

# Election Finance Regulations

## A Guide for Chief Financial Officers in a General Election or By-Election

These guidelines are designed to provide Chief Financial Officers for Candidates seeking election to the Newfoundland House of Assembly with information concerning provisions in Part III - Election Finance of the *Elections Act, 1991* (the "*Elections Act*").

The intent is to provide a supplementary aid to the legislation and to assist the reader in their understanding of the legislative requirements of Part III.

These guidelines **are not to be interpreted as a substitute for the legislation** and where a conflict exists between these guidelines and Part III of the *Elections Act*, **the latter shall prevail.**

Things to consider before you become a Chief Financial Officer .....	1
Things you need to do immediately upon appointment .....	2
Things you need to do to get ready for the election .....	3
With regard to campaign contributions.....	3
With regard to campaign expenses.....	4
Things you need to do during the election period.....	5
Things you need to do after Election Day .....	5
Official Campaign Period .....	7
Candidate Nomination Process .....	7
Chief Financial Officer .....	8
Campaign Accounts .....	9
District Expense Limits .....	9
Election Expenses (Included vs. Excluded).....	10
Expense Reimbursement .....	10
Expenses Eligible for Reimbursement.....	11
Official Income Tax Receipts and Tax Credits .....	11
Nomination Fee Reimbursement.....	11
Who may make a contribution?.....	12
Who may accept a contribution?.....	12
What is a contribution?.....	12
What is a contribution of goods and/or services?.....	12
No Tax Credit for Contributions of Goods and/or Services .....	13
What is not a contribution? .....	13
Contributions of goods and services are also expenses .....	14
Advertising as a contribution .....	14
Contribution Limits.....	14
Candidate’s contribution to own campaign.....	14
Anonymous contributions.....	14
Contributions from unincorporated groups, associations or trade unions .....	15
Accepting a contribution .....	15
A contribution must be made from a contributor’s own funds.....	16
Post Dated Cheques .....	16

Dishonoured Cheques .....	17
Cheques on Joint Accounts .....	17
Cancelled, Replaced or Unused receipts.....	18
Contribution Listing .....	18
Campaign Loans .....	19
Transfers to and from Political Parties .....	19
Fundraisers .....	19
Rules governing fundraising activities.....	19
Detailed Information Respecting Election Expenses .....	20
What is considered an election expense?.....	20
Excluded expenses .....	21
Existing inventory as an election expense .....	21
Contributions of Goods and Services.....	21
Documentation.....	22
Expenditure limits .....	22
Reimbursement of expenditures .....	22
Outstanding debt .....	23
Additional Items you should be aware of.....	23
Campaign surplus .....	23
The Campaign Auditor.....	23
Filing of a Return .....	24
Offences/Penalties under the Elections Act .....	24

See Elections NL website for the following forms:

<https://www.elections.gov.nl.ca/elections/resources/forms.html>

- Candidate Statement of Income and Expenses
- Campaign Period Financial Statements Supporting Schedules (#'s 1 to 12)
- Guide for completion of the Financial Statements and Schedules
- Revenue Journal Spreadsheet
- Guide for using the Revenue Journal Spreadsheet
- Expense Journal Spreadsheet
- Guide for using the Expense Journal Spreadsheet

## Things to consider before you become a Chief Financial Officer

- Are you eligible to be a Chief Financial Officer?

You should be aware that a person may not act as both the Chief Financial Officer and the Auditor for a campaign. Also, a Candidate may not act as Chief Financial Officer for their own campaign.

- Will you be able to handle the role and responsibilities of a Chief Financial Officer?

You may wish to contact Elections Newfoundland and Labrador (herein referred to as “Elections NL”) if you have any questions about the responsibilities you will face. Training opportunities are available through Elections NL.

- Will you be able to commit the time required to fulfill the responsibilities of the position?

This is normally a volunteer position; however, it is a significant endeavour that does require time before, during and after an election.

- Do you understand and accept that there may be consequences for you and/or the Candidate if the job is not completed as required?

The Chief Financial Officer of a Candidate is responsible for filing campaign financial reports to Elections NL within 4 months of polling day. If the reports are filed after the deadline your candidate will forfeit certain reimbursements and you as the Chief Financial Officer could be fined \$50 per day that the reports are late.

- Do you have the Candidate and the campaign workers commitment that you will have timely and appropriate access to and disclosure of all financial matters of the Candidate as required by the *Elections Act*?

