



Elections
Ontario

Election Finances

CFO Handbook for Candidates

2018

Note: This handbook is effective
from Jan 1, 2018 to Dec 31, 2018

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Disclaimer

This handbook is for the calendar year 2018. 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.

Further information

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Definitions

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 elections

Fixed date general election

An election in all electoral districts, following the dissolution of the legislative assembly, where election day is scheduled by sec 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 sec 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 represents the six month period preceding the date the writs are issued.

Prohibitions on Pre-Registration Activity

Limitations on financial activity before registration

A candidate and his or her campaign, including any persons, organizations or entities acting on the candidate's behalf, must not engage in any financial activities for political purposes before the writ for an election is issued.

[Act reference 13(2)]

Financial activities include, but are not limited to, accepting contributions and incurring expenses.

Roles and Responsibilities

Chief Financial Officer

A chief financial officer (CFO) is a person appointed by a candidate's campaign to record, report and keep financial information in accordance with the *Election Finances Act*. All candidates' campaigns 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(2) 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 candidate.

Responsibilities of the CFO of a registered candidate for a party with an 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;
- complying with electronic database guidelines outlined by Elections Ontario and any additional requirements set by the political party;
- filing all required audited financial statements with Elections Ontario by the deadline dates;
- processing all payments on time;
- preparing a budget before a campaign and providing authorization to the constituency association's CFO for all expenditures during the campaign to ensure compliance with campaign expense limits;
- 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 and tax receipts to the incoming CFO when leaving the position.

Responsibilities of the CFO of a registered candidate for a party 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 audited financial statements;
- filing all required audited financial statements with Elections Ontario by the deadline dates;
- processing all payments on time;
- preparing a budget before a campaign and providing authorization to the constituency association's CFO for all expenditures during the campaign to ensure compliance with campaign expense limits;
- ensuring that funds are borrowed only from eligible sources;
- Issuing tax receipts for the purpose of acknowledging contributions after they have been accepted;
- 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

An auditor is appointed by a candidate's campaign to provide an opinion on whether financial statements fairly present the information contained in the financial records. All candidates' campaigns must appoint an auditor prior to registration and Elections Ontario must be informed in writing. If the appointment ends for any reason, a new auditor must be appointed immediately and Elections Ontario informed in writing immediately. [Act references 40(1) and 40(2)]

Selecting and appointing an auditor

To audit a registered candidate's 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)]

An auditor cannot be a returning officer, deputy returning officer, election clerk, or CFO of a registered political party, constituency association, candidate, or leadership contestant. [Act reference 40(3)]

The partners or the firm with which such a person is associated is not ineligible to act as an auditor for a candidate.

Responsibilities of the auditor

The auditor must:

- be familiar with the guidelines (Guidelines for Members Appointed as Auditors Under the *Election Finances Act*) prepared by the Chartered Professional Accountants of Ontario (CPA Ontario);
- meet with the CFO of the registered candidate 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 candidate's campaign that may be necessary to issue the auditor's report;
- provide an opinion on the campaign period financial statements of the registered candidate;
- provide an opinion on the supporting schedules of the campaign period financial statements of the registered candidate;
- provide to the registered candidate's campaign 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 candidate's campaign for the work performed, less any audit subsidy received directly from Elections Ontario.

Registration

Registration under the *Election Finances Act* is obtained by submitting a Candidate Nomination Paper (F0400) to Elections Ontario before a writ is issued or to the Returning Officer after a writ is issued. For more information about submitting the Candidate Nomination Paper (F0400), please see the Candidate's Guide. The form must be completed in full and approved.

If approved, a Certificate of Nomination (F0403) is issued by the Returning Officer at the start of, or during, the election. Once the Certificate of Nomination (F0403) is issued, the candidate is registered.

A candidate may only receive contributions or incur expenses once he or she has been issued a Certificate of Nomination (F0403).

Nomination of a candidate

Every candidate must file a nomination paper with the returning officer under the *Election Act*. The nomination paper requires the signatures of 25 voters. Contact the returning officer of the electoral district for more information.

