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POLITICAL PARTY CONSTITUENCY ASSOCIATION AND CANDIDATE GUIDE

To the Election Finances and Contributions Disclosure Act

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INTRODUCTION

PURPOSE OF THIS GUIDE

This guide has been produced to assist political parties, constituency associations and candidates in understanding the *Election Finances and Contributions Disclosure Act* (EFCDA), and to ensure compliance with the legislation.

This 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, spending limits, 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 each and every situation that may arise. If you are unable to find a suitable explanation in the EFCDA or in the materials provided by Elections Alberta, you may write, phone or visit.

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DEFINITIONS

A “political party” is an organization that aims to elect candidates to the Legislative Assembly. Definitions for constituency associations and candidates are provided in the EFCDA as follows:

- a “constituency association”, with reference to an electoral division, means the association or organization endorsed by a registered party or an elected independent member of the Legislative Assembly as the official association of that party or independent member in the electoral division. (EFCDA section 1(1)(d))
- a “candidate” means a person who is selected for endorsement as the official candidate of a registered political party for an electoral division, or who, after the commencement of the campaign period, declares the person’s candidacy as an independent candidate in the electoral division. (EFCDA section 1(1)(c))

In this guide, “political party” or “party”, “constituency association”, and “candidate” refer to any registered party, registered constituency association, and registered candidate under the EFCDA.

PUBLIC DISCLOSURE

All documents, including financial statements and registration documents, required to be filed with Elections Alberta by parties, constituency associations and candidates, 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 View Financial Reports or under Parties, Candidates & Leadership Contests / Financial Disclosure.

EFCDA sections 4(h), 11

1

POLITICAL PARTIES, CONSTITUENCY ASSOCIATIONS AND CANDIDATES

REGISTRATION

INITIAL REGISTRATION

Every party, constituency association, and candidate must register with Elections Alberta prior to raising funds, transferring funds and incurring expenses. The Chief Electoral Officer maintains a register of political parties and constituency associations, as well as a register of candidates for each election.

Each application for registration must bear original signatures. Upon receipt of an application, the Chief Electoral Officer examines the application to determine if the party, constituency association or candidate is qualified to be registered. If qualified, the party, constituency association or candidate is added to the appropriate register and written notification of registration is provided by Elections Alberta. If not qualified, written notification regarding the reason(s) for the determination is provided.

Parties, constituency associations and candidates each have a distinct set of registration requirements. Please refer to the specific chapters later in this guide and the EFCDA sections listed below for further details:

| Political Entity | Guide Reference | EFCDA Reference |
|---------------------------|-----------------|------------------|
| Parties | Chapter 2 | Sections 6 and 7 |
| Constituency Associations | Chapter 3 | Section 8 |
| Candidates | Chapter 4 | Section 9 |

Registration forms are available on the Elections Alberta website at www.elections.ab.ca.

Change to Registration

Parties, constituency associations, and candidates are required to keep Elections Alberta informed of any changes to registration information. Parties must send updated registration information within 30 days of a change, constituency associations within 60 days, and candidates within 48 hours. Notification of a change to registration provided by fax or email is acceptable.

As with any other change to registration, a party wishing to change its name and/or abbreviation must notify Elections Alberta in writing. Elections Alberta shall review the proposed new name and/or abbreviation and, if approved, the register of political parties shall be updated effective on the date notification was received. Should the proposed new name and/or abbreviation resemble another registered party or a party that has had its registration cancelled since the last general election so that it is likely to be confusing, or is unacceptable for any other reason, the register of political parties shall not be updated.

EFCDA sections 7(3.1), 7(4), 7(5), 8(4), 8(5), 9(4), 9(5)

Cancellation of Registration

A party may apply in writing to Elections Alberta to have the party's registration cancelled. A constituency association is not allowed to apply for its own cancellation; the party, or independent member of the legislative assembly if applicable, may apply for cancellation. A candidate may apply in writing to have the candidate's registration withdrawn.

Upon receipt of an application for cancellation or withdrawal, the Chief Electoral Officer shall cancel the registration that party, constituency association or candidate, as the case may be.

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

- failure by a party, constituency association or candidate to file a financial statement or return in compliance with EFCDA sections 32, 42 or 43,
- if the Chief Electoral Officer is for any reason of the opinion that the party, constituency association, or candidate is no longer qualified to be registered, or
- if the Chief Electoral Officer deems that the party, constituency association, or candidate obtained registration on the basis of an application that was false in any material particular.

When a party's registration is cancelled, the registration of that party's constituency association(s) is also cancelled accordingly.

When registration is cancelled, the Chief Electoral Officer shall send written notice of the cancellation by registered mail to the party, constituency association, or candidate. Cancellation of registration becomes effective on and after the third day following the date the notice was mailed.

When the registration of a party, constituency association or candidate is cancelled, all funds of the party, constituency association, or candidate not required to pay outstanding debts shall be paid over to Elections Alberta to be held in trust for one year. If, during that time, the party, constituency association or candidate does not again become registered under the EFCDA, the funds held in trust shall be deposited into the General Revenue Fund for the Government of Alberta.

EFCDA section 10

Appeals

Within 30 days after the mailing of the cancellation notice referred to above, the party, constituency association or candidate may request in writing that Elections Alberta review the cancellation. Within 48 hours of receiving the request, the Chief Electoral Officer shall review the cancellation and give the party, constituency association, or candidate an opportunity to make representations. Following the review, the Chief Electoral Officer may withdraw or confirm the cancellation and shall provide written notification of the decision.