## Things you need to do immediately upon appointment

You should complete the following tasks immediately upon becoming a Chief Financial Officer:

- Contact Elections NL and ensure that your Candidate is properly registered. (See also heading – Candidate Nomination Process under Important Terms and Definitions)
- Make sure you know which bank accounts will be used by the campaign. If you need to set up a bank account that should be done now. You must provide bank account information to Elections NL upon the Candidate’s nomination. Further, the accounts on record with Elections NL are the **only** bank accounts that can be used for the purposes of the campaign.
- Count inventory of campaign material remaining from any past campaigns. These materials may be used in the current campaign but it is the Chief Financial Officer’s role to value and record the inventory as both income to and an expense of the campaign. If you have questions about this procedure please contact Elections NL.
- Ensure that the Candidate has appointed an Auditor who is currently licensed under the *Public Accountancy Act*. Appointment of an Auditor is required by law and the Auditor’s name must be disclosed upon the Candidate’s nomination.
- At a minimum, you should understand terms and concepts from Part III of the *Elections Act*. You can refer to these guidelines for help but remember some of the material contained in the *Elections Act* is rather technical. **Contact Elections NL if you require further assistance.**
- Review a blank copy of the “*Campaign Period Financial Statements for a Candidate in an Election*” and the supporting schedules which are contained in the appendices to these guidelines. This should help you to familiarize yourself with information that will be required in the near future.
- Set up a record keeping system that you are comfortable with and that will allow you to track the income and expenses categories and produce the required reports at reporting time. Copies of Revenue and Expenditure Journals are provided in the appendices to these guidelines to assist in this task.

## Things you need to do to get ready for the election

Meet with the Candidate and the campaign workers right away to remind them of the following financial requirements:

### With regard to campaign contributions:

- Contributions **cannot** be solicited, collected or accepted prior to the date that the Candidate is Officially Nominated with Elections NL as a Candidate. This means that prior to the candidate's official nomination with Elections NL, you are not even allowed to ask for contributions or to accept them if someone gives you a contribution without your having asked for it.

**If you have already solicited, collected or accepted contributions prior to the date of the candidate's official nomination with Elections NL then the money collected must be returned to the contributor.**

- Only the Chief Financial Officer may solicit, collect or accept contributions to the campaign unless other individuals have been authorized in writing to do so by the Chief Financial Officer. Any person so authorized by the Chief Financial Officer must carry a certificate signed by the Chief Financial Officer indicating this authorization.
- Where an authorized person accepts a contribution to the campaign, the Chief Financial Officer must record the amount of that contribution and also the name and address of the contributor.
- Persons authorized by the Chief Financial Officer to accept contributions should be made aware of the legislative law and regulations pertaining to contributions.
- Only the Chief Financial Officer can issue Official Income Tax Receipts unless an officer is appointed in writing by the Chief Financial Officer to assist in that task.
- Official Income Tax Receipts will be available from Elections NL once the Candidate has officially registered. You may also obtain these receipts during or immediately after the election if you prefer.
- Cash contributions greater than \$100 are not allowed and should not be accepted. Contributions greater than \$100 must be in the form of a cheque, money order, or credit card containing the name and address of the contributor. A contribution

received through e-transfer or services such as Paypal is considered a cash contribution and are subject to the same rules as cash contributions.

- An official tax receipt **must** be issued for all contributions **of \$100 or more**.
- Contributions under \$100 must be issued a tax receipt if the contributor requests a receipt.
- Best practice is to issue a tax receipt for any contribution of money, regardless the amount.
- Contributions received from a business must specify whether or not the entity is legally incorporated. Incorporated entities can usually be identified by the words “Limited”, “Ltd.”, “Incorporated”, “Inc.” or “LLP” appearing in the name.
- Contributions from unincorporated entities can be accepted but must be recorded using the individual name of the business owner or the names of the contributing business partners.
- All contributions must be deposited to an account that has been registered with Elections NL to accept contributions for the campaign.

### With regard to campaign expenses:

- Only the Chief Financial Officer may authorize an election expense for a campaign and only the Chief Financial Officer (or a person designated in writing by the Chief Financial Officer to do so) may incur an election expense for a campaign.
- Any expenditure in excess of \$100 must be authorized by the Chief Financial Officer in writing and no person should accept or execute an order for an election expense in excess of \$100 if that authorization is not in place.
- The Chief Financial Officer should be aware of all financial transactions of the campaign and be informed of any campaign decisions that have financial implications.
- There should be a campaign budget. This is not required by legislation however, it is a helpful tool for any campaign. Keep in mind that there are spending limits applicable to certain types of expenses and you must manage campaign spending to comply with those limits. Elections NL publishes district spending limits on the Elections NL website shortly after the issue of the writ of an election.
- You should establish a record keeping system that will enable you to monitor funds received and paid out as well as any goods and services that are received and used during the election.

- Make sure you understand when a particular expense is considered an eligible election expense that is subject to the expenditure limits of the campaign. An understanding of the expenditure categories reflected in the *Campaign Period Financial Statements for a Candidate in an Election* and Supporting Schedules should help you with this. See appendices provided with these guidelines.