***Election Finance Act* requirements**

Appointing a CFO and auditor

A candidate must appoint a CFO and an auditor before submitting the nomination form. Refer to the Roles and Responsibilities and Auditor sections (previously) which explains their duties.

Political party requirements

As a candidate 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.

Effective date of registration

A candidate is registered no earlier than the day the writ is issued. A candidate applying for nomination after the writ is issued, is registered upon approval of the nomination by the returning officer.

Change in registration information

Whenever there is any change in CFO, auditor or contact information, a registered candidate must file a Nomination Statement of Change (F0401) setting out the new information which may be amended by the Returning Officer or by Elections Ontario.

A change in registration information includes a change to:

- the full name or address of the registered candidate;
- the political party endorsing a registered candidate;
- the CFO of a registered candidate;
- the auditor of a registered candidate;
- the address of the place at which documents will be accepted and a telephone number at which the individual can be contacted

Responsibility for notification

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

Withdrawal of a candidate

If a registered candidate withdraws his or her candidacy after having received a Certificate of Nomination (F0403) from the Returning Officer, the registered candidate must prepare and submit a Nomination Notice of Withdrawal (F0404). In this document you also acknowledge that you must file your Candidate's Campaign Period Financial Statements (Form CR-1) within 60 days of your withdrawal, as required by the *Election Finances Act*. Please refer to section: Financial Statements in this handbook.

Contributions

Contributions are money, goods, or services given to a registered candidate's campaign for the purposes outlined in the *Election Finances Act*. Contributions are one part of total income that is used in a registered candidate'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 candidate by political party, leadership contestant, constituency association, or nomination contestant not registered under the Act. [Act reference 10 (1), 11 (1), 12.1 (1), 13 (2), and 14 (1)];
- any goods produced, or services performed, for any candidate, by voluntary labour; Refer to section Non-Contribution Income for further details.

A registered candidate may make contributions to be used for the candidate's own campaign, and out of the candidate's own funds. These funds must not exceed \$5,000 in total during the campaign period, combined with any period during which the candidate is registered.

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 Goods and services section under Non-monetary contributions].

For the purposes of contributions, 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 person who is self-employed and the service is one that is normally charged for by that person.

Eligible contributions

Only contributions solicited for the purposes of the *Election Finances Act* will be considered to be a contribution. Purposes of the *Election Finances 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. [Act reference 19(1)] Contributions may only be made by individuals normally resident in Ontario using their own funds.

Any funds that have been given or furnished by any person or group of persons or by a corporation or trade union for the purpose of making a contribution are not eligible contributions. [Act reference 19(1)].

Every person who makes a contribution must certify in a form approved by Elections Ontario that the person has not acted in contravention to the Act. A party can produce their own certification form, however, the following attestation must be included and

must be completed by the donor: "I certify this contribution made by me is from my own personal funds and I will not be reimbursed for it from any other source".

In the event a contribution is made online, a checkbox shall be provided for selection by the donor to confirm the certification. For cases where a contribution is made via telephone, the party representative who administered the call and recorded the donation must also record whether or not the contributor certified the contribution.

For guidance on contributions received from fund-raising activities/events, please 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 candidate's campaign must clearly identify the candidate receiving the contribution.

Sources of contributions

Eligible contributors

Contributions may only be made to a registered candidate's campaign during the campaign period by 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.

A registered candidate's own funds are considered eligible contribution for his or her own campaign and are subjected to the contribution limit of \$5,000. A statement of expenses paid by a registered candidate using his or her own funds must be provided to the CFO with accompanying supporting documentation within three months after polling day. [Act reference 18(3)]

Contributions from an affiliated political organization are considered eligible [Refer to the section below].

No candidate registered under the Act shall accept a contribution made in contravention of the above.

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

Contributions to a candidate registered under the Act from any trade union, corporation, unincorporated association or organization are not permitted.

