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LEADERSHIP CONTESTANT GUIDE

To the Election Finances and Contributions Disclosure Act

July 2017
(updated January 2018 and April 2020)



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INTRODUCTION

PURPOSE OF THIS GUIDE

This guide has been produced to assist leadership contestants understand the *Election Finances and Contributions Disclosure Act* (EFCDA), and to ensure compliance with the legislation.

The guide should be reviewed thoroughly for a general understanding of the responsibilities of a Chief Financial Officer (CFO) and the law regarding contributions, official contribution receipts, banking, record keeping, and financial reporting.

Do not consider this guide as a replacement of the EFCDA, but as a supplementary document to assist you. Links to this guide, the EFCDA and any other relevant legislation can be obtained through the Elections Alberta website at www.elections.ab.ca. Copies of provincial legislation may also be obtained from the Alberta Queen's Printer (www.qp.alberta.ca).

It is not possible to cover every situation that may arise. If you are unable to find a suitable explanation in the EFCDA or the materials provided by Elections Alberta, you may write, phone or visit.

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DEFINITIONS

In accordance with section 1(1), subsections (b)(vi), (i.1), (i.2), (i.3) and (n.1) of the EFCDA:

- a leadership contest “campaign period” begins on the date the leadership contestant is required to register under section 9.2 of the EFCDA, and ends two months after the date of the leadership vote;
- a “leadership contest” means the procedure by which a registered party selects a leader;
- a “leadership contestant” means a person who seeks the leadership of a registered party at a leadership contest called by that party for that purpose;
- a “leadership vote” means the vote at which the leader of a registered party is selected; and
- a “registered leadership contestant” means a leadership contestant registered under section 9.2 of the EFCDA.

In this guide, “leadership contestant” refers to any registered leadership contestant under the EFCDA.

PUBLIC DISCLOSURE

All documents, including financial statements and registration documents, required to be filed with Elections Alberta by a leadership contestant become part of the public files and are available for public review. Financial statements are also posted on the Elections Alberta website at www.elections.ab.ca under Parties, Candidates & Contests / Financial Disclosure.

EFCDA sections 4(h), 11

REGISTRATION

POLITICAL PARTY RESPONSIBILITY

The CFO of a registered political party that proposes to hold a leadership contest shall promptly notify the Chief Electoral Officer by filing a statement setting out:

- the date of the official call of the leadership contest,
- the date fixed for the leadership vote or votes,
- the amount of the fee or deposit, if a fee or deposit is required to be paid by a person as a condition of entering the leadership contest, and
- the estimated cost for holding the leadership contest.

Within 10 days of the conclusion of a leadership contest, the registered party shall file with the Chief Electoral Officer a statement setting out:

- the full names of the leadership contestants who were considered for leadership,
- the full name of the person selected as the leader, and
- the names of any persons who withdrew as leadership contestants.

Forms for the party to provide Elections Alberta with contest registration and result information are available on the Elections Alberta website at www.elections.ab.ca under Parties, Candidates & Contests.

If joint solicitation of contributions is contemplated by the party, Elections Alberta should be contacted for further information to ensure compliance with the EFCDA.

Fees and Deposits

A registered political party may charge an entry fee to the leadership contestant(s), as a reasonable cost recovery of running the leadership contest itself. Any amount collected from a leadership contestant in excess of the cost recovery of the leadership contest, as determined at the outset of the contest, is a contribution from the leadership contestant to the political party.

The amount of the fee must be reasonable in relation to the cost for holding the leadership contest. The Chief Electoral Officer may require the amount of the fee to be reduced, or give other direction, if he or she is of the opinion that the amount is not reasonable.

A registered political party may require a refundable deposit from the leadership contestant(s). The amount that is refunded to the contestant is not a contribution. However, a deposit that is not refunded is a contribution from the leadership contestant to the political party. It is advisable that the party set out the conditions the leadership contestant must meet in order to obtain the refund. If a portion of the deposit may be used for reasonable cost recovery for the party holding the contest, that must also be clear.

EFCDA sections 9.2(2), 13(3)

LEADERSHIP CONTESTANT RESPONSIBILITY

Leadership contestants have a distinct set of registration requirements set out by section 9.2 of the EFCDA. A person who intends to seek the leadership of a registered party shall file a Registration of a Leadership Contestant application form LC-R-01 with Elections Alberta as soon as the person:

- has announced his or her intention to seek the leadership of a registered party; or
- has incurred campaign expenses in relation to the person's leadership campaign; or
- has received contributions in relation to the person's leadership campaign.