## Things you need to do during the election period

- Remind the Candidate and campaign workers about the regulations governing contributions and expenses.
- Make sure all expenditures have been properly authorized and that all contributions have been deposited to the proper accounts.
- Be aware of your expense limit and **make sure that the campaign does not exceed it.**
- Meet regularly with the Candidate and the campaign workers to discuss comparisons of budgeted versus actual spending.
- Keep books and records up-to-date, including separating election expenses subject to expense limits from those that are not. If you spend time on this regularly (weekly or even daily); your job will be much easier at the end.
- Do not hesitate to call Elections NL if you require clarification, guidance or assistance on any issue concerning election financing.

## Things you need to do after Election Day

- Continue to record income received and expenses incurred by the campaign until the end of the campaign period and/or until all transactions have been completed. Please note, the official end of the campaign period is four months after polling day.
- Make sure you have collected all outstanding invoices and pay them if funds are available.
- Determine a value for the final inventory of campaign materials, signs, etc. for inclusion on the financial statements.
- Finalize the *Campaign Period Financial Statements for a Candidate in an Election* and complete all the supporting schedules as well.
- Compile a detailed list of contributors of amounts over \$100. Disclosure of the contributor's name and address including the postal code and individual amount contributed is mandatory and the listing of contributors must be submitted to Elections NL along with the required financial statements. An electronic copy of this listing is preferred.

- Submit the completed financial statements, along with your books and records, to the campaign Auditor and be prepared to meet with them to answer any questions they might have.
- **Once you have received the Auditor's report and within four months of election day you must file the following documents with Elections NL:**
  - *Campaign Period Financial Statements for a Candidate in an Election* and Supporting Schedules along with the completed audit report
  - All copies of unused and voided Official Tax Receipts, as well as the yellow copies of all issued Official Tax Receipts
  - A detailed list of contributions received over \$100 (an electronic copy is preferred)
- Once filed, Elections NL will examine these documents and determine if the campaign is eligible for a reimbursement for a part of the election expenses. If entitled, a cheque will be issued to the campaign and you as Chief Financial Officer must deposit the reimbursement cheque into the bank account(s) and use these funds to first reduce or eliminate any amounts still owing by the campaign.
- Once all transactions have been completed you may also be required to pay surplus campaign funds (if there are any) as directed by Elections NL.

## Important Terms and Definitions

To assist you in performing your duties as Chief Financial Officer for a campaign it is important to understand certain terms and definitions frequently referred to in these guidelines and referenced in the *Elections Act*.

### Official Campaign Period

The **“Official Campaign Period”** as defined in the *Elections Act* begins on the date of the issue of the writ for the election and ends four (4) months after polling day.

Any campaign activity occurring before or after this period, in particular financial activity, may be deemed by certain provisions of the *Elections Act* to be included as campaign period activity.

### Candidate Nomination Process

The important point to be aware of is that there is an **“Official Nomination Process”** outlined under the *Elections Act*. This process is **not** the same as the party nomination process followed by the various political parties used to determine their own party representatives for an election.

Political parties hold their own nomination process and name their own Candidate to run in an election. An individual who has obtained a nomination from a political party to run as a Candidate in an upcoming election is **not** considered an official Candidate with Elections NL until they have completed the **“Official Nomination Process”** outlined in the *Elections Act*.

In addition, if an individual not affiliated with any particular political party has publicly expressed their intention to run as a Candidate in an upcoming election, they too are not an official Candidate until they have completed the **“Official Nomination Process”**.

The **“Official Nomination Process”** takes place after the issue of a writ for an election. It involves the completion of the official Nomination Papers detailed below:

- N-1 (Nomination Paper and Witness Affidavit)
- N-2 (Candidate’s Affidavit)
- N-3 (Application for Registration of a Candidate)
- N-4 (Request of Candidate to Omit “Non-Affiliated”)
- N-5 (Certificate of Confirmation of Candidate’s Name on the Election Ballot)

The Candidate must deliver these Nomination Papers, together with a payment of a \$200 nomination fee to the Returning Officer of the district in which the Candidate runs.

The deadline to file Nomination Papers with the Returning Officer is at 2:00 p.m. eight (8) days after the writ of election is issued. Nomination Papers will not be accepted after this time and the candidate will be ineligible to run in the election.

Candidates do not need to wait until the nomination deadline to file their Nomination Papers. They can be accepted anytime between the writ of election and the nomination deadline. Elections NL recommends that candidates arrange to meet with their district Returning Officer in advance of the deadline to avoid last minute filing issues.

A potential Candidate may incur expenses relating to their election campaign out of their own funds prior to the **“Official Nomination Process”** or prior to the beginning of the **“Official Campaign Period.”**

Any election expenses incurred prior to the writ or the **“Official Nomination Process”** are subsequently deemed to be actual election expenses of the Candidate and may be eligible for partial reimbursement if the expenses and the Candidate subsequently qualify.