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 a candidate endorsed as an official candidate by the affiliated political party or constituency association.

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

Source of contributor's funds

No registered candidate's campaign 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)]

Examples:

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.

As noted previously, every person who makes a contribution must certify in a form approved by Elections Ontario that the person has not acted in contravention to the Act. [Act reference 19(1)]. A party can produce their own certification form, however, the following attestation must be included and must be completed by the donor: "I certify this contribution made by me is from my own personal funds and I will not be reimbursed for it from any other source".

In the event a contribution is made online, a checkbox shall be provided for selection by the donor to confirm the certification. For cases where a contribution is made via telephone, the party representative who administered the call and recorded the donation must also record whether or not the contributor certified the contribution.

Ineligible contributions

Ineligible contributors

No registered candidate's campaign may directly or indirectly knowingly accept contributions from an ineligible contributor. [Act reference 29(1)]

Ineligible contributors to a registered candidate's campaign include, but are not limited to:

- 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 candidate's campaign must not accept anonymous contributions.

A registered candidate's campaign 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 candidate's campaign may accept directed contributions so long as they are for the general or specific purposes of the candidate's campaign.

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 candidate's campaign and held in Ontario; this is an acceptable contribution.

However, a registered candidate's campaign 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 such that the contribution limit of the constituency association would be exceeded, this is considered a directed contribution contrary to the *Election Finances Act* and must not be accepted.
- 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 candidate's campaign 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 candidate's campaign. All eligible contributors to a registered candidate's campaign 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 candidate's campaign may knowingly accept any contributions in excess of the limits imposed by the *Election Finances Act*. [Act reference 28]

In the 2018 calendar year, a person can contribute up to a limit of \$1,222. This \$1,222 limit is aggregated across all registered candidates of any one registered party.

Should the contribution limit be exceeded for a campaign period, 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)]

2018 Contribution Limits to Candidate Campaigns

Source	Period	Contribution Limit	Recipients Included in the Limit
Individual contributor using own funds	Campaign period	\$1,222	Individual candidate campaigns for a party
Candidate using own funds	Campaign period	\$5,000	Limited to one's own campaign

Examples:

- Suyin may contribute an amount up to \$1,222 to a candidate's campaign during the campaign period. For example, if the campaign period for a by-election held in 2018 was from May 2, 2018 (the day the writ was issued) to September 6, 2018 (3 months after polling day). Suyin can contribute up to \$1,222 to a candidate's campaign during the campaign period.
- Daniel may contribute an amount up to \$1,222 to candidate campaigns of one political party during a campaign period. For example: during a general election, Daniel would be able to contribute \$407 to 3 candidate campaigns of one political party during the general election campaign period.
- A candidate may contribute an amount up to \$5,000 to their own campaign. For example, during an election campaign period, Brigitte a registered candidate can pay expenses out of her own pocket and/or contribute to her own campaign an amount up to \$5,000. For expenses Brigitte paid out of her own pocket, she will submit to her chief financial officer a statement in writing setting forth all campaign expenses paid or to be paid out of her own funds, together with all receipts and claims within three months after polling day.

Form of contributions

Monetary contributions

A monetary contribution to a registered candidate's campaign 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 (i.e. PayPal) or cryptocurrency (i.e. Bitcoin). [Act reference 16(2)]

Non-monetary contributions

Goods and services

All goods or services provided by a supplier are considered a contribution with an offsetting expense if their total value is more than \$100. If the 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. [Act reference 1(1)]

Examples:

- Rahul brought pizza totaling \$30 to the registered candidate's meeting held in March 2018. Since the fair market value of the pizza is less than \$100, the CFO of the registered candidate 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 June 2018 with pizza totaling \$40 for which he also does not treat as a contribution. In October 2018, Rahul purchases office supplies totaling \$40 for the candidate. Rahul has now provided goods totaling \$110 for the registered candidate, the CFO 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 the registered candidate in 2018. The fair market value of her services is \$400 for the year, since the fair market value exceeds \$100 for that year, the CFO of the registered candidate must consider Suyin's bookkeeping services as a contribution of goods and services and a tax receipt for \$400 will be issued to Suyin.

