTRIBUTOR'S COPY / COPIE DU DONATEUR".

The following information is to be included on all tax receipts issued:

- date of acceptance of contribution (date of deposit or transaction);
- date of issuance of tax receipt (date of writing or printing receipt);
- amount of contribution (a dollar sign (\$) must appear immediately to the left of the first digit);

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- form of contribution (monetary or goods and services);
- full name and address of contributor;
- name of issuing registered constituency association; and
- signature of CFO or authorized person.

Electronic signatures are acceptable on tax receipts. The CFO must accept full personal responsibility for all documents that have either an electronic or manual signature.

Tax receipts for agency contributions

A contribution accepted by a registered political party on behalf of a registered constituency association must be acknowledged by a receipt in the name of the particular constituency association as specified by the contributor.

It is the responsibility of the registered political party's CFO to issue receipts for such agency contributions.

Cancellation of tax receipts

Any tax receipt issued and sent for an ineligible contribution must be cancelled after learning of its ineligibility by:

- retrieving the contributor's copy of the original receipt for cancellation; or
- issuing a cancellation notice to the contributor within 30 days to cancel the original receipt.

If the original receipt cannot be retrieved for cancellation and a cancellation notice cannot be issued, the amount of the contribution must be remitted to Elections Ontario.

Voided tax receipts include unissued receipts completed with errors, jammed in printers, or formatted incorrectly. Any voided tax receipt must not be destroyed but be kept by the registered constituency association to be submitted to Elections Ontario.

Process for lost contributor's copy of tax receipts

If a contributor's copy of an issued tax receipt is lost, the CFO may provide the contributor with a photocopy of the CFO's original tax receipt. The photocopy will have the words "Certified True Copy" on it and a new signature by the CFO.

Reporting and submitting tax receipts

As part of the financial statements, the CFO of a registered constituency association must submit the following to Elections Ontario:

- for all valid issued tax receipts, Elections Ontario’s copy of the tax receipts;
- for cancelled tax receipts where the contributor’s copies were recovered, the contributor’s and Election Ontario’s copy of the tax receipts, both marked “cancelled”;
- for cancelled tax receipts where cancellation notices were issued, Elections Ontario’s copy of the tax receipts and a copy of the tax receipt cancellation notice;
- for voided tax receipts, the contributor’s and Election Ontario’s copy of the tax receipts; and
- a reconciliation of the change in number of tax receipts during the period, including the receipt numbers.

All copies of tax receipts and cancellation notices for submission to Elections Ontario must be submitted only with the annual or campaign period financial statements unless requested otherwise.

Keeping tax receipts

The registered constituency association’s CFO is responsible to Elections Ontario for each supply of tax receipts.

Tax receipt forms are valuable documents. They are to be stored in a secure place and proper records kept by the CFO. It is strongly recommended that tax receipts be held by the CFO.

An outgoing CFO must either provide the unused supply of tax receipt forms to the incoming CFO or return the supply to Elections Ontario.

Returning tax receipts

A registered constituency association must return tax receipt forms, whether used or unused, to Elections Ontario immediately on receiving a written request to do so.

The unused supply of tax receipt forms of a registered constituency association must be returned to Elections Ontario upon deregistration.

Tax credits for individuals

Individuals must include a tax receipt with their tax returns in order to claim the tax credit.

The tax credit discussed in this section is only for political contributions to registered Ontario political parties, constituency associations, leadership contestants and candidates. The tax credit is separate from the tax benefits available for contributions to federal political parties or charitable organizations.

If you need assistance, consult your tax adviser or the Canada Revenue Agency (CRA).

Electronic Database

This section is to assist constituency associations of registered political parties that are required to, or choose to, use an electronic database for recording contributions and issuing tax receipts.

Registered political parties may be required to, or choose to, use an electronic database for recording contributions and issuing tax receipts. [Act reference 25.1(1)]

If the registered political party endorsing a registered constituency association is using an electronic database, the constituency association must also use the electronic database for recording contributions and issuing tax receipts. The only exception is where the political party has chosen to opt in early with use of the electronic database and has selected to not have its constituency associations comply.

Recording of contributions

The CFO of a registered constituency association is responsible for ensuring all contributions received by the constituency association are recorded in the registered political party's electronic database. This may be done by:

- having direct access to the registered political party's electronic database to record the contribution; or
- sending supporting documentation of the contribution to the registered political party to allow the political party to record the contribution in the political party's electronic database.

[Act reference 25.1(3)]

If the CFO of the registered constituency association inputs the contribution information directly into the political party's electronic database, all contribution information and supporting documentation must be sent regularly to the registered political party or immediately upon the registered political party's request.

Issuing tax receipts

The CFO of the registered political party is responsible for issuing tax receipts for contributions recorded in the electronic database for the political party, its constituency associations, and its candidates. [Act reference 25.1(5)]

However, it is recommended that CFOs of constituency associations using the registered political party's electronic database understand the processes and internal controls set up by the political party for the review and approval of

contribution information in the electronic database before issuing tax receipts.

The CFOs of constituency associations using an electronic database must not issue tax receipts for contributions. [Act reference 25.1(6)]

Contribution reporting from political party

In order for CFOs of registered constituency associations to complete the required financial statements and for audit purposes, the registered political party is required to provide contribution reporting to the CFO of each registered constituency association.

The CFO of each registered constituency association should receive contribution reporting from the political party:

- on a regular basis; or
- as requested by the CFO of the constituency association.

The registered political party will determine the frequency of the reporting by consulting with the constituency associations to meet their reporting and record-keeping needs.

Based on the contribution reporting provided by the registered political party, the CFO of the constituency association must ensure all contributions received by the constituency association have been recorded in the political party's electronic database.

Non-Contribution Income

This section explains other forms of income that are not considered to be contributions.

In Ontario, other forms of income may be received by a registered constituency association and not considered to be a contribution. These include the non-contribution portion of proceeds from fund-raising, general collections at meetings, membership fees, goods and services not considered a contribution, transfers, interest income, candidates' surplus, nomination contestants' surplus, and other income.