EFCDA section 10

Re-registration

Should a de-registered party, constituency association or candidate seek to become re-registered, an application for registration must be submitted to Elections Alberta bearing original signatures. If the re-registration occurs within one year following de-registration, Elections Alberta shall return any funds held in trust including any accrued interest, back to the party, constituency association or candidate, as the case may be.

If a party or constituency association was de-registered for failure to meet the financial filing requirements, any outstanding financial statement(s) or return(s) must be filed in good order, and any late filing fees must be paid before re-registration is considered by the Chief Electoral Officer. A party may file financial statements on behalf of its constituency association(s).

If re-registration is approved, written notification of re-registration is provided.

EFCDA sections 10(11), 10(11.1), 10(12)

Obligation to File Financial Statements, Returns and Reports

Every party, constituency association, and candidate that has been registered with Elections Alberta is required to file financial statements, returns and reports as applicable. Parties and constituency associations are required to file quarterly reports and annual financial statements; parties are also required to file campaign returns. Candidates are required to file campaign returns only, and in the case of a reported campaign deficit candidates must also file deficit retirement period financial statements. Further details regarding financial reporting requirements are provided under “Reporting” later in this chapter, and in Chapters 2, 3 and 4 of this guide.

APPOINTMENT OF A CHIEF FINANCIAL OFFICER (CFO)

The appointment of a CFO is a mandatory requirement of registration. Many of the provisions of the EFCDA and most of the contents of this guide apply directly to the activities of the CFO. Committing to the CFO position is something that should be done by an individual that has read and accepted the duties set out 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. A person who is the CFO of a party may also be appointed as the CFO for any number of constituency associations and/or candidates. A registered candidate is not allowed to be a CFO.

If it is necessary to appoint a replacement for the CFO whose name is on file with Elections Alberta, Elections Alberta must be advised in writing of the name, address, telephone number, and email address of the newly appointed CFO, following the timelines outlined above for changes to registration information.

EFCDA sections 7(1)(f), 8(2)(d), 9(2)(f), 29

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,
- financial statements, returns and reports 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 of the financial records for a period of 3 years following the date a financial statement or return is required to be filed with Elections Alberta. Elections Alberta may review the financial affairs and records of parties, constituency associations, and candidates, and the CFO is required to supply backup documentation to support the financial filing, upon request.

EFCDA section 10.1

Bookkeeping Tips

Recording financial data accurately and in a timely manner will simplify the CFO's responsibilities and will eliminate potential difficulties in preparing the financial statement or return at the end of the reporting period. In this respect, CFOs should ensure that:

- all revenue and expenses are recorded and reported on the financial statement or 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,
- official contribution receipts, when required, are prepared and issued in a timely manner,
- all supporting documents are filed in sequence by date or by other acceptable filing methods,
- the amounts, sources, and details of transfers issued and received are recorded, and
- all books of account and supporting documents are securely stored for 3 years and can be made readily available for examination by Elections Alberta or a designated representative.

CONTRIBUTIONS

DEFINITION OF CONTRIBUTION

“Contribution” means any money, real property, goods or services or the use of real property, goods or services 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.

EFCDA section 1(1)(e)

LIMITS ON CONTRIBUTIONS

Under section 17(1) of the EFCDA, contributions made by any single contributor shall not exceed a total of \$4,000 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.

Contributions may only be accepted after a party, constituency association or candidate has received written confirmation of registration from Elections Alberta. Once registered, the party may accept contributions at any time and the constituency association may accept contributions at any time *except* during a campaign period for an election. The candidate may accept contributions *only* during a campaign period for an election and, if a candidate’s campaign has a deficit at the end of the campaign period, contributions may be accepted during the authorized deficit retirement period (refer to Chapter 4 under “Campaign Deficits” later in this guide for more information).

It is important for CFOs to know the campaign period start and end dates when there is an election, as constituency associations and candidates are limited to when they may accept contributions and, especially for parties which are allowed to accept contributions anytime, the EFCDA requires contributions to be categorized as either “annual” or “campaign”.

A campaign period for a general election held in accordance with section 38.1(2) of the *Election Act*, starts on February 1 in the year the election is held and ends 2 months after polling day. A campaign period for a general election held *other than* in accordance with section 38.1(2) of the *Elections Act*, and for any by-election, starts on the date a writ of election is issued and ends 2 months after polling day (refer to Chapter 1 “Expenditures” for more information on campaign periods).

Eligible Contributors

Only a person who is ordinarily resident in Alberta may make contributions to parties, constituency associations and candidates. A prospective contributor is responsible for ensuring that, before making a contribution under the EFCDA, that the contributor is not prohibited from making a contribution.

The CFO is responsible for making every reasonable effort to advise prospective contributors of the provisions of the EFCDA regarding contributions.

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

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 make a contribution to a party, constituency association or candidate.

EFCDA section 1(1)(l.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 making a contribution to a party, constituency association or candidate.

No party, constituency association or candidate, or any person acting on their behalf, is permitted to directly or indirectly solicit or accept contributions if they know or ought to know that the prospective contributor is not eligible to contribute or that the amount of the contribution would exceed the limit prescribed by section 17.

No party, constituency association or candidate 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 nomination contest or leadership contest under the EFCDA.