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 or business 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 applies.

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)]

Administering contributions

Accepting contributions

Deposit of contributions

A candidate's campaign may accept contributions only if it is registered with Elections Ontario.

Contributions will be considered accepted:

- if paid by cash, cheque, E-transfer, cryptocurrency (i.e. Bitcoin) money order, or debitcard, at the time the contributions are deposited in the financial institution; and
- if paid by credit card, online payment (i.e. 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 candidate's campaign 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

It is the CFO's responsibility to ensure that only eligible contributions are accepted and appropriately recorded.

A registered candidate must not personally accept contributions. [Act reference 32]

Recording of contributions

The details of all contributors and contributions accepted on behalf of a registered candidate's campaign must be recorded by the CFO.

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.

Use of electronic database for recording contributions and issuing tax receipts

If the registered political party endorsing a registered candidate 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 candidate's campaign. The political party will also have its own requirements for the electronic database which the candidate's campaign must be aware of.

The CFO of registered candidates 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 candidate's campaign must have a 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 candidate's campaign 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

Public disclosure

It is recommended that contributors donating more than \$100 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 accepted during a campaign period must be reported in the campaign period financial statements filed with Elections Ontario. [Act reference 34(1)]

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

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 candidates' campaigns. These monetary contributions are referred to as "agency contributions".

Responsibility of CFO of candidate

The registered candidate's CFO must:

- ensure every agency contribution accepted by the candidate's political party is recorded in the audited financial statements of the candidate 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 \$100, which is a part of the audited 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 candidate'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 candidate's campaign.

Tax Receipts

A tax receipt is issued for every contribution to a registered candidate's campaign. Even a donor who wants a contribution of goods and 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 candidate 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 candidate 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 candidate's campaign. The political party will also have its own requirements for the electronic database which the candidate's campaign must be aware of.

Obtaining tax receipts

Elections Ontario will supply blank tax receipts to the CFO of a registered candidate 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

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 corresponding numbers below:

The image shows a sample 'Official Receipt' form from Elections Ontario. The form is pink and contains the following information:

- Ontario logo and 'ELECTIONS ONTARIO' text.
- Receipt number: A535851 OFFICIAL RECEIPT / RÉCEPISSE OFFICIEL.
- Amount received / Montant reçu: \$1,060.00.
- Date accepted / Date de dépôt: 05/04/11.
- Date issued / Date de délivrance: 31/12/11.
- From / De: Individual / particulier (checked).
- Contributor name and address: 123 Some St., Someplace, ON, N1N 1N1.
- Signature of Rahul Martin (reg. candidate).
- Full Name - Individus, Nom complet du particulier: (blank).
- 13/2009 and See over / Voir au verso.
- 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);
- form of contribution (monetary or goods and services);
- full name and address of contributor;
- name of issuing registered candidate; 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 candidate must be acknowledged by a receipt in the name of the particular candidate 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 candidate's campaign 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 audited financial statements, the CFO of a registered candidate 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 CEO'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 CEO'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 campaign period financial statements unless requested otherwise. All unused tax receipts remaining at the end of a campaign period must also be returned to Elections Ontario with the campaign period financial statements.

Keeping tax receipts

The registered candidate'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 candidate's campaign 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 candidate's campaign at the end of a campaign period must be returned to Elections Ontario on filing of the campaign period financial statements.

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 CRA.

Electronic Database

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 candidate is using an electronic database, the candidate's campaign 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 candidates comply.

Recording of contributions

The CFO of a registered candidate is responsible for ensuring all contributions received by the candidate 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(4)]

If the CFO of the registered candidate 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 candidates 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 candidates using an electronic database must not issue tax receipts for contributions. [Act reference 25.1(6)]

Contribution reporting from the political party

In order for CFOs of registered candidates 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 candidate.