Political events

Refer to the Political events section for rules and requirements on fund-raising events.

Collection of money at meetings

Where funds are collected for a registered constituency association at a meeting, amounts of \$10 or less per person may be given and not be considered contributions. The gross amount collected from each meeting must be separately recorded and reported to Elections Ontario as part of the financial statements. [Act reference 24]

Only funds collected at meetings may be considered non-contribution income. Funds collected at any other event must be treated as contribution income and receipted accordingly, regardless of the amount.

Annual membership fees

An annual membership fee paid for membership in a registered constituency association must be treated as a contribution unless:

- the total fee paid to the registered constituency association does not exceed \$25 per person; and
- the registered constituency association keeps a membership list indicating the amount, expiry date of membership and allocation of fees paid by each member.

The registered constituency association must have a documented policy on how it will treat membership fees. It must be consistent in the amount charged for membership fees and whether fees under \$25 are to be treated as a contribution. The total amount of membership fees greater than \$25 must be treated as a contribution.

In the case of family memberships, the total family membership fee divided by the family members included in the fee must not exceed \$25 per person in order to not be considered a contribution.

Annual membership fees must be recorded and reported to Elections Ontario as part of the financial statements.

Goods and services supplied

Goods and services provided to a registered constituency association must be treated as a contribution unless the total value of all goods and services provided by the supplier in a calendar year is \$100 or less, and the supplier indicates that the value is not to be considered a contribution. Goods and services not considered a contribution must be recorded as other income and reported to Elections Ontario as part of the financial statements. [Act reference 21(2)]

Voluntary labour

Under the Act, “voluntary labour” is defined as any service provided free of charge by a person outside their working hours, but does not include such a service provided by a self-employed person if that service is normally charged for by that person. Any goods or services provided to any constituency association by voluntary labour is not considered as contribution under the Act.

Transfers

The following text explains allowable and prohibited transfers applicable to a constituency association.

Transfers between a political party, its constituency associations, and its candidates

A registered political party, its constituency associations, and its candidates may transfer or accept funds, goods, and services.

These transactions must be considered transfers as opposed to contributions. [Act reference 27]

Prohibited transfers

A registered constituency association must not directly or indirectly transfer funds to a political party, constituency association, candidate or nomination contestant not registered with Elections Ontario.

A registered constituency association must not directly or indirectly transfer funds to or from a registered leadership contestant.

A registered constituency association must not directly or indirectly transfer or contribute funds to any federal political party, constituency association or candidate in a federal election under the *Canada Election Act*.

A registered constituency association must not directly or indirectly transfer or contribute funds to any candidate in a municipal election under the *Municipal Elections Act, 1996*. [Act reference 29(1.2)]

Recording of transfers

The registered political party, constituency association or candidate making the transfer must indicate to the recipient that the transaction is to be treated as a transfer. This will ensure consistent treatment for reporting to Elections Ontario as part of the financial statements.

The source and amount of funds, goods, or services transferred must be recorded by the registered constituency association's CFO. Where goods and services are received, the transaction in the recipient's records must reflect the fair market value of the goods and services as a transfer received with the same amount recorded as an expense.

Interest income

Interest income is any interest earned on deposits or investments. Interest income must be recorded and reported to Elections Ontario as part of the financial statements.

Nomination contestants' surplus

After a candidate is selected for an electoral district, and there is a surplus of funds, the contestant(s) shall pay the surplus funds to the relevant constituency association or political party. In the event the nomination contestant is selected as the candidate for the electoral district, then the individual may opt to transfer the excess funds into the depository for contributions as a candidate. [Act reference 12.1(7)]

Candidates' surplus

For a registered candidate's campaign, any surplus remaining is to be transferred to the registered political party or constituency association endorsing the candidate. The amount of the surplus must be recorded as income by that political party or constituency association. [Act reference 44(5)(a)]

Candidates' surplus must be recorded and reported to Elections Ontario as part of the financial statements.

Other income

Other income includes income not classified elsewhere, such as recoveries, goods and services not considered contributions, and gains on disposals of investments or fixed assets.

In addition, donations solicited for purposes outside the *Election Finances Act* are recorded as other income and do not qualify for a tax receipt.

Example:

Over the years, Elections Ontario has ruled in a variety of cases that certain contributions are not solicited for purposes within the *Election Finances Act*. Such specific purposes include to assist refugees, to finance candidates at a municipal election, to provide landscaping for a public park, to fund advertising for “peace education”, to fund a candidate running for an office within a political party, to foster improved relations with Latin America, to support the YES Committee in the federal referendum, and to pay legal costs for an officer of a constituency association in defending a lawsuit.

Quarterly allowances

Elections Ontario shall determine an allowance payable to each qualifying registered constituency association for each quarter of a calendar year starting from the year 2017 and ending at the end of the year 2024.

An allowance is only payable to a registered constituency association for a quarter if all documents that it was required to file with Elections Ontario in the four-year period immediately before the quarter have been filed and are complete.

Political Events

This section explains the two types of political events and other activities.

There are two types of political events:

- Fund-raising events
- Social events

Fund-raising events

A “fund-raising event” means an event held for the purpose of raising funds for the party, constituency association, nomination contestant, candidate or leadership contestant registered under the Act by whom or on whose behalf the event is held, and where a charge by the sale of tickets or otherwise is made for attendance. Fund-raising events include activities such as dinners, dances, sporting events, shows, etc. for which an admission charge is paid. [Act reference 23(1)]

What is not a fund-raising event?

Social events such as dinners, dances, sporting events, shows, etc. that are held on a cost-recovery basis are not considered genuine fund-raising events. Gross income and expenses from these events must be recorded and reported as social events to the CEO on the financial statements.

Promoting a fund-raising event

The name of the political entity registered under the Act on whose behalf the fund-raising event is held must be clearly displayed on all materials distributed for that event. This includes any solicitation for contributions.