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

- any anonymous contribution in excess of \$50,
- any contribution made in contravention of the EFCDA,
- 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)(l.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 ensuring that eligible contributors are made aware of the rules imposed by the EFCDA.

Example 1

An individual contributes \$1,000 each to a nomination contestant, a candidate, and a political party for a total of \$3,000. The individual is a self-employed communications specialist, and also makes a valued contribution of \$1,000 to a candidate, which is the market value of eight hours of advertising assistance based on the communications specialist's hourly rate of \$125. This brings the contributor's total to \$4,000 which is the maximum contribution limit for the calendar year. The contributor is prohibited from making any additional contributions for the remainder of the year.

Example 2

An individual makes a regular monthly contribution of \$250 to a political party - \$3,000 for the calendar year. In November of that year, at a different political party's silent auction fund-raiser, the individual purchases an all-inclusive trip for \$2,100; the trip has a market value of \$1,000. The amount paid in excess of the market value is \$1,100 which is the amount of the contribution. In December, when the contributor's regular monthly contribution is made, the contributor will have contributed a total of \$4,100 in the calendar year which would be a violation of the EFCDA for exceeding the \$4,000 limit.

Deposit of Contributions

All money contributions accepted by or on behalf of a political party, constituency association or candidate, 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 of the party, constituency association, or candidate.

EFCDA section 14

Valuing Contributions Other Than Money

Real property, goods or services, or the use of real property, goods or services, provided to a party, constituency association or candidate are deemed to be a contribution. The value of the contribution is the market value at that time.

If real property, goods or services, or the use of real property, goods or services, are provided/sold to a party, constituency association or candidate 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.

The definition of "services" does not include:

- volunteer labour provided by a person, as long as that person does not receive from their 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 candidate, nomination contestant, or leadership contestant provides in support of his or her own campaign.

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 party, constituency association or candidate 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 attend the fund-raiser is determined under either EFCD A section 23(3) clause (a) or (b), 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 considered to be a contribution,
 - (ii) **more than \$50 but not more than \$100:** \$25 is allowed for expenses and the balance is considered to be a contribution, and
 - (iii) **more than \$100:** 25% of the amount is allowed for expenses and the balance is considered to be 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.

The table below shows examples of fund-raising events and how to determine the contribution portion of each ticket sold or admission charged.

| 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 considered to be a contribution.

The gross income of a fund-raiser, minus the contribution portion determined by either clause (a) or (b) above, must be recorded as fund-raising function revenue on the financial statement or campaign return of the political party, constituency association, or candidate, as the case may be. 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 are allowed to purchase a ticket or pay for admission to attend a fund-raising event. Prohibited persons or entities are not allowed to purchase tickets or pay admission, nor offer a reimbursement for the full ticket or admission price, as it would be a violation of the EFCDA. Only the expense portion of the ticket/admission price, as determined by the party, constituency association, or candidate's CFO, may be reimbursed.

Silent Auctions

The following scenarios are provided as examples of how to report the revenue and contributions from silent auctions which are often held in conjunction with fund-raising functions.

Scenario 1

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

The donor of the service, Mr. Doe, 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, then a \$75 "money" contribution receipt is issued to the purchaser by the CFO.

Scenario 2

A decorative crystal vase is donated by an individual to a silent auction at a fund-raising function. The vase, along with the donor's purchase receipt, is given to the 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.

It is important for organizers and CFOs to be mindful in determining an appropriate and defensible FMV and maximum bid price allowable. This will help prevent contributors (successful bidders) from making excessive contributions, and help the party, constituency association or candidate avoid accepting excessive contributions. If the CFO learns that an excessive contribution has been accepted, within 30 days after learning of it, the CFO must advise Elections Alberta in writing of the fact and circumstances and return the excess amount to the contributor.

Should a questionable situation arise, the CFO is encouraged to contact Elections Alberta in a timely manner to reduce the risk of potential violations of the EFCDA.

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 considered a contribution, but the gross amount collected must still be recorded as revenue by the CFO. This includes money solicited from persons in attendance at a meeting held for a party, constituency association or candidate and the individual amounts given are \$50 or less.

However, should a person specifically request that the person's amount given 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

Annual Membership Fees

An annual membership fee paid for membership in a party or in a constituency association of that party, or in both, is not a contribution if:

- the total of all fees paid to the party and/or constituency association do not exceed \$50, and
- the political party and constituency association each maintain a membership list indicating the fees paid by each member that is allocated to the party and/or constituency association, as the case may be.

If the total fees exceed \$50, the amount of the excess is considered a contribution.

EFCDA section 25

PUBLIC DISCLOSURE OF CONTRIBUTIONS

For public reporting and disclosure purposes, all parties, constituency association and candidates are required to report the contributions they have received in two categories:

- the total amount of all contributions received during the reporting 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 reporting period* exceeded \$250 in aggregate.

*Reporting period refers to a quarter, annual or campaign period.

Public information regarding contributions is disclosed both on the Elections Alberta website and in the public files (located at Elections Alberta). For contributions over \$250 in aggregate, the website discloses the name of the contributor and total amount contributed during the reporting period, whereas the public files also disclose the address of the contributor.

As stated earlier, parties may accept contributions at any time, constituency associations may accept contributions at any time *except* during a campaign period for an election, and candidates may accept contributions *only* during a campaign period for an election (and during a deficit retirement period, if applicable). Contributions received during a campaign period must be reported as campaign period contributions.