A person who fails to submit an application for registration when one of the above events has occurred shall not incur a campaign expense or accept a contribution during the campaign period for the leadership contest. The application must set out:

- the full name and contact information of the leadership contestant,
- the addresses of the place or places where records of the leadership contestant are maintained and of the place to which communications may be addressed,
- the name and contact information of the chief financial officer of the leadership contestant,
- the name and address of the financial institution where an account has been opened to be used by or on behalf of the leadership contestant for the purpose of participating in the leadership contest,
- the names of the signing authorities for the account referred to above, and
- the date the person first received contributions or incurred campaign expenses for the purpose of participating in the leadership contest.

The application must contain bona fide physical or electronic signatures of both the leadership contestant and chief financial officer. The registration form is available on the Elections Alberta website at www.elections.ab.ca under Parties, Candidates & Contests.

EFCDA sections 9.2(4)-9.2(6)

Change to Registration

Leadership contestants must inform and update Elections Alberta within 48 hours of any change to registration information. Notification by fax or email is acceptable using the Registration of a Leadership Contestant form LC-R-01 indicating the updated information. Notification should be provided to Elections Alberta as soon as possible to avoid interruptions in communications with the leadership contestant.

EFCDA sections 9.2(8), 9.2(9)

Withdrawal

If a leadership contestant decides to withdraw from the leadership contest that person shall immediately notify Elections Alberta in writing, and the Chief Electoral Officer shall cancel the registration of that person. A duly completed Leadership Contestant Campaign Return will still need to be filed with Elections Alberta. The leadership contestant withdrawal form is available on the Elections Alberta website at www.elections.ab.ca under Parties, Candidates & Contests.

EFCDA section 10(2.1)

Cancellation

The EFCDA allows the Chief Electoral Officer to cancel registration of a leadership contestant for any of the following reasons:

- if the Chief Electoral Officer is for any reason of the opinion that the leadership contestant is no longer qualified to be registered, or
- if the Chief Electoral Officer deems that the leadership contestant obtained registration on the basis of an application that was false in any manner.

When registration is cancelled, the Chief Electoral Officer will notify the leadership contestant by sending written notice through registered mail. Cancellation of registration becomes effective on and after the third day following the date the notice was mailed.

EFCDA sections 10(5), 10(6)(e)

Appeals

Within 30 days after a cancellation notice is mailed, the leadership contestant can write to Elections Alberta to request a review of the cancellation. Within 48 hours of receiving the request, the Chief Electoral Officer shall review the cancellation and give the leadership contestant an opportunity to present an argument. The Chief Electoral Officer may withdraw or confirm the cancellation after the review and will provide written notification of the decision.

EFCDA sections 10(7) to 10(9)

Obligation to File Campaign Return

Every leadership contestant that has been registered with Elections Alberta is required to file a Leadership Contestant Campaign Return within four months after the leadership vote, even if the leadership contestant subsequently withdraws or has his/her registration cancelled. For further details, refer to the “Reporting” section later in this guide.

EFCDA section 43.02

APPOINTMENT OF A CHIEF FINANCIAL OFFICER (CFO)

The appointment of a CFO is a mandatory requirement of registration. The CFO is an important role, as many provisions of the EFCDA and most of the contents of this guide apply directly to the CFO's activities. Before committing to the CFO position the individual should read about the CFO's duties and responsibilities in the EFCDA. Elections Alberta is available to assist CFOs with their responsibilities through guides and one-on-one assistance as requested. CFOs are encouraged to contact Elections Alberta with any questions or concerns.

Appointing a CFO

Every application for registration must include the name (and contact information) of the appointed CFO. The CFO of a leadership contestant may be the CFO for multiple leadership contestants and may also be the CFO for the political party, constituency association, candidate, or nomination contestant.

If the CFO changes, Elections Alberta must be provided with the name, address, telephone number, and email address of the new CFO, following the timeline outlined in “Change to Registration” on the previous page.