A Candidate cannot solicit, accept or collect contributions to or for their campaign before the period of the writ and completing the **“Official Nomination Process”**.

## Chief Financial Officer

A Chief Financial Officer is an individual designated by a Candidate to conduct the financial affairs of the campaign. This undertaking carries a great responsibility and requires careful attention to the finance provisions of Part III of the *Elections Act*.

A political party registered under the *Elections Act* also must name a Chief Financial Officer who is responsible for conducting the overall financial affairs of the party.

The Chief Financial Officer for a party and the Chief Financial Officer for a Candidate will be required to work together and to coordinate certain financial transactions throughout the campaign period.

## Campaign Accounts

The *Elections Act* does not specifically state that a separate bank account must be opened for the purposes of a campaign. However, **it does state that all accounts used during the election must be on record with Elections NL.**

The name and address of every deposit accepting institution such as a chartered bank, trust company or other financial institution that is entitled to accept deposits by or on behalf of the Candidate must be provided.

For example, if a Candidate chooses to use their own personal bank account for election purposes, the account information must be provided to Elections NL. If the Candidate has several bank accounts and only uses one for election purposes, only the account used for the administration of campaign finances needs to be on record. If several bank accounts are used to administer campaign finances, each account must be on record along with the names of the persons responsible for these accounts.

For example, if three bank accounts belonging to three different individuals are used for the election then the names of all three individuals must also be provided.

## District Expense Limits

The *Elections Act* establishes expenditure limits for both political parties and Candidates in elections. Limits for a particular election are set by Elections NL on the day the writ for election is issued and are based on a formula that incorporates the number of electors on the electoral list for that district on that day. District expenditure limits will be posted on the Elections NL website shortly after the writ of election is issued.

## Election Expenses (Included vs. Excluded)

All campaign expenses must be reported to Elections NL but certain of those expenses are excluded from calculations for the purpose of determining compliance with the district expense limits.

Excluded expenses normally include but are not limited to the following:

- Expenses incurred by a Candidate in seeking nomination, or in seeking the leadership of a registered party.
- Transfers between a registered party and a Candidate.
- Expenses related to a judicial recount or controverted election petition.
- Auditor's fee, including any portion being reimbursed by Elections NL (maximum amount reimbursable is \$500.)
- Expenses incurred after the close of polls on polling day not directly related to the contesting of the election such as the cost of a victory party, appreciation notices and similar items.
- Reasonable personal expenses incurred by a Candidate or a Candidate's spouse, including expenses for their own food, lodging and transportation during a journey for election purposes, whether or not paid by the Candidate personally

## Expense Reimbursement

A Candidate in an election who receives at least fifteen percent (15%) of the popular vote in their district or who is elected by acclamation is entitled to an expense reimbursement. Candidates who qualify for this reimbursement receive one-third ( $1/3^{\text{rd}}$ ) of their included election expenses to a maximum of one third ( $1/3^{\text{rd}}$ ) of the district expense limit. Elections NL issues expense reimbursements after the review of a Candidate's financial filing is complete.

A Candidate forfeits their expense reimbursement if their Chief Financial Officer has failed to file the necessary financial statements and Auditor's report dealing with receipts and expenses as required under the *Elections Act*, or if Elections NL is unable to certify that the statements meet the requirements of the *Elections Act*.

## Expenses Eligible for Reimbursement

It is important to understand that not all expenses in the “Included Expense” category outlined above are considered eligible for the expense reimbursement subsidy.

Examples of expenses that are included for the purpose of determining compliance with the expenditure limits but that are not eligible for the reimbursement subsidy include, but are not limited to the following:

- opening inventory
- non-cash items such as contributions of goods and/or services to a campaign

## Official Income Tax Receipts and Tax Credits

The Province of Newfoundland and Labrador allows individuals and corporations to claim tax credits against Newfoundland and Labrador income tax payable for contributions made to registered political parties and registered Candidates. Contributions to a leadership contestant campaign or to a contestant for a party or district association **nomination** are **not** eligible for the tax credit.

The allowable tax credits from Newfoundland and Labrador income tax for an individual taxpayer and a corporation are:

75% of the first \$100 of total contributions, and  
50% of the next \$450 of total contributions, and  
33 1/3% of total contributions exceeding \$550 up to \$1,150.  
0 % of contributions in excess of \$1,150.

The maximum credit allowable is calculated at \$500.

## Nomination Fee Reimbursement

The \$200 nomination fee required as part of the “Official Nomination Process” is eligible for reimbursement. The Chief Financial Officer must file the required reports by the filing deadline (4 months past polling day) to be eligible for the reimbursement.