Any advertising of a fund-raising event appearing between the day the writ is issued and polling day, must comply with the blackout period rules. This advertising will be exempt from the campaign expense limit.

Mandatory posting of information on political party website

Every political party with an electronic database must post the following information for fund-raising events held by or on behalf of the political party, its constituency associations and candidates on its website:

- the date of the fund-raising event;
- the location of the fund-raising event;
- the amount of the charge for attending the fund-raising event; and

- the identity of the recipient or recipients of the funds to be raised at the fund-raising event.

The above information shall be posted at least three (3) days before the fund-raising event.

Sale of tickets to events

The following are recommended for organizing ticket sales:

- have pre-numbered tickets printed for the event;
- assign one person to control ticket distribution to ticket sellers and supervise the return of unused tickets and proceeds from tickets sold; and
- ensure that each ticket seller completes a list recording the ticket numbers sold and the full name and address of each ticket purchaser and method of payment.

Determining the contribution and fund-raising income portions of a ticket price

Revenue from ticket sales must be split between contributions and fund-raising income (amounts not treated as contributions) and be reported accordingly on the statement of income and expenses.

The amount considered a contribution will be the ticket price less the per-person direct costs and the remaining revenue must be considered fund-raising income. Direct costs include expenses such as meals, complimentary liquor, taxes, and tips. Costs related to distribution of invitations, advertising, decorations, room rent, and equipment are not considered direct costs.

Examples:

- A fund-raising ticket is sold for \$100 and the per-person direct cost for the activity is \$25; the contribution portion is \$75.
- The entry fee charged for a fund-raising golf tournament is \$300. The direct costs are green fees, caddy fees, golf equipment and cart rentals, food, beverages, taxes, and tips which total \$200; therefore, the contribution portion is \$100.

The CFO has the option of considering an additional amount of up to \$30 per ticket above the direct costs to not to be a contribution. The CFO may choose to do this to determine the contribution portion of a ticket before knowing the exact amount of direct costs, or to round up the amount of direct costs to a dollar increment that simplifies recording and receipting of tickets. Note

that using this method will reduce the contribution amount eligible for a tax receipt. [Act reference 23(2.1)]

Example:

- A ticket for a dance is sold for \$100 per person and the per-person direct costs are \$20; therefore, the CFO has the discretion in advance to set the contribution portion to be between \$50 and \$80.

If a purchaser of a ticket does not attend the fund-raising event, a contribution is still considered to have been given and a tax receipt must be issued to the purchaser for the net amount after direct costs.

Only eligible contributors may purchase tickets to a fund-raising event and the purchases may be considered to be contributions. Persons ineligible to contribute may still attend a fund-raising event by purchasing a ticket at the cost of the direct expenses but no contribution can be made.

Sale of advertising space

Any amount paid for advertising at a fund-raising event must be considered a contribution. [Act reference 23(4)]

Example:

At a golf tournament, a sponsor (a person and not a corporation or trade union) may have paid for signs on the golf course or attached to golf carts. The full amount that the sponsor pays to the political entity for the signs displayed must be considered a contribution.

Social events

Social events are activities where the purpose is not to raise funds. Such activities may include the sale of hot dogs to the community in a local park or a pizza party for members of a political entity.

Any amount charged at a social event is minimal and is just enough to cover the expenses of the activity. The gross (total) amount collected from social events must be separately recorded and reported to the CEO as part of the financial statements.

Other Activities

The following text explains auctions, and lotteries and games of chance in relation to a political entity.

Auctions

Auctions may be a major source of revenue, but conducting an auction requires careful control of the goods contributed or purchased for sale, and

the price of the goods bought by individuals attending the auction. Only eligible contributors (individuals using their own funds) may contribute items to the auction. A list must be kept of the name and address of suppliers and purchasers of items auctioned and the description and fair market value of each item.

Goods and services donated for an auction are considered to be a contribution. If the total value of goods and services provided by a donor is \$100 or less, the donor has the option of declaring them not to be a contribution.

Any amount paid for goods or services, other than advertising services, offered for sale during an event that is more than fair market value, must be considered a contribution. [Act reference 23(3)]

Example:

An auction is held to raise funds. Daniel donates a painting valued at \$130 that is bought by Rahul at the auction for \$350. Contributions recorded by the political entity are:

- from Daniel for \$130, as a goods and services contribution for the donation of the painting; and
- from Rahul for \$220, as a monetary contribution for the purchase of the painting, the contribution amount being the difference between the fair market value of the painting and the price for which it was purchased.

If an item is sold for less than its fair market value, there is no contribution by the purchaser of the item and the amount paid must be recorded as fund-raising income. The individual donating the item must still be considered to have made a contribution at fair market value regardless of the sale value.

Lotteries and games of chance

The *Criminal Code of Canada* makes lotteries, games of chance (including poker nights and 50/50 draws) illegal unless sponsored by charities. Political organizations are prohibited from holding lotteries or games of chance.

For further information, please contact the Alcohol and Gaming Commission of Ontario at 416-326-8700 or toll-free in Ontario at 1-800-522-2876.

Loans and Guarantees

This section explains loans and guarantees secured for a constituency association.

A registered constituency association may borrow funds to assist in its operations. However, there are restrictions on the source of loans, guarantees, and collateral security.

Borrowing sources

A registered constituency association may borrow funds only from:

- a financial institution in Ontario; or
- a registered political party or constituency association in Ontario.

[Act reference 35(1)]

Any delay in paying suppliers or other liabilities may be deemed to be a loan from an ineligible source by Elections Ontario.

Example:

Suppliers' accounts must be paid within the credit terms normally imposed by the supplier or otherwise be considered a loan from an ineligible source.

No registered constituency association may receive support in the form of a loan except as provided above. [Act reference 35(3)]

Financial institutions and market rate

A financial institution must not make a loan at a rate of interest below the applicable market rate charged by the financial institution for an equivalent amount at or about the time and in the market area where the loan is provided. [Act reference 35(6)]

Timing of borrowing

A registered constituency association may borrow at any time as part of its ongoing regular operations.