EFCDA section 9.2(8)

Duties of a CFO

CFO duties include ensuring:

- proper records are kept of all revenue, expenses, assets and liabilities,
- contributions are placed in an account on record with Elections Alberta,
- official contribution receipts are issued in accordance with the EFCDA,
- every payment of more than \$25 is vouched for by:
 - a document from the supplier that states the particulars of the expense, and
 - a receipt or other proof of payment acceptable to the Chief Electoral Officer,
- campaign returns and reports required under the EFCDA are filed with the Chief Electoral Officer, and
- non-monetary contributions are properly valued and recorded.

EFCDA section 30

Retention of Records

The CFO must retain all the financial records for a period of three years following the date the campaign return is required to be filed with Elections Alberta. This is because the CFO must be able to supply backup documentation to support the financial filing and records if it is requested by Elections Alberta.

EFCDA section 10.1

Bookkeeping Tips

If the CFO records financial data accurately and in a timely manner, preparing the financial return at the end of the reporting period will be much easier. In this respect, CFOs should ensure that:

- all revenue and expenses are recorded and reported on the campaign return,
- a petty cash fund is set up to handle minor expenses that are normally paid in cash (all invoices and major purchases should be paid by cheque),
- a reconciliation of accounts is conducted periodically to maintain an accurate balance,
- copies of all bank deposit slips are retained,
- bank statements are obtained and are reconciled with the CFO's record of deposits and withdrawals,
- expenses are categorized by type,
- official contribution receipts are prepared and issued in a timely manner,
- all supporting documents are filed in sequence by date or by other acceptable filing methods, and
- all books of account and supporting documents are securely stored for three years and can be made readily available for examination by Elections Alberta or a designated representative.

CONTRIBUTIONS

DEFINITION OF CONTRIBUTION

In accordance with the EFCDA section 1(1)(e), “contribution” means any money, real property, goods, or services, or the use of real property, goods, or services that is provided

- to a political party, constituency association, candidate, nomination contestant **or leadership contestant**, or
- for the benefit of a political party, constituency association, candidate, nomination contestant, or leadership contestant with the consent of the political party, constituency association, candidate, nomination contestant, or **leadership contestant**

without compensation from that political party, constituency association, candidate, nomination contestant, or **leadership contestant**.

The definition of “services” does not include:

- volunteer labour provided by a person, if that person does not receive from his or her employer, or any person, compensation, or paid time off to volunteer,
- audit and professional services provided free of charge to the recipient for work relating to compliance with the EFCDA,
- services provided free of charge by a person acting as the CFO for work relating to compliance with the EFCDA, or
- services that a leadership contestant provides in support of his or her own campaign.

EFCDA sections 1(1)(e), 1(5)

LIMITS ON CONTRIBUTIONS

Under section 17(1) of the EFCDA, contributions made by any single contributor shall not exceed a total of **\$4,243*** in any calendar year to any combination of the following:

- a registered party,
- a registered constituency association,
- a registered candidate,
- a registered nomination contestant, and
- a registered leadership contestant.

*The contribution limit of \$4,243 came into effect January 1, 2020 per EFCDA section 41.5 pertaining to inflation adjustment/indexing. The contribution limit for 2019 and earlier years was \$4,000.

Leadership contestants are prohibited from colluding with third party advertisers to circumvent/avoid contribution limits (EFCDA sections 41.42 and 44.11).

Contributions can only be accepted after the leadership contestant’s registration has been confirmed by Elections Alberta. Once registered, the leadership contestant can accept contributions up to two months after the leadership vote.

EFCDA sections 17(1), 17(5)

Eligible Contributors

Only a person who is ordinarily resident in Alberta may make contributions to leadership contestants. The CFO is responsible for making sure prospective contributors are aware of the EFCDA guidelines regarding contributions.

Registered leadership contestants can contribute to their leadership campaign from their own funds. The contribution limit under section 17(1) of the EFCDA applies. If campaign expenses paid for by the leadership contestant's own funds exceed the contribution limit, the leadership contestant must be reimbursed from the campaign account on record with Elections Alberta for the excess amount.

EFCDA sections 15.1, 16(1), 17(7), 17(8), 30(2)

Prohibited Contributors

A prohibited person or entity means a person not ordinarily resident in Alberta, a corporation and an unincorporated association or organization. A prohibited person or entity shall not contribute to a leadership contestant.

EFCDA section 1(1)(.01), 16(2)

Prohibited Contributions

A contributor is not permitted to contribute funds that are not their own funds, nor any funds that have been given to them by someone else for the purpose of contributing to a leadership contestant.