## Detailed Information Respecting Contributions and other Campaign Income Sources

### Who may make a contribution?

A contribution can be accepted from an individual, a corporation or a trade union. Individuals do not have to reside in the province, corporations need not carry on business in this province and trade unions do not have to hold bargaining rights for employees in this province to make contributions.

### Who may accept a contribution?

Only a registered party or official Candidate in an election may solicit, collect or accept contributions. The Chief Financial Officer accepts all contributions for the party or Candidate, or another officer that the Chief Financial Officer has designated in writing.

### What is a contribution?

A contribution is a service, money or other property donated to support a political purpose.

### What is a contribution of goods and/or services?

A contribution of anything other than money is a contribution of goods and services. This is a broad definition and it encompasses a broad range of tangible goods and services.

For example, anyone who has paid an expense on behalf of a party or Candidate that has not been reimbursed for that payment has made a contribution of goods and services.

A supplier who normally supplies goods or services commercially and makes those goods or services available to a campaign free of charge has made a contribution of goods and services.

An employer who pays his employees to work on an election campaign for a Candidate without requiring they use their own vacation or other paid leave is considered to be making a contribution.

A contribution of goods or services can take many forms. What is important to note is that all contributions, money or otherwise, are subject to reporting regulations under the *Elections Act*.

## No Tax Credit for Contributions of Goods and/or Services

Contributions of goods and services are not eligible for a tax credit therefore an Official Income Tax Receipt should not be issued for such contributions. However, the Chief Financial Officer should still document the contribution by issuing a generic receipt that will not be eligible for an income tax credit. The listing of receipts issued for contributions of goods and services must be provided to Elections NL with all other filing documents.

## What is not a contribution?

There are several items deemed not to be contributions under the *Elections Act*. They include:

- A political party's membership fees, if they are no more than \$25 annually
- Contributions to leadership campaigns or conventions as well as campaigns or conventions held in relation to district nominations for endorsement of official party Candidates
- An entrance fee of no more than \$50 for a political activity or demonstration
- Money paid by a Candidate out of their own funds on lodging, transportation and food during a journey for election purposes
- A donation from an individual other than money where the donation is made out of the property or undertaking of that individual, the total value of all the donations made by that individual in a calendar year is less than \$100, and the individual is not reimbursed or rewarded in any way for having made the donation
- The donation by an individual of their expertise, or the use of their personal vehicle or other personal property where it is given freely

## Contributions of goods and services are also expenses

**NOTE:** In all cases, where a party or Candidate has received a contribution of goods and/or services, **an expense equal in value to the contribution is considered to have been incurred.** In other words, if the contribution of goods and services is recorded as \$100, a \$100 expense has also been incurred. The Chief Financial Officer should pay particular attention to this requirement considering that there is a limit on election expenses for a campaign. Contact Elections NL for more information on this reporting process.

## Advertising as a contribution

If an individual, corporation or trade union with the knowledge of a registered party or Candidate promotes the party, its policies or the election of the Candidate or opposes another registered party or the election of another Candidate through means of advertising, the amount of the cost of the advertising, **if it exceeds \$100**, is considered to be a contribution to the registered party or Candidate. This contribution must be recorded as such by the Chief Financial Officer.

Advertising as discussed in the *Elections Act* can mean using the facilities of a broadcasting undertaking, publication in a newspaper, magazine or other periodical, publishing printed leaflets, pamphlets, or other documents, or the use of an outdoor advertising facility.

## Contribution Limits

There is no limit as to the amount of money that can be donated to a campaign.

However, because contributions of goods and services are also considered to be expenses equal to the value of the goods and services donated, particular attention needs to be paid to such contributions in light of the expenditure limits applicable to campaigns.

## Candidate's contribution to own campaign

Any money a Candidate uses towards their own campaign, other than money spent on food, lodging and transportation during a journey for election purposes is considered a contribution from the Candidate unless the Candidate has been reimbursed by the campaign.

## Anonymous contributions

Anonymous contributions of more than \$100 cannot be accepted. This includes contributions received from e-transfers or other money transferring services such as Paypal. The contribution must be returned to the contributor if their identity can be established. If not, the contribution must be remitted to Elections NL where it is then deposited in the Consolidated Revenue Fund.

## Contributions from unincorporated groups, associations or trade unions

If an unincorporated association or organization contributes to a political party or Candidate, the association or organization must report the individual sources and their individual contributions that make up the total amount of the contribution.

The unincorporated association or organization must remit to Elections NL and to the Chief Financial Officer for the party or Candidate, a copy of its records relating to the individual donors and the amounts that each contributed. The Chief Financial Officer must record each donation separately.

For example, if there are five partners in an unincorporated legal firm who between them contribute \$1000 to a campaign, the Chief Financial Officer must record the five separate donations that make up the \$1000. If the five partners have not shared equally in the contribution then the different amounts contributed must be reported.