The following is a brief description of contribution reporting requirements for each reporting period:

- On a quarterly basis, parties and constituency associations must report all contributions received during each quarter of the calendar year, excluding campaign period contributions. Quarterly reports are due within 15 days after the end of a quarter.
- On an annual basis, parties and constituency associations must report all contributions received for the calendar year, excluding campaign period contributions. Annual contribution reports are filed with annual financial statements which are due by March 31st of the following year.
- For an election campaign period, parties and candidates must report all campaign period contributions received during the election campaign period. Campaign period contribution reports are filed with campaign returns which are due 4 months after polling day for candidates, and 6 months after polling day for parties.

For further information, refer to “Reporting” later in this chapter, and Chapters 2, 3, and 4.

EFCDA sections 4(1)(d), 4(1)(e), 4(1)(f), 11, 32

OFFICIAL CONTRIBUTION RECEIPTS

Contributions made to parties, constituency associations and candidates are eligible for income tax credits. It is the CFO’s responsibility to prepare and issue official contribution receipts to contributors in the form and manner approved by the Chief Electoral Officer, to comply with the EFCDA.

It is incumbent upon the CFO to ensure that contributors are made aware of the contribution rules imposed by the EFCDA and that contributors are provided with, or directed to, the information they need to confirm their eligibility. These requirements are addressed, in part, by the following warning imprinted on the back of the Contributor Copy of the receipt:

Only a person ordinarily resident in Alberta may make a contribution to a political party, constituency association or candidate, 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.

For further information, visit the Elections Alberta website at www.elections.ab.ca.

EFCDA section 33

Control of Official Contribution Receipts

The CFO is accountable for all official contribution receipts obtained from Elections Alberta, and is expected to store the receipts in a secure location and maintain proper records. An official contribution receipt order form is available on the Elections Alberta website at www.elections.ab.ca under Parties, Candidates & Leadership Contests.

Official contribution receipts are sequentially numbered and controlled, and printed in triplicate for distribution as follows:

- **Contributor Copy:** The CFO provides this copy to the contributor, who in turn submits it with their income tax return to claim an income tax credit.
- **Elections Alberta Copy:** The CFO attaches this copy to the applicable annual financial statement or campaign return being filed with Elections Alberta.
- **Chief Financial Officer Copy:** The CFO retains this copy for a period of 3 years following the date on which the applicable financial statement or campaign return is required to be filed with Elections Alberta. (EFDA section 10.1)

Official Contribution Receipt Preparation and Procedures

Only the CFO whose name is on record with Elections Alberta may issue official contribution receipts for contributions received. The CFO shall ensure that each official contribution receipt indicates the following:

- contribution period (annual or campaign),
- political entity (party, constituency association or candidate)
- end date of the election campaign period (where applicable),
- date the contribution was received,
- date the receipt was issued,
- full name of the contributor (only one name per receipt),
- full address of the contributor,
- amount of the contribution - dollar sign "\$" must be placed in box immediately preceding first digit of the amount,
- whether the contribution is money (cash, cheque) or valued (real property, goods or services, or the use of real property, goods or services),
- name of the political party,
- name of the constituency association or candidate, as the case may be, and
- name and signature of the CFO.

Official contribution receipts must not be issued jointly in the names of two or more persons. For example, receipts should not be issued to Mr. and Mrs. Smith, nor to John and Mary Smith. Instead, John Smith and Mary Smith should each receive a separate receipt showing the amount that each contributed.

When more than one contribution is made by an individual during a reporting period, the CFO may issue one official contribution receipt for the aggregate total. The CFO may enter the date the last contribution was received in the "date received" field of the receipt. The "amount received" field will show the total of all contributions received from the individual during the reporting period. However, if an individual has made both money and valued contributions,

these cannot be combined onto one receipt; separate receipts must be issued for the money contribution(s) and for the valued contribution(s).

Contributions received during a campaign period must be reported as campaign period contributions, and official contribution receipts must be clearly identified as campaign period contributions. The CFO must confirm the start and end dates of the campaign period so that the contributions are reported correctly and official contribution receipts prepared accurately.

When a contributor has misplaced his or her Contributor Copy, or it was lost in the mail or issued incorrectly (e.g. wrong address or amount), the CFO shall cancel the original receipt and issue a replacement as follows:

- clearly mark the Chief Financial Officer Copy of the misplaced, lost or incorrect receipt (and the Contributor Copy, if available from the contributor) with “*Cancelled, replaced by receipt number xxx*”, and
- issue a replacement receipt and clearly mark all three copies with “*Duplicate, replaces receipt number zzz*”.

The CFO then submits the Elections Alberta Copy of the replacement receipt to Elections Alberta together with the cancelled receipt copies. The CFO provides the Contributor Copy of the replacement receipt to the contributor, and retains the Chief Financial Officer Copy for his or her records.

Any receipt issued in error shall be clearly marked with “*Cancelled, not replaced*”, and all available copies are forwarded to Elections Alberta.

CFOs must not destroy or shred receipts that have been cancelled, or receipts that have been spoiled during preparation. All such receipts must be returned to Elections Alberta for proper tracking and handling.

Income Tax Credits

Official contribution receipts for contributions made to parties, constituency associations, and candidates 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 party, constituency association, or candidate may borrow money, but only from a financial institution, other than 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 parties, constituency associations, or candidates. The details of the loan shall be recorded by the CFO and reported to Elections Alberta on the applicable financial statement or campaign return. 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 parties, constituency associations, or candidates 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 of the party, constituency association or candidate 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 the filing of the financial statement or campaign return, and
- loan payments made by the guarantor.