No leadership contestant, or any person acting on the contestant's behalf, is permitted to directly or indirectly solicit or accept contributions from a prospective contributor that the leadership contestant knows or ought to know is not eligible to contribute, or that the amount of the contribution would exceed the limit prescribed by section 17.

No registered leadership contestant may accept funds from a federal political party, federal electoral district association, or candidate registered under the *Canada Elections Act*, in respect of an election under the *Election Act* or a leadership contest under the EFCDA.

In summary, the following contributions must **not** to be accepted:

- any anonymous contribution in excess of \$50,
- any contribution from a prohibited person or entity,
- any contribution not belonging to a contributor, and
- any contribution from out of province.

It is the responsibility of the CFO to return/refund an unauthorized contribution to the contributor. If the identity (name and/or address) of the contributor cannot be established, Elections Alberta must be notified, and the contribution must be paid over for deposit into the General Revenue Fund for the Government of Alberta.

EFCDA sections 1(1)(1.01), 16(2), 19, 21.1, 34(1), 34(2), 35, 36

Understanding Contribution Limits

The following examples are provided to assist CFOs to understand the limits on contributions, and the importance of making sure eligible contributors know about the rules in the EFCDA.

Example 1

An individual contributes \$1,000 each to a leadership contestant, a candidate, and a political party for a total of \$3,000. The individual is a self-employed communications specialist and makes a valued contribution of \$1,200 to a constituency association (\$1,200 is market value for 8 hours of work x specialist's hourly rate of \$150). This brings the contributor's total to \$4,200 which is just under the maximum \$4,243* contribution limit for the calendar year. The individual contributor has only \$43 of "contribution room" left for the remainder of the calendar year.

Example 2

An individual makes regular automatic monthly contributions of \$250 to a political party. At a different political party's silent auction fund-raiser in November of that year, the individual successfully bids \$2,300 for an all-inclusive trip with a market value of \$1,000. The excess amount of \$1,300 is the amount of the individual's contribution. At this point the contributor's total is \$4,050. In December when the individual's regular automatic monthly contribution of \$250 is made, the contributor's total will reach \$4,300 which would be a violation of the EFCDA for exceeding the \$4,243*.

*The contribution limit of \$4,243 came into effect January 1, 2020 per EFCDA section 41.5 pertaining to inflation adjustment/indexing. The contribution limit for 2019 and earlier years was \$4,000.

Elections Alberta's Online Financial System (OFS) has been created so that political entities can record and maintain both contributor and contribution information. OFS is also an effective tool in preventing contributors from exceeding their contribution limits. Within OFS, parties, constituency associations and candidates can see all contributions made within the party, not including contributions made to leadership or nomination contestants. OFS also serves as a tool for Elections Alberta to monitor all contributions recorded by all political entities, across all political events.

Deposit of Contributions

All money contributions accepted by or on behalf of a leadership contestant and any contribution other than money that is converted into money, must be deposited into the appropriate bank account on record with Elections Alberta.

The "received date" of a contribution is the date it is received by and under the control of the CFO.

EFCDA section 14(1)

Valuing Contributions Other Than Money

Real property, goods or services, or the use of real property, goods or services, contributed to a leadership contestant are deemed to be a contribution by the EFCDA. The value of a contribution is the market value at that time.

If the real property, goods or services, or the use of real property, goods, or services are provided/sold to a leadership contestant at a discounted price (price paid is less than market value), the amount by which the market value exceeds the price paid is a contribution.

Valued contributions qualify for official contribution receipts. It is the CFO's responsibility to assess the appropriate market value of contributions other than money.

Some common examples of real property, goods or services, or the use of real property, goods or services, are:

- a computer or furniture,
- signage / pamphlets / buttons,
- the use of a car,
- the use of a venue to hold a meeting or to use as an office,
- provision of professional services including legal services, and
- services provided by a person that is self-employed if the services are normally charged for by that person.

EFCDA section 22

Fund-Raising Functions

A fund-raising function includes any event held by or on behalf of a leadership contestant for the purpose of raising funds.

If a fund-raising function is held by the sale of tickets or otherwise, the contribution portion, if any, of the amount paid to the fund-raiser is to be determined under either clause (a) or under clause (b) of section 23(3) of the EFCDA, below:

- a. if the individual charge is:
 - i. **\$50 or less**: it is not considered to be a contribution unless the person who pays the charge specifically requests that it be so considered, in which case 1/2 of the amount is allowed for expenses and 1/2 is a contribution,
 - ii. **more than \$50 but not more than \$100**: \$25 is allowed for expenses and the balance is a contribution, and
 - iii. **more than \$100**: 25% of the amount is allowed for expenses and the balance is a contribution;
- b. the amount of the contribution is the difference between the price of the ticket and the market value of what the ticket entitles the bearer to obtain.