For example:

Partner A contributes	\$500
Partner B contributes	\$200
Partner C contributes	\$100
Partner D contributes	\$100
Partner F contributes	\$100

A contribution made by members of a bargaining unit represented by a trade union must be recorded as a contribution from the trade union.

## Accepting a contribution

A money contribution of more than \$100 can only be accepted if:

- It is made by cheque drawn on the contributor's account. The cheque must legibly identify, and be signed, by the contributor.
- or
- It is made by money order, which clearly identifies the contributor.

An individual may choose to make their contribution by credit card. This can only be accepted if:

- The credit card has the contributor's name imprinted or embossed on it.

## A contribution must be made from a contributor's own funds

A contribution must be made out of the individual, trade union or corporation's own funds. This means that a contributor cannot contribute funds that do not actually belong to them. This includes funds that were given to the contributor by another person, trade union, corporation or group expressly for the purpose of donating it to the Candidate or party (i.e., someone who wishes to remain anonymous). A Candidate or political party shall neither knowingly solicit nor accept such donations.

If the requirements outlined above are not met the contribution cannot be accepted.

If the requirements are met the contribution **must** then be deposited to an account on record with Elections NL.

## Post Dated Cheques

Post dated cheque may be accepted, however an official receipt cannot be issued and it cannot be counted as a contribution **until it is deposited**. Particular attention needs to be paid to time limits for accepting contributions in this regard.

## Dishonoured Cheques

In the event that a campaign receives a dishonoured cheque and that cheque has already been receipted, the Chief Financial Officer is required to recover the original receipt and cancel it or obtain a replacement cheque from the contributor.

## Cheques on Joint Accounts

If a contribution cheque is drawn on a joint account, the Official Tax Receipt should be issued to the person whose signature is on the cheque unless written instruction is received from the signor to issue the receipt to another person named on the account.

In no case should a receipt be issued to a party not named on the account.

## Issuing receipts

The Official Income Tax Receipts supplied by Elections NL are a three-part form. Copy 1 (white) is to be given to the contributor. Copy 2 (yellow) is to be retained and submitted to Elections NL along with the *Campaign Period Financial Statements*. Copy 3 (pink) is to be retained by the Chief Financial Officer of the Candidate.

A receipt must be issued for any contribution of \$100 or more and for a contribution of less than \$100 if the contributor requests one.

The Chief Financial Officer is solely responsible for issuing receipts; however, the Chief Financial Officer may choose to designate someone, in writing, to do so.

Receipts must be fully completed and must clearly identify:

- The name and address of the contributor
- Whether the contributor is an individual, corporation or trade union
- The amount of the contribution
- The date the contribution was made
- The date the receipt was issued to the contributor
- Any other information Elections NL may require
- The yellow copies must be examined in detail before being handed over to Elections NL to ensure all the information is fully legible
- Elections NL recommends maintaining this information on a spreadsheet and submitting that spreadsheet with the financial filings to assist with processing

## Additional information concerning receipts

Because of the value of Official Tax Receipts they should be stored in a secure place and the Chief Financial Officer should maintain a proper record of the receipts. It is strongly recommended that only the Chief Financial Officer on record with Elections NL be responsible for the supply of Official Receipts.

Official Receipts will be supplied to Chief Financial Officers for campaigns upon request after the writ for election has been issued and the “Official Nomination Process” has been completed.

## Cancelled, Replaced or Unused receipts

All Receipts are numbered and must be accounted for. Do not destroy any copies of receipts for any reason. Spoiled receipts must be marked “Void” and all three parts returned with the *Campaign Period Financial Statements*. If an original Official Receipt must be replaced, write the word “replacement” and indicate the serial number of the original Official Receipt on the replacement receipt. All details on the replacement should be the same as what was on the original (i.e., date received, amount, contributor name, etc.). Instead of issuing another receipt, the Chief Financial Officer may provide the contributor with a photocopy of the Chief Financial Officer’s original copy. The copy must clearly state the words “certified true copy” and be newly signed by the Chief Financial Officer.

All copies of cancelled, voided or un-issued receipts must be returned to Elections NL along with the Electoral Office (yellow) copy of issued receipts.

## Contribution Listing

The Chief Financial Officer must account for all contributions to a campaign and must file a campaign return with respect to the contributions received during the campaign period. The Chief Financial Officer is required to attach a list of contributors (names, addresses and amounts) who have contributed more than \$100 in total to a campaign. If a contributor made three separate contributions for example of \$50 each then that contributor has made a total contribution of \$150. This contribution appears on the list. This list is a public record and anyone who wishes to view these records is able to do so at the Elections NL office, or view a copy on the Elections NL website. This information, however, shall not be used for commercial solicitation purposes.