Guarantees and collateral security

A registered constituency association may receive support in the form of a guarantee or collateral security only from:

- an entity entitled to make a loan; or
- a person entitled to make a contribution.

[Act reference 35(4)]

No person or entity other than those provided above may guarantee or provide collateral security for a loan to a registered constituency association. [Act reference 35(6.1)]

A guarantee is considered a contribution for the purposes of this Act, and contribution requirements and limits apply. But a guarantee is not receiptable until it is paid. Therefore, the limit on a guarantee for a new loan is \$3,325, which is applied to the guarantor’s annual contribution limit.

The table below provides an overview of how guarantees are capped in a similar way to contributions:

Example #	Value of Guarantee	Guarantee Limit	# of Guarantors required
1	\$3,325	\$3,325	1
2	\$33,250	\$3,325	10
3	\$332,500	\$3,325	100

Loans as contributions

A financial institution must not waive the right to recover the loan and a loan must not be made at an interest rate lower than the applicable market rate. [Act reference 35(7)]

If the borrower defaults on a loan, the financial obligation of the registered constituency association is transferred to the guarantor. Terms of repayment shall be reported to Elections Ontario.

Time limits – loans and guarantees

Every constituency association that receives a loan must repay the loan in full no more than two years from the day that the loan is due according to its terms. [Act reference 35(9)]

No person shall guarantee the loan for a period longer than the applicable period of two years from the day that loan is due according to its terms. [Act reference 35(10)]

Responsibility for payment of candidate’s deficit

A registered constituency association shall assume any deficit remaining from the campaign of a registered candidate endorsed as the official candidate of that constituency association. The constituency association shall be responsible for ensuring that any borrowing is repaid. [Act reference 44(4)]

Reporting of loans

Information regarding any borrowings must be reported to Elections Ontario as part of the financial statements.

Reporting must include:

- the name and address of the financial institution;
- the terms of the loan including the amount borrowed;
- the name and address of each guarantor and the amount guaranteed; and
- the amount outstanding at the end of the reporting period.

[Act reference 35(2)]

Political Advertising

This section explains political advertising: the authorization requirements, the blackout period and survey restrictions.

What is political advertising?

Political advertising is defined as advertising in any broadcast, print, electronic, or other medium with the purpose of promoting or opposing any registered political party or its leader or the election of a registered candidate. [Act reference 1(1)]

Political advertising includes advertisements in newspapers, journals, and magazines; promotion on TV and radio; and advertisements placed on billboards, bus shelters, and the Internet (including websites, blogs, and social networking sites), etc.

Political advertising also includes advertising with respect to an issue of public policy during an election for which one or more registered political parties or candidates may also have taken a position.

The Chief Electoral Officer considers the following criteria to determine if any advertising is political advertising:

- whether it is reasonable to conclude that the advertising was specifically planned to coincide with the period referred to in the Spending Limits section of the *Election Finances Act* (election period);
- whether the formatting or branding of the advertisement is similar to a registered political party's or registered candidate's formatting or branding or election material;
- whether the advertising makes reference to the election, election day, voting day, or similar terms;
- whether the advertisement makes reference to a registered political party or registered candidate either directly or indirectly;
- whether there is a material increase in the normal volume of advertising conducted by the person, organization, or entity;
- whether the advertising has historically occurred during the relevant time of the year;
- whether the advertising is consistent with previous advertising conducted by the person, organization, or entity;

- whether the advertising is within the normal parameters of promotion of a specific program or activity; and
- whether the content of the advertisement is similar to the political advertising of a party, constituency association, nomination contestant, candidate or leadership contestant registered under the Act.

What is not political advertising?

Political Advertising does not include:

- the transmission to the public of an editorial, a debate, a speech, an interview, a column, a letter, a commentary or news;
- the distribution of a book, or the promotion of the sale of a book, for no less than its commercial value, if the book was planned to be made available to the public regardless of whether there was to be an election;
- communication in any form directly by a person, group, corporation or trade union to their members, employees or shareholders, as the case may be;
- the transmission by an individual, on a non-commercial basis on the Internet, of his or her personal political views; or
- the making of telephone calls to electors only to encourage them to vote.

Authorization on political advertising

All constituency association political advertising must name the registered constituency association authorizing the advertising.

No specific language is required for the authorization but it must be apparent what person or entity has caused the advertisement to appear and any other person or entity that has sponsored or paid for it.

An example of appropriate authorization wording is “Authorized by the XYZ entity”.

Sign placement

The *Election Finances Act* does not address where signs can or cannot be placed. When placing signs on public property, consult the local municipality to see what local by-laws allow or, when placing signs near a highway, consult the Ministry of Transportation.

Advertising restrictions

The following text explains the blackout period related to political advertising.

Blackout period

A blackout period is defined as, in any election, the polling day and the day before polling day. No registered constituency association may conduct paid commercial political advertising during a blackout period. [Act reference 37(2)]

Any media advertising of a fund-raising event done between the day the writ is issued and polling day, must comply with the blackout period exceptions. This advertising will be exempt from the campaign expense limit and the time and content limits on political advertising.

Even in situations where Internet advertising is claimed to be free, the rules around blackout restrictions apply. Internet advertising established before, and not altered during the blackout period, can remain posted. In addition, further electronic distribution of that advertisement during the blackout period is also prohibited.

Exceptions to the blackout period

The restrictions around the blackout period do not apply to an official Internet website of a registered political party, registered constituency association or registered candidate, or their authorized lawn signs, pamphlets, mass or individual mailings, automated or individual telephone calls, or social media communications.

The following advertising activities are permitted during the blackout period:

- genuine news reporting, including interviews, commentaries, or other works prepared for and published by any newspaper, magazine, or other periodical publication in any medium without any charge to the registered political party. A broadcaster may similarly broadcast genuine news stories; however, these are subject to the provisions of and regulations and guidelines under the *Broadcasting Act (Canada)*;
- the publication of political advertising on polling day or the day before polling day, in a newspaper that is published once a week or less often and whose regular day of publication falls on that day;
- a political advertisement on the Internet or in a similar electronic medium, if posted before and not altered or further distributed during a blackout period; and

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- a political advertisement in the form of a poster or billboard, if posted before and not altered during a blackout period, such as advertisements on public transit buses, bus shelters, and subway stations.