Examples:

Fund-raising Function	Ticket / Admission Price	Contribution Portion (receipted)	Expense Portion (not receipted)	Section Reference	Explanatory Note
Luncheon	\$35	\$0	\$35	23(3)(a)(i)	CFO opts to follow clause (a)(i) for ticket price \$50 or less. No official contribution receipt is required to be issued to buyer.
Luncheon	\$35	\$17.50	\$17.50	23(3)(a)(i)	CFO opts to follow clause (a)(i) for ticket price \$50 or less. Ticket buyer asks for official contribution receipt. Expense portion is deemed to be half of ticket price (\$17.50), and official contribution receipt is issued to buyer for \$17.50.
Dinner	\$75	\$50	\$25	23(3)(a)(ii)	CFO opts to follow clause (a)(ii) for ticket price more than \$50 but less than \$100. Expense portion is deemed to be \$25, and official contribution receipt is issued to buyer for \$50.
Golf Tournament	\$200	\$150	\$50	23(3)(a)(iii)	CFO opts to follow clause (a)(iii) for ticket price more than \$100. Expense portion is deemed to be 25% of ticket price (\$50), and official contribution receipt is issued to buyer for \$150.
Golf Tournament	\$400	\$100	\$300	23(3)(b)	CFO opts to follow clause (b). Regardless of ticket price, CFO has determined expense portion to be \$300 (market value), so official contribution receipt is issued to buyer for \$100.

If the fund-raising function uses some means of raising funds other than selling tickets, the price paid in excess of the market value for goods or services received is a contribution.

The gross income of the fund-raiser, less the contribution portion as determined by either clause (a) or (b), must be recorded as fund-raising function revenue on the leadership campaign financial statement. The CFO should keep a separate record of the event showing the date of the function, ticket/admission price, and the number of tickets sold or admission charged.

Only individuals ordinarily resident in Alberta can purchase a ticket or pay admission to attend a fund-raising event. It is a violation of the EFCDA if prohibited persons or entities purchase tickets, pay admission, or offer reimbursement for the full ticket or admission price.

Silent Auctions

The following scenarios are provided as examples of how to report the revenue and contributions from fund-raising activities which are often held alongside fund-raising events.

Scenario 1

A lawyer agrees to provide legal services for the preparation of a personal will to a silent auction fund-raising event. The lawyer advises in writing that the fair market value (FMV) is **\$200** based on the lawyer's current professional fee structure. The leadership contestant's CFO verifies that the fee reflects FMV.

As the donor of the service, the lawyer is issued a "valued" contribution receipt for \$200 by the CFO.

The purchaser of the legal services (successful bidder), pays the bid amount, and

- if the successful bid was equal to or less than the FMV, no contribution receipt is issued to the bidder, or
- if the successful bid was more than the FMV, for example the bid was \$275, a \$75 "money" contribution receipt is issued to the purchaser by the CFO. (EFCDA section 23(4))

Scenario 2

A decorative crystal vase is donated by an individual to a silent auction fund-raising function. The vase, along with the donor's purchase receipt, is given to the leadership contestant's CFO. The CFO determines the FMV of the vase to be **\$60**, which is easily done using the submitted receipt.

The donor of the vase is issued a "valued" contribution receipt for \$60 by the CFO.

The purchaser of the vase (successful bidder), pays the bid amount, and

- if the successful bid was equal to or less than the FMV, no contribution receipt is issued to the bidder, or
- if the successful bid was more than the FMV, for example the bid was \$75, then a \$15 "money" contribution receipt is issued to the purchaser by the CFO. (EFCDA section 23(4))

Section 23(4) of the EFCDA applies only to a person acquiring a good or service through a fund-raising function. It does not apply to the person providing the service.

General Collections

Any money, goods or services, or the use of goods or services, provided by a person in the amount of \$50 or less is not a contribution but the gross amount collected must still be recorded as revenue by the CFO and reported as "other income" on the campaign financial statement. This includes money solicited from people who attend a meeting held for a leadership contestant and the individual amounts given are \$50 or less.