## Campaign Loans

A campaign can seek a loan **only** from a chartered bank or other recognized lending institution. Funds can also be borrowed from a federal political party that is registered under the *Canada Elections Act* or a provincial political party registered in another province that is recognized by the respective electoral office.

The terms of any such loan must be recorded by the political party or Candidate and reported to Elections NL.

## Transfers to and from Political Parties

Other than contributions made directly to a campaign or funds from legitimate loans as outlined above, a campaign can accept transfers of money from a registered political party in this province and transfer money directly to a political party. A record of these transfers (either transferred to or received from) must be submitted to Elections NL at the time of filing.

A campaign may **not** accept transfers of money directly from a local district association or another Candidate's campaign.

A transfer is not considered to be a contribution under the *Elections Act*. However, like contributions, transfers must be recorded and deposited in the appropriate account that is on record with Elections NL.

## Fundraisers

A fundraiser is an organized event or activity whose purpose is to raise funds for a Candidate. These are profit seeking events or activities, which are usually held by or on behalf of the political entity it is benefiting.

A fundraiser can include suppers, garden parties, dances, and any number of other activities.

As defined in the *Elections Act*, a fundraiser is any function held for the purpose of raising funds for a political purpose, and it must be undertaken with the intention of generating a profit.

## Rules governing fundraising activities

The registered party or Candidate must be clearly identified on any literature or communication involving the fundraising activity or on any correspondence soliciting contributions connected with the function.

If an entry fee is charged to the event

- If the fee is less than \$50 no portion of the entry fee is considered a contribution.
- If the fee is from \$50 up to \$100, half of the fee is considered to be a contribution.
- If the fee is greater than \$100, the amount of the entry fee less \$50 is considered to be a contribution

The profit made from the sale of goods and services must be considered as follows:

- Any amount received that is in excess of the highest market value of the good or service being sold is considered a contribution. For example, if you are selling an item for \$15 dollars to raise money, and other vendors within the area are selling the same item for \$12, the contribution that the campaign receives is \$3.
- Should the good or service that you are selling have no market value, such as a memento or souvenir, the contribution amount is equal to the amount they are sold for. If the campaign sells an item for \$5 and that item has no real commercial value then the contribution is recorded as \$5.

## Detailed Information Respecting Election Expenses

### What is considered an election expense?

Simply put, any expenditure relating to the campaign of the Candidate except a specifically excluded expense is an election expense.

## Excluded expenses

Specifically excluded expenses consist of, but are not limited to, the following:

Expenses incurred by a Candidate in seeking nomination of a registered party, or in seeking the leadership of a registered party.

Transfers between a registered party and Candidate.

Expenses related to a judicial recount or controverted election petition.

Any or all of that portion of an Auditor's fee **which is being reimbursed** by Elections NL. (Maximum amount reimbursable is \$500.)

Expenses incurred after the close of polls on polling day not directly related to contesting the election such as the cost of a victory party, appreciation notices and similar items.

Reasonable personal expenses incurred by a Candidate or a Candidate's spouse, including expenses for their own food, lodging and transportation during a journey for election purposes, whether or not those expenses are paid by the Candidate personally.

## Existing inventory as an election expense

Any promotional material from a previous campaign such as signage, reusable literature and other materials can be used in subsequent campaigns. However, for fairness, the old inventory is to be valued at its current replacement cost and recorded as both an expense and a contribution.

For example, an established Candidate has promotional items left over from a previous campaign. The Candidate chooses to reuse the items in the current election. The cost today to replace those materials is \$100. The established Candidate's campaign has incurred a \$100 expense as well as received a \$100 contribution.

The Chief Financial Officer should perform a reconciliation of such opening inventory with new purchases and closing inventory.

## Contributions of Goods and Services

A contribution of goods and services must be recorded as both a contribution and an expense. This treatment is in the interest of fair play and takes into account the expenditure limit on election spending.

With all Candidates subject to an expenditure limit, a Candidate who received a lot of goods and services donations to their campaign without those contributions counting towards their expenditure limit would have a spending advantage over a Candidate who had to pay for those same services.

## Documentation

Receipts should be provided for all election expenses, even those paid for with cash and the Chief Financial Officer should be able to reconcile all expenses paid with withdrawals from or cheques issued on the campaign deposit accounts.

Itemized invoices are required for any election expense exceeding \$100. These must include:

- All of the information required for auditing each item of work
- The service or material for which the expense was incurred
- The rate or unit price used for calculating the amount of the invoice

## Expenditure limits

The expenditure limit is set by Elections NL on the day the writ of election is issued. This information will be posted on the Elections NL website.

This limit is calculated by multiplying 5.501 (the expense factor for the 2024 calendar year) by the number of persons on the voters list for each district. For 2024, this amount shall not be less than \$21,181.

NOTE: The election expense limited is adjusted annually for inflation. For more information see Sections 310 and 311 of the *Elections Act*.