EFCDA sections 40, 41

FORGIVEN AND UNPAID EXPENSE DEBTS

Note: The below information applies specifically to parties and constituency associations. For candidates, there are express provisions in the EFCDA that address monetary claims on unpaid debts (refer to Chapter 2 of this guide, and EFCDA sections 39.2, 39.3 and 43.1).

Where a party or constituency association enters into a commercial transaction with a vendor to purchase goods, services, real property, the use of goods, services or real property, for fair market value the payment made by the party or constituency association is not a contribution.

If, in the ordinary course of a commercial transaction, the party or constituency association defaults on payment as a result of insufficient contributions, transfers, or other revenue sources, the commercial transaction is not automatically converted into a “contribution” by the vendor. Rather, the party or constituency association remains liable for the expense and its liability would be dealt with through the ordinary procedures used by vendors (e.g. settlement, legal action, enforcement), which are not regulated by the EFCDA.

However, if a vendor forgives a debt in whole or in part, the result may be a contribution by the vendor to the party or constituency association in which case the EFCDA would regulate it. If the vendor is a person ordinarily resident in Alberta, a contribution would be allowed within the limits. If the vendor is a prohibited person or entity, no amount of contribution would be allowed.

Q: When does a failure by the party or constituency association to pay an expense become a “contribution” by the vendor?

A: When, at the time the party or constituency association incurs the expense, the intent of the party or constituency association and vendor was for the vendor to contribute to the party or constituency association without expectation of payment.

Example 1

A volunteer with a constituency association has, as an individual, contributed the maximum annual amount allowed under the EFCDA. The volunteer in her private life owns a computer hardware business. She instructs her staff at the computer hardware business to generate an invoice in the name of the computer hardware business and delivers a printer to the constituency association. The invoice gets filed but is never paid, although the constituency association has enough funds to cover payment. The records of the computer hardware business show the amount of the printer not as an account receivable, but as a write down item. *This is an example of a forgiven expense that is likely a contribution.*

Example 2

A constituency association enters into a contract with a corporation to purchase a printer for the constituency association. The corporation delivers the printer to the constituency association accompanied by an invoice requiring payment by a certain date. By that date, due to a lack of funds, the constituency association is insolvent and unable to pay the invoice. After some discussion, the corporation agrees to forgive the debt. *This is an example of a forgiven expense that is likely not a contribution. The constituency association will need to provide Elections Alberta with evidence of insufficient revenue and written documentation specifying the arrangement, including any court documents, to justify the write down of the expense not becoming a contribution.*

Under the EFCDA, the responsibility of ensuring a contribution is not prohibited rests upon the potential contributor (EFCDA section 15.1). Where a vendor has no genuine intention to supply real property, goods, or services, or the use of goods, services, or real property free of charge and that vendor is a prohibited person or entity, it would be unfair to impose the legal consequences on the shoulder of the vendor for making an unintended prohibited contribution.

Where, however, the vendor and the party or constituency association may have colluded to fabricate an invoice for which there was never an intention to pay (see Example 1 above), then this could be an attempt around the rules. If the forgiveness of the debt is a prohibited contribution, the vendor may contravene section 16 of the EFCDA, and the accepting party or constituency association may contravene section 35 of the EFCDA.

The party or constituency association that agreed to purchase the real property, goods, or services, or the use of goods, services or real property should make all reasonable efforts to pay the vendor. Provided the transactions were made in good faith and without any intention to circumvent the rules in the EFCDA, the expenses should be considered payable and outstanding. Forgiveness by the vendor should only be an option when the inability to pay is due to circumstances beyond the party's or constituency association's control.

EXPENDITURES

LIMITS ON EXPENDITURES

The EFCDA places limitations on expenditures categorized as “election expenses”. All other expenditures are not subject to limits, such as operating expenses to maintain a permanent office etc. The following information provides a brief description of expenses related to campaign periods and election periods as defined by the EFCDA. Refer to later chapters in this guide for more detailed information on expense limits and exceptions specific to parties, constituency associations and candidates.

DEFINITIONS

Campaign Expenses

A *campaign* expense is any expense incurred, or non-monetary contribution received, by a registered party, constituency association or candidate to the extent that the property or service that the expense was incurred for, or that were received as a non-monetary contribution, is used to directly promote or oppose a registered party, constituency association or candidate during a *campaign* period.

Campaign expenses include, but are not limited to:

- 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 for the 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.

EFCDA sections 1.1(1)(a), 1.1(3)

Election Expenses

An *election* expense is any expense incurred, or non-monetary contribution received, by a registered party, constituency association or candidate to the extent that the real property, goods or services that the expense was incurred for, or that were received as a non-monetary contribution, are used to directly promote or oppose a registered party, its leader or a candidate during an *election* period.

Election expenses include, but are not limited to:

- 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 an *election* period, including by the use of a capital asset,
- the payment of remuneration and expenses to or on behalf of a person for the person’s services as a CFO or in any other capacity,
- securing a meeting space, or
- the conduct of election surveys or other surveys or research during an election period.