However, if a person would like the amount they give to be considered a contribution, the CFO must record that amount as a contribution, and issue an official contribution receipt.

EFCDA sections 13(2), 24, 33

Public Disclosure of Contributions

For public reporting and disclosure purposes, leadership contestants are required to report the contributions they have received in two categories, as follows:

- the total amount of all contributions received during the campaign period that did not exceed \$250 in aggregate from any single contributor, and
- the total amount contributed, together with the contributor's name and address, when the contribution(s) of that contributor during the campaign period exceeded \$250 in aggregate.

Public information regarding contributions is disclosed both in the public files and on the Elections Alberta website. For contributions over \$250 in aggregate, the public files disclose the contributor name, address and total amount contributed, whereas the website discloses only the name and total amount contributed.

EFCDA section 11, 32(4.3)

OFFICIAL CONTRIBUTION RECEIPTS

Official contribution receipts are issued to contributors by leadership contestants to comply with the EFCDA and are eligible for Alberta income tax credits. The CFO is responsible for preparing and issuing official contribution receipts to contributors.

Electronic receipting is an approved method of issuing official receipts, using Elections Alberta's Online Financial System (OFS). CFOs should contact Elections Alberta for OFS access in order to record contributions and generate official contribution receipts. Elections Alberta will provide CFOs with a user ID and password, and a link to ofs.elections.ab.ca. The link is also available on Elections Alberta's website homepage under "Secure login".

It is the CFO's responsibility to make sure contributors know the EFCDA contribution rules and that contributors are provided with, or directed to, the information they need to confirm their eligibility. The following warning about the requirements can be found on the official receipts:

Only a person ordinarily resident in Alberta may contribute to a political party, constituency association, candidate, leadership contestant, or nomination contestant, in accordance with section 16 of the Election Finances and Contributions Disclosure Act (EFCDA). Contribution limits are established by law (EFCDA, section 17). As a contributor, you are responsible for ensuring that you are eligible to make this contribution (EFCDA, section 15.1).

Your acceptance of this official receipt acknowledges that the contribution is made in compliance with the EFCDA. Violations are subject to administrative penalties and prosecution.

EFCDA section 33

Control of Official Contribution Receipts

OFS has been designed to maintain all records of official contribution receipts generated and issued to contributors by CFOs, including any cancelled and reissued receipts.

Official Contribution Receipt Preparation and Procedures

The following contributor and contribution information must be recorded in OFS before an official contribution receipt can be generated:

- date the contribution was received,
- first and last name of the contributor*,
- mailing address of the contributor**,
- amount of the contribution, and
- whether the contribution is money (e.g. cash, cheque) or valued (e.g. real property, goods or services, or the use of real property, goods, or services).

*Do not record or issue contribution receipts that contain the names of two or more people. For example, do not record a contribution or issue an official receipt to Mr. and Mrs. Smith, nor to John and Mary Smith. Instead, John Smith and Mary Smith should each have their contribution recorded and receipted separately.

**In addition to recording the mailing address for each contributor, if the CFO collects the contributor's email address, the CFO can have OFS send the official receipt by email. If no email address is available, the CFO can print the official receipt and deliver or mail it to the contributor.

Once the contribution information is confirmed, the CFO generates the official receipt(s) in OFS. The CFO distributes the receipts by email or prints and mails them. One official contribution receipt can be issued per contributor for the total of all the contributor's contributions during the reporting period; the receipt will list the individual contributions and the date each was received.

When a contributor has misplaced their copy of the official receipt, the CFO can resend or reprint a copy to the contributor. If a receipt was issued incorrectly (e.g. wrong address or amount), the CFO must cancel the original receipt and issue a replacement following the prompts in OFS.

Income Tax Credits

Official contribution receipts issued for contributions made to leadership contestants may be used by contributors to claim income tax credits. CFOs are not responsible for calculating the amount of any tax credit the contributor may be eligible to receive. Alberta Treasury Board and Finance, Tax and Revenue Administration Division, is responsible for determining and administering applicable political income tax credits, as shown in the table below. For information purposes only, the maximum tax credit of \$1,000 is reached when contributions total \$2,300.