## Reimbursement of expenditures

Candidates who receive at least 15% of the popular vote or win by acclamation are entitled to be reimbursed for 1/3 of their election expenses. This amount is not to exceed 1/3 of the expense limit.

In order to be eligible to receive reimbursement, a financial statement of receipts and expenses as well as the Auditor's report must be forwarded to Elections NL.

## Outstanding debt

If the campaign incurred debt over the election period and this is represented in the financial statements, any monies used to rectify the debt should be rateably applied.

## Additional Items you should be aware of

### Campaign surplus

In the event that a campaign surplus exists as a result of contributions or the election expense subsidy exceeding the amount expended on the campaign the surplus will either:

- be paid to the Chief Financial Officer of the party with which the Candidate is affiliated if the affiliation was shown on the ballot
- or remitted to Elections NL to be held in trust on behalf of the Candidate if the Candidate is not affiliated with a political party.

### The Campaign Auditor

On nomination day an Auditor, licensed under the *Public Accountancy Act* or a firm whose partners are licensed under the *Act*, must be appointed by a Candidate.

Should the Auditor cease to hold office, for any reason, the Candidate must immediately appoint another Auditor licensed under the *Public Accountancy Act* or a firm whose partners are licensed under the *Act*.

A Returning Officer, Deputy Returning Officer, an Election Clerk, a Candidate, or an official agent or Chief Financial Officer of a Candidate or registered party cannot act as the Auditor for a registered party or Candidate.

If a Candidate is unable to secure an Auditor licensed under the *Public Accountancy Act*, Elections NL may approve the appointment of another person who is deemed competent to fulfill the role of Auditor.

Elections NL pays a subsidy to a maximum of \$500.00 towards the cost of the audit. This subsidy is paid directly to the Candidate's Auditor.

## Filing of a Return

As outlined in section 304 of the *Elections Act*, the Chief Financial Officer must submit a financial statement as well as the Auditor's report to Elections NL within 4 months of polling day. It is important to note that if the financial statements are not submitted to Elections NL within the specified time period the \$200 nomination fee will not be reimbursed, and any campaign expense reimbursement will be forfeit.

The financial statement filing package is a set of documents which includes:

- An attestation by the Chief Financial Officer
- A statement of income and expenses to be completed by the Chief Financial Officer
- An Auditor's report to be completed by the appointed Auditor
- Several supporting schedules to the financial statements, including:

Schedule 1: Bank Indebtedness and Other Borrowings

Schedule 2: Contributions

Schedule 3: Income Tax Receipt Reconciliation

Schedule 4: Fundraising Activity Report

Schedule 5: Transfers Received and Paid Out

Schedule 6: Audit Subsidy and Accounting Fees

Schedule 7: Campaign Expense Reimbursement Calculation

Schedule 8: Candidate's Personal Expenses

Schedule 9: Salaries and Benefits

Schedule 10: Travel Expenses

Schedule 11: List of Unpaid Campaign Bills (\$100 or More)

Schedule 12: Opening Inventory and Prepaid Expenses

In order to be reimbursed for campaign expenses, the financial statement must be filled out appropriately and submitted to Elections NL.

Failure by a Chief Financial Officer, to submit this statement within the required time limit is liable, upon summary conviction, to a fine of \$50 per day they are in default of filing the return until it is filed.

An example of the financial statement is available in the appendices at the end of this guide.

## Offences/Penalties under the Elections Act

The *Elections Act* outlines several offences that are punishable by fines or possibility of imprisonment. These include:

- 1) Knowingly exceeding the expense cap limit or wilfully submitting a false statement of election expenses.

Penalty: an individual who commits this offence is liable on summary conviction to a fine not exceeding \$10,000, to imprisonment for a term not exceeding 3 months or to both a fine and imprisonment.

- 2) Knowingly making a false statement in a financial return, statement or other document filed under Part III of the *Elections Act*.

Penalty: an individual who commits this offence is liable on summary conviction to a fine not exceeding \$5,000, to imprisonment for a term not exceeding 3 months or to both a fine and imprisonment.

- 3) Knowingly making, issuing or participating in, assenting or acquiescing in the making or issuance of a false or deceptive receipt for a contribution or purported contribution.

Penalty: an individual who commits this offence is liable on summary conviction to a fine not exceeding \$5,000, to imprisonment for a term not exceeding 3 months, or to both a fine and imprisonment.

- 4) Late filing of financial reports after the deadline to report

Penalty: a Chief Financial Officer who wilfully or through neglect fails to file a financial return within the time required commits an offence and is liable on summary conviction to a fine of \$50 per day for each they are in default of filing the return until it is filed with Elections NL.

These are just a few examples of offences outlined under Part III of the *Elections Act 1991*. For more information on offences associated with political finance please refer to Sections 316-327 of the *Elections Act*.