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

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

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

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

Non-Contribution Income

In Ontario, other forms of income may be received by a registered candidate's campaign and not considered to be a contribution. These include the non-contribution portion of proceeds from fund-raising, general collections at meetings, goods and services not considered a contribution, transfers, interest income, and other income.

Fund-raising events

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

Collection of money at meetings

Where funds are collected for a registered candidate's campaign 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 audited 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.

Goods and services supplied

Goods and services provided to a registered candidate's campaign must be treated as a contribution unless the total value of all goods and services provided in a campaign period is \$100 or less, and 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 audited 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

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 candidate's campaign must not directly or indirectly transfer funds to a political party, constituency association or candidate not registered with Elections Ontario.

A registered candidate's campaign must not directly or indirectly transfer funds to a registered leadership contestant.

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

A registered candidate's campaign must not directly or indirectly contribute or transfer 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, candidate, or leadership contestant 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 audited financial statements.

The source and amount of funds, goods, or services transferred must be recorded by the registered candidate'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 audited 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.

Political Events

There are three types of political event:

- Fund-raising events
- Cost recovery events
- Social events

Fund-raising Events

A fund-raising event is defined as an event to raise funds for a political party, constituency association, nomination contestant, candidate, or leadership contestant registered under the Act. Fund-raising raises funds from the charge by the sale of tickets, or otherwise, for attendance. [Act reference 23(1)]. The attendance restrictions apply to these events [Act reference 23.1].

Please refer to the attendance restrictions section for additional information.

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 web site:

- 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 7 days before the fund-raising event. If the event is occurring within an election period, this information shall be posted at least 3 days before the fund-raising event.

Contribution limits at fund-raising events

The limits on contributions that may be accepted by a registered political party or constituency association apply to fund-raising events. All eligible contributors to a registered political party or 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 political party or constituency association or person(s) acting on its behalf may knowingly accept any contributions in excess of the limits imposed by the *Election Finances Act*. [Act reference 28]

In any calendar year, a person can contribute up to a limit of \$1,222, rounded to the nearest dollar.

Example:

If a political party, and one or more of its constituency associations hold a combined event, the maximum amount that an individual can contribute at this event is \$1,222 because, in addition to contributions limits, the Act limits the amount that can be contributed at a single event. Where a combined event is planned, please contact Elections Ontario for the details about the compliance requirements.

What are the Attendance Restrictions?

The *Election Finances Act* contains attendance restrictions about who can attend certain events. It means specific people cannot be present at an event. If someone is present, who is not supposed to be at an event, this may be a contravention of the Act.

Who do the Attendance Restrictions apply to?

The attendance restrictions apply to:

- MPPs;
- The Leaders of all political parties registered with Elections Ontario;
- All registered nomination contestants, candidates, and leadership contestants;
- All nominated and appointed candidates;
- All people employed in the Office of the Premier;
- All Chiefs of Staff (or the equivalent position) to provincial Cabinet Ministers; and
- All people employed in the Office of a Leader of an officially recognized party in the Legislative Assembly.
- The attendance restrictions do not apply to:
 - Spouses and family members of Leaders, MPPs, and others listed above;
 - People who are employed in MPPs local constituency offices; or,

Political Events

- Party staff and officials who are paid by the party, who do not work at Queen's Park, and who do not report to the Office of the Premier or a Leader of an officially recognized party in the Legislative Assembly.

People organizing fund-raising events should be aware of these attendance restrictions when sending out invitations to such events. As such, fund-raising organizers should check with staff, party officials, and volunteers, the relevance of attendance requirements, before scheduling special guests at a fund-raising event.

Soliciting contributions

Although there are attendance restrictions, soliciting contributions other than at an event, by mail, telephone, electronic or other means, is not prohibited.