EFCDA sections 41.1(1)(a), 41.1(3)

Campaign Periods and Election Periods

For a general election held in accordance with section 38.1(2) of the *Election Act*, the campaign period commences on February 1 in the year the election is held; the election must be held within a 3-month period beginning on March 1 and ending on May 31. For a general election held other than in accordance with section 38.1(2) of the *Election Act*, including a by-election, the campaign period commences on the date a writ of election is issued.

The campaign period for any general election or by-election ends 2 months after polling day.

For any general election or by-election held, the election period is a 4-week period which commences on the day the writ of election is issued and ends at the end of polling day. The election period is a sub-set of the campaign period.

EFCDA sections 1(1)(a.1), 1(1)(b)(i), 1(1)(b)(ii), 1(1)(b)(iv), 1(1)(f.1)

CAMPAIGN AND ELECTION EXPENDITURES

Campaign expenses pertain to the entire campaign period; election expenses pertain only to the election period and are subject to prescribed spending limits. The CFO must confirm the start and end dates of both the campaign and election periods so that expenditures are categorized and reported correctly.

While financial statements and reports submitted as part of a campaign return pertain to the entire campaign period, some of the reports filed with the campaign return – such as election expense limit reports – pertain specifically to the election period within the campaign period.

TRANSFERS

A registered party and any of its constituency associations and candidates may transfer to and accept from each other:

- funds,
- real property, goods or services, or the use of real property, goods or services, or
- debts incurred during a campaign period for the purpose of eliminating a campaign deficit (refer to Chapter 4 under “Campaign Deficits” for more information).

Any transferred funds received must be deposited by the recipient in the appropriate account on record with Elections Alberta.

The only restriction on transfers between a party, its constituency association(s) and candidate(s) is that transfers *to* candidates are restricted to the campaign period and, if applicable, the deficit retirement period.

Transfers are not considered contributions, but must be recorded by the party, constituency association and candidate that issued and/or received the transfer, including the following:

- date the transfer was issued/received,
- name of the party, constituency association, and candidate that issued/received the transfer, and
- amount or value of the transfer and, if applicable, a suitable description of the goods.

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

EFCDA sections 13, 36, 38

REPORTING

Every party, constituency association and candidate that has been registered with Elections Alberta is subject to financial reporting requirements. A summary description follows, with further details provided under the specific chapters pertaining to each political entity.

FILING OF QUARTERLY CONTRIBUTION REPORTS

Parties and constituency associations must file quarterly reports that disclose contributions received in each quarter of the calendar year. The “received date” of a contribution is the date it is received by and under the control of the CFO.

Only contribution revenue is included in quarterly reports – this includes both money and valued contributions which qualify for an official contribution receipt, and any amounts of \$50 or less where the contributor requests an official contribution receipt. Each quarterly report must include all contributions received regardless of the amount.

Excluded from quarterly reports are any election campaign period contributions received by parties, whereas constituency associations are prohibited from accepting contributions during the campaign period.

Quarterly reporting is based on the date ranges shown in the table below, with the reports due 15 days after the end of each quarter. If the 15th falls on a weekend or holiday, the next business day will be considered the due date. If no contributions are received in a quarter, a “nil” report is still required to be filed.

| Quarter | Dates Covered by Quarterly Report | Filing Deadline |
|---------|-----------------------------------|-----------------|
| 1 | January 1 to March 31 | April 15 |
| 2 | April 1 to June 30 | July 15 |
| 3 | July 1 to September 30 | October 15 |
| 4 | October 1 to December 31 | January 15 |

The EFCDA requires that the 2nd, 3rd and 4th quarter reports include contributor names, addresses and total amounts contributed when an individual’s contributions have exceeded \$250 in aggregate on a year-to-date basis. Only names and amounts are disclosed on the Elections Alberta website.

To assist parties and constituency associations meet their legislative requirements, Elections Alberta developed the Quarterly Reporting System (QRS) which can be accessed online at qrs.elections.ab.ca. Parties and constituency associations are encouraged to use QRS to file their quarterly contribution reports electronically with Elections Alberta.

For the quarterly report, every contribution received must be reported, including the contributor's name, address, contribution amount, contribution type (money or valued) and the date each contribution was received. QRS tracks each individual's contributions so that once the contributor has exceeded \$250 in aggregate, that contributor's name and contributions are published on Elections Alberta's financial disclosure website at www.elections.ab.ca.

For QRS questions and technical support, including ID and password access, contact Elections Alberta during business hours by phone at 780.638.3975 or 780.427.7191, or by email at qrs@elections.ab.ca.

It is expected that quarterly reports are filed by CFOs in most cases, however the following additional persons may file:

- **political party:** executive director, president or leader upon notification to Elections Alberta,
- **constituency association:** president (principal officer), or party executive director, party president or party leader.

EFCDA sections 32(3), 32(3.1), 32(4.1)

FILING OF FINANCIAL STATEMENTS AND RETURNS

Parties, constituency associations and candidates are responsible for filing annual financial statements and/or campaign returns which consist of a template financial statement form and must be accompanied by the following required attachments:

- Elections Alberta Copy of all official contribution receipts issued to contributors during reporting period,
- all copies of official contribution receipts issued in error or for which valid receipts were re-issued,
- reconciliation of all official contribution receipts to account for all receipts ordered, used, voided, spoiled and returned,
- list of contributors who contributed over \$250 in aggregate, including name(s), address(es) and total amount(s) contributed (for public files),
- list of contributors who contributed over \$250 in aggregate, including only name(s) and total amount(s) contributed (for web-posting),
- terms and details of loans; details and specifics of guarantees and loan payments, and
- bank statements for the reporting period.