[Act references 37(4) and 37(7)]

Lawn signs displayed and brochures distributed are not considered to be paid commercial political advertising and can appear at any time.

Personal emails and similar personal communications on the Internet, mass or individual mailing, automated or individual telephone calls, and social media communications are generally not considered political advertising and are not subject to the blackout period.

The following activities are also permitted during the blackout period:

- advertising public meetings in constituencies;
- announcing the location of registered candidates' and constituency associations' headquarters;
- advertising for volunteer campaign workers;
- announcing services for electors, regarding enumeration and the revision of electors' lists, that are offered by candidates or constituency associations;
- announcing services for electors that are offered by registered candidates or constituency associations on polling day (for example, "Babysitting services provided while you go out to vote" or "Rides to the polling station"); and
- anything involving administrative functions of registered constituency associations.

[Act reference 37(5)]

Such advertisements or announcements that are paid commercial political advertising may contain the name of a registered candidate or political party and may include a picture of the candidate or the logo of the political party. However, mention of the particular exempt service or activity listed above must be the main feature of the advertisement or announcement. Also, the advertisement or announcement must not contain any slogan, motto, or other wording promoting the candidate or political party or opposing another candidate or political party, such as "Join the winning team", "Work for

continued good government”, “Our candidate is best qualified”, “Vote for”, etc.

Rates charged during campaign

No publisher or broadcaster may charge any more for advertising at election time than it would normally charge anyone else for an equivalent amount of space or time during the same period. [Act reference 37(6)]

Example:

When selling radio time, the station may not charge “triple A” rates for mid-morning slots.

The media may not give special low rates either.

Example:

A broadcaster or publisher charging less for space or time than it would normally charge anyone else for an equivalent amount of space or time over the same period must have the difference between the normal rates and what they charge to the registered constituency association considered a contribution.

In certain media, advertising rates may depend upon the volume of time or space purchased over the year. For the purposes of the *Election Finances Act*, the lowest rate must refer to the lowest rate available to any other customer purchasing the same volume of advertising as the volume of political advertising carried on by a registered constituency association during the same period.

Restrictions on election surveys

An election survey is defined as an opinion survey of how electors voted or will vote at an election or regarding an issue with which a registered political party or candidate is associated. [Act reference 36.1(3)]

No registered constituency association may publish, broadcast, or transmit to the public, in an electoral district on polling day before the close of all the polling stations in that electoral district, the results of an election survey that have not previously been made available to the public. [Act reference 36.1(1)]

Campaign Expenses

This section explains campaign periods, and the related expenses and limits for a constituency association.

Campaign expenses incurred by a registered constituency association are for the benefit of its registered candidate's campaign, and as a result the constituency association's CFO and candidate's CFO must work closely together during the campaign. It is ultimately the responsibility of the candidate's CFO to create a campaign budget and managing spending to stay within the joint campaign expense limit.

All expenses are to be recorded and reported on the relevant financial statements. However, only certain expenses are treated as campaign expenses subject to the expense limit imposed by the *Election Finances Act*.

For a fixed date general election, the campaign period is the period commencing at 12:01AM on the day the writ is issued and terminating three months after polling day. For a by-election or general election with a non-fixed election date, the campaign period is the period commencing with the issuance of the writ for an election and terminating three months after polling day. [Act reference 1(1)]

Campaign expense limits

The following text explains the campaign expense limits for a constituency association for a general or by-election.

General

The *Election Finances Act* sets a joint limit on the amount that a registered candidate and constituency association may spend during a campaign. This is to help ensure that all candidates have an equal chance of being elected.

Campaign expense limit

The total campaign expenses incurred by a registered candidate, its registered constituency association, and anyone acting on behalf of the registered candidate or constituency association during a campaign period must not exceed the amount determined by multiplying an indexed amount, currently at \$1.40, by the number of electors in the candidate's electoral district. [Act reference 38(3.1)]

Sample Campaign Expense Limits Based on Constituency Size

Number of Electors Entitled to Vote	Joint Limits for Candidate and Constituency Association
80,000	80,000 × \$1.40 = \$112,000
120,000	120,000 × \$1.40 = \$168,000

Examples:

- The number of electors entitled to vote in a candidate’s electoral district during an election is 80,000 so this number must be multiplied by \$1.40 to determine a campaign expense limit of \$112,000.
- The number of electors entitled to vote in a candidate’s electoral district is 120,000 so this number must be multiplied by \$1.40 to determine a campaign expense limit of \$168,000.

For registered candidates in the electoral districts of:

- Algoma-Manitoulin
- Kenora-Rainy River
- Kiiwetinoong
- Mushkegowuk-James Bay
- Nickel Belt
- Thunder Bay-Atikokan
- Thunder Bay-Superior North
- Timiskaming-Cochrane

the amount of the joint campaign expense limit is increased by an indexed amount. The indexed amount is amended every year and is currently \$10,157. [Act reference 38(3.4)]

Expenses incurred by a registered constituency association acting on behalf of a registered candidate must be included in the total campaign expenses incurred by the candidate, not the constituency association.

Number of electors for determining expense limit

In order to determine the limit on campaign expenses, the number of electors is defined as the greater of:

- the number of electors shown in the preliminary list of electors provided to candidates; and
- the number of electors entitled to vote as determined by Elections Ontario after polling day.

[Act reference 38(3.2)]

Elections Ontario will provide the preliminary elector count to each registered constituency association to assist in preparing campaign budgets.

Following polling day and immediately after preparing the certified list of electors, Elections Ontario will notify each registered constituency association of the number of electors upon which the campaign expense limit is to be determined.

Approval of spending by candidate’s CFO

A registered candidate’s CFO must state in writing to a registered constituency association endorsing that candidate the aggregate amount the constituency association may spend during a campaign.