Examples where attendance restrictions do not apply

The following examples are some events or activities where the restrictions do not apply:

- A food drive, attended by a nomination contestant and hosted by a constituency association, where all the surplus income generated by ticket sales, or goods donated by attendees, are given to a charity.
- A meeting where the attendees pay no fee or charge to gain entry to meet a Party Leader or MPP, but have the option of making contributions by bidding in a silent auction at the event.
- A meal, party, or similar social event, attended by a Chief of Staff where there are no admission charges, and attendance is not conditional on the attendees making a contribution.
- MPP meetings with constituents.
- An annual general meeting, policy convention, or similar gathering.
- A telephone, email, mail, or door-to-door fund-raising campaign with messages from a candidate.

The gross income from any fund-raising event shall be recorded and reported to Elections Ontario by the CFO of the registered political party, constituency association, nomination contestant, candidate, or leadership contestant registered under the Act that held the event or on whose behalf the event was held.

Any amount (in excess of highest amount charged) paid for goods and services offered for sale at a fund-raising event, by a person providing similar services on a commercial or retail basis in the market area, must be considered as contribution under the Act.

Any amount paid for advertising services offered for sale in connection with a fund-raising event shall be considered a contribution.

Cost Recovery Events

A cost recovery event is defined as an event held by or on behalf of a party, constituency association, nomination contestant, candidate or leadership contestant registered under the Act where:

- The event is advertised in advance
- A charge by the sale of tickets or otherwise is made exclusively to recover the costs of holding the event and that fact is stated in all advertisements for the event
- Any money raised in excess of the amount required for cost recovery is promptly paid to the Chief Electoral Officer

The attendance restrictions do not apply to these events.

Advertising Requirement for Cost Recovery Events

If the event is a cost recovery event, this fact must be advertised in all communications related to the event.

Social Events

A social event is an event held by or on behalf of a party, constituency association, nomination contestant, candidate or leadership contestant registered under the Act where no charge is made for attendance and no income is generated.

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.

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. 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)]

Examples:

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 registered 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 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.

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.

Expenses incurred for an event

Expenses incurred for events held in a campaign period will not be subject to campaign expense limits.

The expenses of the event must be paid by the CFO, and all invoices and receipts must be kept by the CFO for audit purposes.

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 costs and the remaining revenue must be considered fund-raising income. All costs are deductible in determining the contribution.

Examples:

- A fund-raising ticket is sold for \$100, and the per-person cost for the event is \$30; the contribution portion is \$70.
- The entry fee charged for a fund-raising golf tournament is \$300. The per person costs for the event were \$200; the contribution portion is \$100.

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 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 expenses but no contribution can be made.

Sale of advertising space is a contribution

Any amount paid for advertising as a fund-raising activity or at events must be 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 party for the signs displayed must be considered a contribution.

Deposit of funds raised

All funds raised at an event must be deposited by the CFO for which the event is held, and the name, address and amount paid by ticket purchasers must be recorded by the CFO. People organizing fund-raising activities and events should ensure that all contributions received are provided to the CFO for depositing and recording.

Loans and Guarantees

A registered candidate's campaign may borrow funds to assist in his or her operations. However, there are restrictions on the source of loans, guarantees, and collateral security. At the conclusion of the campaign period, candidates must transfer any outstanding loans to the constituency association or registered party.

Borrowing source

A registered candidate's campaign 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.

Candidates and members of their campaign teams are not eligible to make loans.

No registered candidate's campaign 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 candidate's campaign may borrow only during the campaign period.

Guarantees and collateral security

A registered candidate's campaign 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 candidate's campaign. [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 receipt-able until it is paid. Therefore, the limit on a guarantee for a new loan is \$1,222 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	\$1,222	\$1,222	1
2	\$12,220	\$1,222	10
3	\$122,200	\$1,222	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 candidate's campaign is transferred to the guarantor. Terms of repayment shall be reported to Elections Ontario.