A list of additional required schedules and sub-schedule specific to the party, constituency association and candidate are listed on each template financial statement form. All financial forms are available on the Elections Alberta website at www.elections.ab.ca under Parties, Candidates & Leadership Contests.

Completed financial statements and returns, along with all required attachments, must be received by Elections Alberta no later than 4:30 p.m. on the filing deadline prescribed by the EFCDA, including nil statements or returns where applicable. Financial statement forms must bear two original signatures; faxed or emailed statements are *not* accepted by Elections Alberta. Penalties apply for late filing.

Annual Financial Statement

Parties and constituency associations are responsible for filing annual financial statements for the calendar year which are due by March 31 of the following year. Annual financial statements disclose the annual revenue, expenses, assets and liabilities and include contribution details, details of loan guarantees and collateral security, and any supporting information and documents relating to the annual financial statement. For parties, annual financial statements exclude financial activity during the campaign period.

The party's annual financial statement is to be signed by the party CFO and principal officer (president) on record with Elections Alberta. Should the principal officer (president) be unavailable to sign, the leader or executive director on record with Elections Alberta may sign on his or her behalf.

The constituency association's annual financial statement is to be signed by the constituency association CFO and principal officer (president) on record with Elections Alberta. Should one or both signatories be unavailable to file and/or sign the financial statement, any two of the party's CFO, president, leader or executive director on record with Elections Alberta may file and/or sign for the constituency association.

EFCDA section 42

Campaign Return

Parties and candidates are responsible for filing campaign returns for general elections and by-elections. For parties, the campaign return is due within 6 months after polling day, while candidates are required to file within 4 months after polling day. Campaign returns disclose all revenue and expenditures for the campaign period, and include:

- a financial statement,
- a contribution detail report per EFCDA section 32(4),
- a campaign expense report,
- an expense limit report per EFCDA section 41.2(4) for parties and 41.3(4) for candidates, and
- any supporting information and documents relating to the campaign return.

The party's financial statement, as part of the campaign return, is to be signed by the party CFO and principal officer (president) on record with Elections Alberta. Should the principal officer (president) be unavailable to sign, the leader or executive director on record with Elections Alberta may sign on his or her behalf.

The candidate's financial statement, as part of the campaign return, is to be signed by the candidate's CFO on record with Elections Alberta, and signed by the candidate. Should the CFO be unavailable to file and/or sign the financial statement, the candidate must appoint a new CFO and advise Elections Alberta in writing before the new CFO may file and/or sign the financial statement. No person is allowed to sign the financial statement in place of the candidate who ran in the election.

EFCDA section 43

2

POLITICAL PARTIES

FURTHER TO THE INFORMATION PROVIDED IN CHAPTER 1, THE FOLLOWING INFORMATION APPLIES SPECIFICALLY TO PARTIES.

REQUIREMENTS FOR INITIAL REGISTRATION

Before a party may apply for registration, under section 6 of the EFCDA it must establish a non-profit corporation or trust as a foundation for the purposes of receiving and managing assets not exceeding \$5,000. In addition, one of the following requirements must be met:

- the party holds a minimum of 3 seats in the Legislative Assembly following the most recent election, *or*
- the party endorsed or endorses candidates in at least 50% of the electoral divisions in the most recent general election or following the issue of a writ of election for a general election, *or*
- at any time other than during a campaign period, the party provides the Chief Electoral Officer with the names, addresses, and signatures of persons who
 - represent 0.3% of the number of electors eligible to vote at the last general election,
 - are currently eligible to vote in an election, and
 - request the registration of that party.

The Chief Electoral Officer may refuse to register a party if this information is provided less than 60 days before the issuance of a writ of election.

The party's application for registration must provide all information required under section 7(1) of the EFCDA. In addition, the party's proposed name and abbreviation must be deemed acceptable by the Chief Electoral Officer. For further information and guidance on the registration process, contact Elections Alberta directly.

ELECTION EXPENSE LIMITS

The election expense limit for parties is **\$2,000,000** for a general election, and **\$23,000** for a by-election in an electoral division, under section 41.2 of the EFCDA. These limits are adjusted following a general election in accordance with section 41.5 of the EFCDA. Please consult the Elections Alberta website for up-to-date information.

A party or the party's CFO who exceeds the maximum election expense limit may be fined up to \$10,000 under section 48.1 of the EFCDA.

The following election expenses incurred by a party or constituency association are subject to the party's election expense limit:

- election expenses incurred by the party,
- election expenses incurred by the party on *behalf of two or more candidates*, and
- election expenses incurred by the party's constituency association(s) *on behalf of the party* (such expenses are reported on the constituency association(s) annual financial statement(s) and, as these expenses count toward the party's election expense limit, must also be accounted for on the party's campaign return / expense limit report accordingly).

The definition of election expenses and a list of such expenses was provided in Chapter 1 under "Expenditures". The following list outlines expenses under section 41.2(3) of the EFCDA which are *not* considered party election expenses, therefore these are not subject to the party's election expense limit:

- audit and professional fees necessary for compliance with the EFCDA,
- expenses incurred to hold a conference or convention of a registered party,
- expenses incurred by a party to operate a permanent office, including the salaries and wages paid to permanent staff members working in the office during the election period, and
- reasonable incidental expenses incurred by or on behalf of volunteers.