Amount Contributed	Available Tax Credit	Maximum Credit	Cumulative Amount
Up to \$200	75%	\$150	\$150
Next \$900 (\$201 to \$1,100)	50%	\$450	\$600
Next \$1,200 (\$1,101 to \$2,300)	33.3%	\$400	\$1,000
Over \$2,300	Nil	Nil	\$1,000

LOANS FROM FINANCIAL INSTITUTIONS

A leadership contestant may borrow money from any financial institution except an Alberta Treasury Branch (ATB Financial).

Only a person ordinarily resident in Alberta, may sign, co-sign, guarantee or provide collateral security for a loan on behalf of a leadership contestant. The CFO must record and report the details of the loan to Elections Alberta on the leadership campaign financial statement. The amount of the guarantee or collateral security is considered a contribution and goes against the limit of yearly contributions as set under section 17(1) of the EFCDA. No receipts are issued to guarantors or those providing collateral security for the loan.

Only a person ordinarily resident in Alberta may make a payment on behalf of the borrower or guarantor in respect of a loan. Loan payments made on behalf of leadership contestants are considered contributions, and are subject to contribution limits under section 17(1) of the EFCDA, unless:

- they are reimbursed by the borrower, or
- the payment is made by the guarantor of the loan.

The CFO must issue an official contribution receipt for:

- loan payments made by a person on behalf of the borrower, unless the borrower repays the amount of the loan payment prior to filing the leadership campaign return, and
- loan payments made by the guarantor.

EFCDA sections 40, 41

EXPENDITURES

LIMITS ON EXPENDITURES

“Campaign Expenses” are defined by the EFCDA as any expense incurred, or non-monetary contribution received, by a leadership contestant to the extent that the property or service that the expense was incurred for, or that was received as a non-monetary contribution, is used to directly promote or oppose a leadership contestant during a campaign period of the leadership contestant.

Examples of campaign expenses include:

- the production of advertising or promotional material,
- the distribution, broadcast, or publication of advertising or promotional material in any media or by any other means during a campaign period, including by the use of a capital asset,
- the payment of remuneration and expenses to or on behalf of a person’s services as a CFO or in any other capacity,
- securing a meeting place, or
- the conduct of election surveys or other surveys or research during a campaign period.

The EFCDA does not place any limitations on the maximum amount of campaign expenses incurred by a leadership contestant but if the campaign expenses exceed \$25,000, an audited financial statement and a copy of the auditor’s report must accompany the financial return.

Leadership contestants are prohibited from colluding with third party advertisers to circumvent expense limits.

EFCDA sections 1.1(1)(b), 1.1(3), 41.42, 43.02

TRANSFERS

Surplus Funds

Surplus campaign funds held by a leadership contestant at the end of the campaign period and not needed to pay campaign expenses, must be transferred to the leadership contestant’s party or returned to contributors. Contact Elections Alberta for information on returning funds to contributors.

Funds not transferred to the party or returned to contributors within 30 days after the filing deadline for the Leadership Contestant Campaign Return, must be paid to Elections Alberta for deposit into the General Revenue Fund of the Government of Alberta.

EFCDA section 12.2

Money Other Than a Surplus

There is no mechanism in the EFCDA, other than that described above, that allows for a transfer of money between a leadership contestant and a registered party, constituency association, nomination contestant, or leadership contestant. Any money or other form of contribution flowing from the leadership contestant to a registered party, constituency association, nomination contestant, or leadership contestant without compensation for the value of the money, will constitute a contribution by that leadership contestant and count towards that individual's annual contribution limit under section 17(1) of the EFCDA.

Non-Money Transfers

A registered party and any of its registered constituency associations, registered candidates, registered nomination contestants and registered leadership contestants may transfer to and accept from each other goods or services, or the use of goods or services. Goods, services, and the use of goods or services transferred among these entities do not constitute a contribution under the EFCDA but must be recorded as to source and amount.

EFCDA section 38(2)

REPORTING

REQUIREMENT TO FILE FINANCIAL REPORT(S)

Every leadership contestant that has been registered with Elections Alberta must file a campaign return to disclose all revenue and expenses for the leadership contestant's campaign period, even if the leadership contestant withdraws and regardless of the level of financial activity.

Additional financial reporting is required if a leadership contestant's campaign has a surplus or deficit at the end of the campaign period. Surplus campaign funds must be distributed, and deficits must be eliminated.