A registered constituency association must not spend in excess of this amount without written approval by the candidate’s CFO. [Act reference 38(5)]

Campaign expenses subject to the expense limit

A campaign expense subject to the expense limit is any expense incurred for goods or services related to an election by or on behalf of a registered constituency association for use in whole or in part during the period beginning with the commencement of the campaign period and ending on polling day. Campaign expenses subject to the expense limit do not include the following:

- expenses incurred by a candidate in seeking nomination in accordance with the *Election Act*;
- expenses incurred by a registered candidate with disabilities that are directly related to the candidate’s disabilities;
- auditor’s and accounting fees;
- interest on loans authorized under the *Election Finances Act*;

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- expenses incurred in holding a fund-raising event;
- expenses incurred for “victory parties” held and “thank you” advertising published after polling day;
- expenses incurred relating to administration of the registered constituency association;
- transfers authorized under the *Election Finances Act*;
- fees paid relating to using a credit card facility;
- expenses relating to a recount for the election;
- child care expenses of a registered candidate;
- expenses relating to research and polling; and
- travel expenses.

[Act reference 1(1)]

Campaign expenses include the value of any contribution of goods and services to the registered constituency association for use in whole or in part during the period beginning with the issue of the writ for an election and ending on polling day. [Act reference 1(1)]

Any expenses incurred by a registered constituency association on behalf of a registered candidate before a writ is issued must be examined to determine whether they must be accounted for as a campaign expense for the candidate and subject to the candidate’s expense limit.

Political organizations are not exempt from paying HST. As a result, all HST charges must be included in the expenses.

Goods and services

All goods or services provided, whether or not they are considered to be a contribution for the purposes of the *Election Finances Act*, are considered to be expenses incurred at fair market value.

Inventory of campaign materials

The following text explains the treatment of campaign materials for a general or by-election.

Definition

Elections Ontario considers campaign materials to normally consist of such things as lawn stakes, sign supports, usable literature, signs, office supplies, and other campaign materials for use in an election campaign.

Value of inventory

Fair market value is used as the basis for determining the value of inventory transferred into the campaign accounts. Fair market value may be determined in several ways, with the more common methods being:

- recent invoice or quoted price;
- the lower of replacement or reproduction cost; or
- the price of recent comparable sales.

In the case of inventory purchases made within one year of the writ, the invoice price must be used.

For inventory purchases made between the last election and one year before the call of the next election, the replacement cost must be used.

To value campaign materials available for use that were left from a previous campaign, replacement cost must be used. All reusable materials from a previous campaign must be included. This price will vary across the province and depends on local supply, competition, and the association's ability to produce its own signs or secure salvage materials, for example, to construct signs. Before the issue of a writ for an election, all expenses relating to a potential campaign must be collected in an inventory account by the registered constituency association.

In all instances, proper documentation must be prepared to support any opening inventory value.

At the issuance of a writ for an election

Once there has been a writ for an election, the value of all campaign materials in the inventory account must be transferred from the registered constituency association to a registered candidate's campaign. The constituency association must provide to the candidate a detailed list of each item transferred and their fair market value.

Signs and brochures purchased and displayed or distributed before the writ was issued are not considered campaign expenses.

At the end of a campaign period

At the end of a campaign period, the CFO of the registered candidate must determine the quantity of reusable campaign materials and the value of each item. A detailed list of these items and their value must be made by the CFO.

Their value can be determined as follows:

- if the items are on hand at the start of the campaign period, use the value determined at that time; or
- if the items were acquired during the campaign, use the invoice price as the value.

The inventory of any reusable campaign materials remaining with the registered candidate at the end of the campaign period must be transferred back to its registered constituency association or political party.

All reusable campaign materials remaining at the end of a campaign period must be valued and reported and must be included as part of the campaign expenses subject to limit. All inventory remaining at the end of a campaign period must be included at the start of any subsequent campaign.

Prepaid campaign expenses

The following text explains the treatment of prepaid campaign expenses for a general or by-election.

Definition

Elections Ontario considers prepaid campaign expenses to consist of things such as the cost of consulting services, production costs of advertising for use during the campaign, expenses incurred to create product used during the campaign, deposits for campaign offices and equipment, and rent for campaign offices and equipment.

The portion of the rent that applies to the period from the day the writ is issued to polling day must be calculated by pro-rating the total cost for the campaign expense period.

Prepaid campaign expenses do not include any expenses incurred in connection with the ongoing activities of the constituency association.

Renting a campaign office

The rent negotiated for a campaign office must be at the going rate for that space as if it were being rented to anyone else in the community. If it is rented at a reduced rate, the discounted amount must be considered a contribution and must be acknowledged with a tax receipt for goods and services, which

will count toward that contributor's contribution limit. A corporation or union must not rent out a campaign office at a reduced rate.

If improvements or modifications are made to an office rented for the campaign, part of these costs is subject to the expense limit.

Example:

When premises are leased for four months (120 days) with renovations carried out before the writ is issued, and the period from the day the writ was issued up to and including polling day is 30 days, then 30/120 of the total renovations and lease costs must be considered as expenses subject to the limit.

Installation and activation of communication devices

Installation and activation charges of communication devices, such as telephones, cell phones, fax machines and Internet connections, are subject to the expense limit even if installed before the day the writ is issued. The usage charges incurred between the day the writ is issued and polling day are also subject to the expense limit.

Payment of campaign expenses

The following text explains the payment of expenses for a general or by-election.

Submission of payment claims

Every person, corporation, or trade union that has any claim for payment in relation to a campaign expense must submit that claim (and related invoice or statement of account) within three months after polling day to the CFO of the registered constituency association to which the expense relates. [Act reference 38(6)]

Payment by CFO

Every payment of a campaign expense must be made by the CFO of the registered constituency association that incurred the campaign expense. All campaign expenses must be accompanied by supporting documentation except where the expense is less than \$25. [Act reference 38(7)]

Disputed claims

If the CFO disputes or refuses to pay any claim for payment for a campaign expense, the claim must be considered a disputed claim. The claimant may bring to court an action for payment. [Act reference 38(8)]

The details of disputed claims and the reason the claim is disputed must be reported in the financial statements to be filed with Elections Ontario.