Time Limits - loans and guarantees

Every registered candidate who receives a loan must repay the loan in full no more than two years from polling day. [Act reference 35(9)]

No person shall guarantee the loan for a period longer than the applicable period of two years from polling day. [Act reference 35(10)]

Transfer of candidate's deficit

Any deficit remaining from a registered candidate's campaign must be assumed by the registered constituency association or political party that endorsed the candidate. The constituency association or political party 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 audited 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

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 an advertising is political advertising:

- whether it is reasonable to conclude that the advertising was specifically planned to coincide with the period referred to in Spending Limits section (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

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.

Authorization on political advertising

All candidate political advertising must name the registered candidate 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

Blackout period

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

Any media advertising of a fund-raising activity 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.

No broadcaster or publisher may allow a paid commercial candidate election advertisement to appear during a blackout period. [Act reference 37(3)]

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
- 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 third party 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 candidates.

[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 candidate 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 candidate during the same period.

Restriction 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 candidate 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

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 spending 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

General

The *Election Finances Act* sets a joint limit on the amount that a registered candidate's campaign 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's campaign, its registered constituency association, and anyone acting on behalf of the candidate's campaign or constituency association during a campaign period must not exceed the amount of \$1.30, multiplied 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	$80,000 \times \$1.30 = \$104,000$
120,000	$120,000 \times \$1.30 = \$156,000$

Example:

- 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 \$1.30 to determine a joint campaign expense limit of \$104,000.
- The number of electors entitled to vote in a candidate's electoral district is 120,000 so this number must be multiplied by \$1.30 to determine a joint campaign expense limit of \$156,000.

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 amount for the 2018 calendar year is currently \$9,478. [Act reference 38(3.4)]

Expenses incurred by a registered political party or constituency association acting on behalf of a registered candidate's campaign must be included in the total campaign expenses incurred by the candidate's campaign, not the political party or 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 candidate's campaign to assist in preparing campaign budgets.

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

Consequences where campaign expense limit is exceeded

If a registered candidate's campaign spending exceeds the campaign expense limit, and the candidate is elected as a member of the Assembly, the member may be forced to vacate their seat by the Assembly. [Act reference 43(2)]

Approval of constituency association spending

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 candidate's campaign 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*;
- 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 candidate's campaign 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 political party or constituency association on behalf of a registered candidate's campaign before a writ is issued must be examined to determine whether they must be accounted for as a campaign expense for the candidate's campaign 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

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.

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 candidate's campaign's ability to produce its own signs or secure salvage materials, for example, to construct signs.

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 a constituency association's inventory account must be transferred from the registered constituency association to a registered candidate's campaign. The constituency association must provide to the candidate's campaign 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's campaign at the end of the campaign period must be transferred back to its registered constituency association or political party.

Prepaid campaign expenses

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.

Only a registered political party or constituency association can incur prepaid campaign expenses prior to the start of a campaign period. A candidate and his or her campaign must not have any financial activity prior to the start of a campaign period and prior to registration with Elections Ontario.

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 a lease is being negotiated before the writ is issued, only the registered political party or constituency association may be involved financially as opposed to a candidate.

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

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 candidate 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 candidate 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 audited financial statements to be filed with Elections Ontario.

Recording and reporting of campaign expenses

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 audited financial statements.

Public Funding of Expenses

Elections Ontario provides public funding for certain expenses:

- a subsidy for audit fees incurred by a registered candidate's campaign; and
- reimbursement for campaign expenses incurred by a registered candidate's campaign.

Audit subsidy

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 candidate. The amount of the subsidy is currently \$1,354 for a registered candidate.

[Act reference 40(7)(c)(i)]

To receive the audit subsidy, a registered candidate's campaign must include with the audited financial statements a copy of the auditor's invoice.

The audit subsidy will be paid directly to the auditor, with the registered candidate's campaign responsible for the remaining portion of the invoice.

Campaign expense reimbursement

Reimbursement of expenses

A registered candidate who receives at least 5 percent of the popular vote in his or her electoral district is entitled to be reimbursed by Elections Ontario for its campaign expenses. The popular vote is defined as the total valid ballots cast.