EFCDA sections 12.2, 43.02, 43.1

FILING THE CAMPAIGN RETURN

The leadership contestant's campaign return must be filed with Elections Alberta within four months after the leadership vote. If the filing deadline date falls on a weekend or holiday, the deadline is extended to the first business day following. The leadership campaign return includes:

- a financial statement,
- a contribution detail report,
- a campaign expense report, and
- any supporting information and documents relating to the leadership campaign return.

if the campaign expenses exceed \$25,000, an independent audit must be completed by a professional accounting firm registered under the *Chartered Professional Accountants Act*. An audited financial statement and a copy of the auditor's report must accompany the campaign return.

Electronic Financial Statement and Expense Reporting

Elections Alberta is rolling out modules in OFS allowing leadership contestants to file electronic financial statements and expense reports, replacing paper form submissions. Electronic filing using the secure online application eliminates the need for physical paper documents to be signed and delivered to Elections Alberta.

Maintaining a record of financial transactions enables smoother and faster completion and submission of the OFS financial statement. For suggestions on helpful record-keeping practices, refer to "Bookkeeping tips" on page 6 of this guide.

Using OFS, record and reconcile financial transactions and balances (including nil if applicable) through a series of user-friendly screens with "help" features. Automated calculations and cross-referencing on schedules within the financial statements bring significant benefits for both users and Elections Alberta Finance Analysts who review submissions. Bank account statements and other supporting documents are uploaded and submitted with the financial statements.

Electronic sign-off is required by both the CFO and leadership contestant. No one can sign in place of the leadership contestant. If the CFO is unavailable or has resigned, the contestant must appoint a new CFO and inform Elections Alberta in writing using the Registration of a Leadership Contestant form (LC-R-01) as an "update to registration". The form is available to download from the Elections Alberta website. Submit the completed form as soon as possible to Elections Alberta so that user access to OFS can be updated to allow the new CFO to enter and sign-off the financial statement.

Registered leadership contestants that have had no financial activity whatsoever must file a nil financial statement and expense report by the filing deadline with the appropriate signatures.

EFCDA section 43.02

Electronic Contribution Reporting and Receipting

As part of the campaign return filing, contestants must file a contribution detail report using Elections Alberta's Online Financial System (OFS) to record all contributions and issue official contribution receipts to contributors. Elections Alberta will maintain a list of contributors and their contributions, and those who contributed a total of over \$250 based on the contribution information in OFS will be made public.

EFCDA section 32

Late Filing Fee

Failure to file the campaign return with Elections Alberta by the filing deadline will result in an automatic \$500 late filing fee and may result in administrative penalties or prosecution.

EFCDA sections 43.02, 43.2(2), 44, 48(3), 48(6)

FILING A SURPLUS DISTRIBUTION REPORT

As outlined under "Transfers" on page 16 of this guide, surplus campaign funds held by a leadership contestant at the end of the campaign period and not needed to pay campaign expenses, must be transferred to the leadership contestant's party or returned to contributors, within 30 days after the filing deadline. Funds not transferred or returned within the 30 days must be paid to Elections Alberta for deposit into the General Revenue Fund of the Government of Alberta.

To report the surplus distribution details, use Elections Alberta's Surplus Distribution Report form. Contact Elections Alberta for further information.

EFCDA section 12.2

FILING A DEFICIT RETIREMENT PERIOD FINANCIAL STATEMENT

If a leadership contestant's campaign has a deficit at the end of the campaign period (not enough funds to pay campaign expenses), additional contributions may be accepted during the **deficit retirement period**. All contribution limits and statutory provisions of the EFCDA apply within the deficit retirement period.

The **deficit retirement period** is a three month period which *starts the day after the campaign return filing deadline date*. The contestant or CFO may request an extension to the deficit retirement period, which must be received in writing by the Chief Electoral Officer before the three months have ended. If approved, the extension will be for another three months, giving the leadership contestant's campaign a total of six months to eliminate the campaign deficit. No further extensions are allowed under the EFCDA.

Within one month after the end of the deficit retirement period, the leadership contestant's campaign must file an amended campaign return or use Elections Alberta's Leadership Contestant Deficit Retirement Period Financial Statement form, to verify and provide details on the deficit elimination. Additional contributions received are reported and receipted in OFS. Contact Elections Alberta for further information.

Late Filing Fee

Failure to file the deficit retirement period financial statement (amended campaign return) with Elections Alberta by the filing deadline will result in an automatic \$500 late filing fee and may result in administrative penalties or prosecution.

EFCDA sections 43.1, 43.2(2), 44, 48(3), 48(6)



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