Recording and reporting of campaign expenses

The following text explains the recording and reporting of campaign expenses by a constituency association.

For a campaign period

Records of all expenditures must be kept. A list of all campaign expenses paid and outstanding, as well as any disputed claims for payment, must be reported to Elections Ontario with the campaign period financial statement.

For a period other than a campaign period

At the end of a reporting period where a writ for an election has not been issued, the value of inventory of campaign materials and prepaid campaign expenses should be shown as an asset on the statement of assets and liabilities.

Annual financial statements must be accompanied by a detailed list supporting the total value of the items on the statement of assets and liabilities for each of the following:

- reusable campaign materials inventory;
- prepaid campaign expenses; and
- current purchases of campaign materials.

Public Funding

This section explains the publicly funded quarterly allowances, audit subsidy and campaign expense reimbursement for a constituency association.

Elections Ontario provides public funding for certain expenses:

- quarterly allowances;
- a subsidy for audit fees (if applicable) incurred by a registered constituency association; and
- reimbursement for campaign expenses incurred by a registered candidate.

Quarterly allowance

A quarterly allowance is assigned to each electoral district which is shared amongst associations based on the percentage of the valid votes their candidate received in the last election.

Quarterly Allowances are paid to registered constituency associations if they meet the following eligibility criteria:

- a candidate must have received at least 2% of the valid votes cast in that electoral district for their registered constituency association to qualify for the allowance; and
- an allowance is only payable to a registered constituency association for a quarter if all documents that it was required to file with Elections Ontario in the four-year period immediately before the quarter have been filed and are complete.

[Act reference 32.1]

Audit subsidy

If an audit is required, Elections Ontario will subsidize the cost of auditors' services for the examination and reporting on the financial statements by paying a subsidy to the auditor of a registered constituency association. The amount of the subsidy is up to \$2,000 for a registered constituency association. [Act reference 40(7)]

When is an audit required?

The CFO must file audited financial statements for reporting periods where at least \$10,000 in contributions was accepted or expenses of at least \$10,000 were incurred.

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To receive the audit subsidy, if an audit is required by the Act, a CFO must include with the audited financial statements a copy of the auditor's invoice. If an audit is not required by the Act, Elections Ontario will not subsidize the cost of the audit.

The audit subsidy will be paid directly to the auditor, with the registered constituency association responsible for the remaining portion of the invoice.

Elections Ontario offers a Direct Deposit service for payment of audit subsidies to auditors appointed by constituency associations registered under the *Election Finances Act*. This process will allow our office to deposit the payment directly into the auditor's bank account instead of issuing a cheque. Contact the Compliance Division at ElectFin@elections.on.ca for more information.

Campaign expense reimbursement

Every registered candidate who receives at least 5% percent of the popular vote in their electoral district is entitled to be reimbursed by Elections Ontario for a portion of the campaign expenses incurred by the candidate and the registered constituency association endorsing the candidate for the campaign period.

Refer to the Candidate Handbook for further details on the conditions and calculation of the candidate reimbursement.

Financial Statements

This section explains the requirement for and filing of financial statements for a registered constituency association, and the consequences for the failure to file.

Every registered constituency association must file financial statements annually and after each campaign period. The accounting policies and procedures used for the financial statements are prescribed by Elections Ontario for compliance with the *Election Finances Act*. The act also requires Elections Ontario to examine and review all financial statements submitted.

When is an audit required?

The CFO must file audited financial statements for reporting periods where at least \$10,000 in contributions was accepted or expenses of at least \$10,000 were incurred.

Content and filing date

The following text explains the reporting periods, and required annual and campaign period filings for a registered constituency association.

Annual financial statements

The CFO of a registered constituency association must file signed, annual financial statements (Form AR-1) and supporting documentation with Elections Ontario on or before May 31 of the following year. The annual financial statements must include all activities for the calendar year ending December 31 other than those during a campaign period.

The annual financial statements include the following:

- registered constituency association information;
- certification by the CFO of the information reported in the financial statements;
- signed auditor's report on the financial statements and a copy of the auditor's invoice (if applicable);
- statement of assets and liabilities as of period end;
- statement of income and expenses for the annual period;
- notes to the financial statements and schedules of accounting policies and procedures used;

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- signed auditor’s report on the supporting schedules of the financial statements (if applicable);
- supporting schedules for the following:
 - o borrowings and overdrafts;
 - o contributions and tax receipt form reconciliation;
 - o fund-raising events;
 - o social events and general collections at meetings;
 - o transfers;
 - o list of suppliers where current year expenditure exceeds \$200;
 - o inventory and prepaid expenses;
 - o campaign period income statement;
 - o list of accounts receivable;
 - o list of accounts payable; and
- a copy of all used tax receipts and cancellation notices.

[Act reference 41(1)]

The supporting schedules are an integral part of the financial statements. It is important that each schedule agrees with the primary statements.

Refer to the Form Completion Guide for directions on how to complete these financial statements.

Campaign period financial statements

A campaign period is the period beginning with the issue of a writ for an election and ending three months after polling day. [Act reference 1(1)]

The CFO of a registered constituency association must file a signed, campaign period financial statement (Form CR-3) and supporting documentation with Elections Ontario within six (6) months after polling day. The campaign period financial statement must include all activities occurring in the campaign period.

The campaign period financial statement includes the following:

- registered constituency association information;
- certification by the CFO of the information reported in the financial statement;

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- signed auditor’s report on the financial statement and a copy of the auditor’s invoice (if applicable);
- statement of income and expenses;
- notes to the financial statement and schedules of accounting policies and procedures used;
- signed auditor’s report on the supporting schedules of the financial statement (if applicable);
- supporting schedules for the following:
 - o borrowings and overdrafts;
 - o contributions and tax receipt form reconciliation;
 - o fund-raising;
 - o social events and general collections at meetings;
 - o transfers;
 - o campaign period expenses, which consists of a list of suppliers where expenditures exceed \$200 and statement of disputed claims;
 - o inventory and prepaid expenses;
 - o list of accounts payable; and
- a copy of all used tax receipts and cancellation notices.