The amount of the reimbursement for eligible registered candidates is the lesser of:

- 20 percent of the campaign expenses of the candidate's campaign and registered constituency association endorsing the candidate for the campaign period, as shown on the campaign period audited statement of income and expenses filed with Elections Ontario; and
- 20 percent of the campaign expense limit to which the candidate's campaign and constituency association are subject.

[Act reference 44(1)]

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 reimbursement is increased by an indexed amount. The amount for the 2018 calendar year is currently \$9,478. [Act reference 38(3.4)]

Following polling day and immediately after preparing the certified list of electors, Elections Ontario will notify each registered candidate's CFO of the number of electors upon which the reimbursement of expenses is to be determined.

Refer to the Form Completion Guide for further details on how to calculate the campaign expense reimbursement.

Any reimbursement that a registered candidate's campaign is entitled to will be sent to the candidate's mailing address on file with Elections Ontario.

Conditions for reimbursement

A registered candidate's campaign is not entitled to a reimbursement unless:

- the campaign period audited financial statements of the registered candidate have been filed;
- the campaign period audited financial statement of a registered constituency association endorsing the candidate has been filed; and
- Elections Ontario is satisfied that the registered candidate and constituency association meet the requirements of the *Election Finances Act*.

[Act reference 44(3)]

Deficit in a candidate's account

Where a registered candidate's financial statements show a deficit, any reimbursement that the candidate's campaign is entitled to must be first used to reduce the deficit.

Any remaining deficit must be assumed by the registered constituency association or political party endorsing the candidate. [Act reference 44(4)]

Financial Statements

Every registered candidate's campaign must file audited financial statements 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.

Content and filing date

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 candidate must file signed, campaign period audited financial statements (Form CR-1) and supporting documentation with Elections Ontario within six months after polling day. The campaign period financial statements must include all activities relating to the campaign period.

The campaign period financial statements includes the following:

- registered candidate information;
- certification by the candidate and 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;
- statement of assets and liabilities;
- statement of income and expenses;
- notes to the financial statements and schedules of accounting policies and procedures used;
- signed auditor's report on the supporting schedules of the financial statements;
- supporting schedules for the following:
 - borrowings and overdrafts;
 - contributions and tax receipt form reconciliation;
 - fund-raising events;
 - transfers;
 - campaign period expenses, which consists of a list of suppliers where expenditures exceed \$100 and statement of disputed claims;
 - inventory and prepaid expenses;
 - list of accounts receivable;
 - list of accounts payable;
 - calculation of candidate's campaign expense limit and reimbursement entitlement; and

- a copy of all used tax receipts and cancellation notices.

[Act reference 42(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.

Deficit in a candidate's account

Where a registered candidate's financial statements show a deficit, any reimbursement that the candidate's campaign is entitled to must be first used to reduce the deficit.

Any remaining deficit must be assumed by the registered constituency association or political party endorsing the candidate. [Act reference 44(4)]

Surplus in a candidate's account

Any surplus in a registered candidate's campaign account, determined by taking into account the candidate's financial statements and any reimbursement that the candidate's campaign is entitled to, shall be immediately paid:

- in the case of a candidate endorsed by a registered political party or constituency association, to the political party or constituency association endorsing that candidate; or
- in the case of an independent candidate, to Elections Ontario.

[Act reference 44(5)]

Financial statements format

A registered candidate's campaign 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.
 - Furniture and other equipment:
 - 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

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 candidate's campaign 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.

Retention of records

The financial records must be kept for a minimum of six years as recommended by the 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 candidate who is elected as a member of the Assembly fails to file any part of the campaign period financial statements, the member may be forced to vacate their seat by the Assembly. [Act reference 43(2)]

Where the CFO of a registered candidate who is not elected to the Assembly fails to file any part of the campaign period financial statements, the candidate will be ineligible to run in any election up to and including the next general election, until the financial statements are properly filed. [Act reference 43(1)]

If a person knowingly fails to file financial statements, this may be an offence under the *Election Finances Act*. [Act reference 46]