[Act reference 42(2)]

The supporting schedules are an integral part of the financial statement. It is important that each schedule agrees with the primary statement.

Refer to the Form Completion Guide for directions on how to complete this financial statement.

Declaration for a by-election campaign period

If a by-election is held where a registered constituency association does not receive contributions or make expenditures during the by-election period, the constituency association is not required to file a campaign period financial statement. However, the constituency association must then file a Constituency Association By-election Declaration Form (C-3A) stating that neither contributions were received nor expenditures made during the by-election campaign period. [Act reference 42(3)]

Financial statements format

A registered constituency association may keep computerized records of the information required by the statutory disclosure provisions and generate the statements from computers.

Computer-generated statements must contain all the required information in a format substantially similar to Elections Ontario's forms.

Accounting methods to be followed

The accounting methods set out below are prescribed by Elections Ontario for use in preparation of all financial statements:

- Cash basis for contributions:
 - Contributions are considered accepted when deposited and cleared through the bank. When issuing tax receipts, the acceptance date must be the date of deposit.
- Accrual basis:
 - The accrual basis of accounting must be used so that expenses are recorded when they are incurred.
 - The accrual basis of accounting takes into account:
 - expenses incurred but not paid or for which bills have not yet been received (accounts payable);
 - income on investments that has been earned but not yet received;
 - contributions received in the mail after the end of the period in envelopes postmarked in the reporting period; and
 - transfer payments not yet received but in transit.
- Securities:
 - Bonds, stocks, and other securities owned must be valued at quoted market value on the date of the initial statement of assets and liabilities. Securities purchased after that must be valued at cost. When securities are sold, any resulting profit or loss (difference between carrying value and proceeds on sale) must be reflected in the statement of income and expenses.
- Furniture and other equipment:

- o Furniture, fixtures, printing equipment, etc. must be charged to expenses when purchased. The existence of such assets must be indicated by showing them at the nominal value of \$1 in any statement of assets and liabilities.

All figures contained in financial statements may be rounded to the nearest dollar.

Communication with the auditor (if applicable)

The auditor must report on whether the financial statements and supporting schedules fairly present the information contained in the financial records. As a result, it is necessary that the CFO and auditor meet to discuss the audit and filing process.

It is recommended that the two meet before the period-end date to determine cut-off and closing procedures and to agree on a date when the auditor will be given access to all records, documents, books, accounts, and vouchers of the constituency association that may be necessary to issue the auditor's reports. [Act reference 40(4)]

Delivery of financial statements

Elections Ontario will accept financial statements by any delivery method so long as the filing is complete. Examples of accepted delivery methods include mail, fax, email, or hand delivery. Mailed financial statements that are postmarked or courier receipted on or before the filing date will be accepted as on time so long as they are complete.

The Political Entity Portal (PEP) is an optional online filing tool that constituency associations can use to file their financial statements. All active key stakeholders who are affiliated to a registered constituency association have access to the portal pending a brief sign-up activity. Contact us at eFiling@elections.on.ca for more information on PEP.

Retention of records

The financial records must be kept for a minimum of six (6) years as recommended by the Canada Revenue Agency (CRA).

The financial records must be retained at the place where records are kept on file with Elections Ontario.

Failure to file financial statements

Where the CFO of a registered constituency association fails to file any part of the annual financial statements or campaign period financial statement, the

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constituency association may be subject to deregistration at the discretion of Elections Ontario. [Act reference 12(2)]

Refer to the Registration section for further information on steps taken upon discretionary deregistration by Elections Ontario.

If a person knowingly fails to file financial statements, this may be an offence under the *Election Finances Act*. Under section 46 of the *Election Finances Act*, the chief financial officer may be subject, upon conviction, to a fine of up to \$5,000 and the constituency association may be subject to a fine of \$50 for each day the default continues upon conviction.

Administrative Penalties

This section explains penalties administered by the Chief Electoral Officer for certain contraventions of the Act.

The *Election Finances Act* was amended with the introduction of administrative monetary penalties on April 19, 2021. The payment of administrative penalties may be ordered by the Chief Electoral Officer for certain contraventions of the Act. [Act reference 45.1]

If an administrative penalty applies to any area covered by this handbook the maximum amount of the penalty, which is specified by the Act, will be shown.

The application of administrative penalties and the amount of the penalty, subject to the legislated maximum, is entirely at the discretion of the Chief Electoral Officer. The Act sets out criteria that the Chief Electoral Officer must consider when deciding on an administrative penalty.

A person or entity who is served with an order to pay an administrative penalty may appeal the Chief Electoral Officer's decision by filing an application with the Superior Court of Justice within 30 days from the date the order was served.

If a person or entity who is required to pay an administrative penalty fails to comply with the requirement, the Chief Electoral Officer may file the order that requires payment with a local registrar of the Superior Court of Justice and the order may be enforced as if it were an order of the court.

Applicable Administrative Penalties

The following administrative penalties are applicable to constituency associations.

- **Failure to disclose financial statements to the registered political party.**
Maximum penalty is \$1,500 for individuals and \$5,000 for corporations or other entities.
- **Failure to include authorization on political advertising.**
Maximum penalty is \$10,000 for individuals and \$100,000 for corporations or other entities.
- **Violation of the blackout period.**
Maximum penalty is \$10,000 for individuals and \$100,000 for corporations or other entities.
- **Publishing or broadcasting previously unpublicized election survey results.**

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Maximum penalty is \$1,500 for individuals and \$5,000 for corporations or other entities.

- **Exceeding the campaign spending limit.**

Maximum penalty is \$1,500 for individuals and \$5,000 for corporations or other entities.