FINANCIAL STATEMENTS, RETURNS AND REPORTS

Each financial statement required to be filed by a party must be audited by a person authorized by the *Regulated Accounting Profession Act*. A copy of the audited financial statement and auditor's report must accompany each financial statement.

An audited financial statement is not required if the revenue and expenses pertaining to the reporting period do not each exceed \$1,000; however, a non-audited financial statement must still be filed, including a nil return where applicable.

In summary, parties are required to file quarterly contribution reports within 15 days after the end of each quarter in the calendar year, annual financial statements by March 31 of the following year, and campaign returns within 6 months after polling day for general elections and by-elections. In the case of by-elections, only a party that received contributions or made payments or transfers in relation to the by-election is required to file a campaign return for that by-election. In addition, a party that maintains a foundation must file a report of the annual expenditures of that foundation by April 1 of the following year.

Failure to File and Late Filing Fee

Failure to file a financial statement or campaign return with Elections Alberta by the filing deadline will result in an automatic late filing fee of \$500, and may result in cancellation of the party's registration and penalties against the party and party's CFO.

EFCDA sections 1(1)(a.02), 6(6), 42(1.1), 43.2, 48

3

CONSTITUENCY ASSOCIATIONS

FURTHER TO THE INFORMATION PROVIDED IN CHAPTER 1, THE FOLLOWING INFORMATION APPLIES SPECIFICALLY TO CONSTITUENCY ASSOCIATIONS.

REQUIREMENTS FOR INITIAL REGISTRATION

A constituency association's application for registration must be endorsed with an original signature of an authorized party representative or independent member of the Legislative Assembly of Alberta, as applicable.

The constituency association's application for registration must provide all information required under section 8(2) of the EFCDA, including a statement of assets and liabilities dated no earlier than 90 days prior to the application date. The statement of assets and liabilities must bear the original signature of the person applying to be the constituency association CFO. It is expected that nil assets and/or liabilities will be reported, as the constituency association is not allowed to accept contributions prior to registration.

LIMITATIONS ON FINANCIAL ACTIVITY

A registered constituency association is allowed to be fully active at all times; however, during a campaign period a constituency association is strictly prohibited from accepting contributions. This applies in a general election campaign period, and in a by-election when the constituency association is running a candidate in that electoral division.

Other than the one prohibition against accepting contributions during a campaign period, the constituency association is allowed to incur expenses at any time, including incurring election expenses on behalf of the party or candidate. Election expenses incurred by the constituency association *on behalf of the party or candidate* are to be reported on the constituency association's annual financial statement, and, as these expenses count toward the party's or candidate's election expense limit, must also be accounted for on the party's or candidate's corresponding campaign return / expense limit report accordingly.

EFCDA sections 17(2), 41.3(3)

FINANCIAL STATEMENTS AND REPORTS

Constituency associations are required to file quarterly contribution reports within 15 days after the end of each quarter in the calendar year and annual financial statements by March 31 of the following year.

Failure to File and Late Filing Fee

Failure to file a financial statement with Elections Alberta by the filing deadline will result in an automatic late filing fee of \$500, and may result in cancellation of the constituency association's registration and penalties against the constituency association and constituency association's CFO.

4

CANDIDATES

FURTHER TO THE INFORMATION PROVIDED IN CHAPTER 1, THE FOLLOWING INFORMATION APPLIES SPECIFICALLY TO CANDIDATES.

REQUIREMENTS FOR INITIAL REGISTRATION

Candidate Supported by a Party

A person who intends to become a party's endorsed official candidate for an election in an electoral division must first apply to register as a nomination contestant with Elections Alberta and participate in the party's nomination process (the party must inform Elections Alberta of the nomination contest taking place). If the nomination contestant is successfully selected or acclaimed through the nomination process, once the party endorses that person as the official candidate and informs Elections Alberta, under section 9(3.1) of the EFCDA that person is automatically deemed to be registered as a candidate and is not required to file an application for registration as a candidate.

Refer to the "Nomination Contestant Guide to the Election Finances and Contributions Disclosure Act" available on Elections Alberta's website for details regarding nomination contests and nomination contestants.

Independent Candidate

A person who intends to run as an independent candidate for an election in an electoral division must apply to register as a candidate with Elections Alberta. The application must bear original signatures of both the independent candidate and candidate's CFO, and must provide all information required under section 9(2) of the EFCDA.

Under section 9(2)(a)(ii) of the EFCDA, candidate registration applications are only accepted by Elections Alberta once a campaign period has started. Refer to Chapter 1 "Expenditures" for information regarding campaign period start dates.

LIMITATIONS ON FINANCIAL ACTIVITY

A registered candidate, candidate's CFO, and any other person acting on behalf of the candidate, is prohibited from accepting campaign contributions or using campaign funds prior to the start of a campaign period for an election.

A candidate's campaign may only accept contributions and incur expenses during a campaign period for an election, and during a deficit retirement period where a campaign deficit has been reported (details provided later in this chapter).

EFCDA section 17(3)

CANDIDATE NOMINATION DEPOSIT

The nomination deposit refers to the “Deposit of candidate” under section 62 of the *Election Act*. It is a \$500 deposit payable to the Government of Alberta required to be paid by the registered candidate’s campaign as part of conditions for the candidate’s name to be added to the ballot paper in an election. The deposit payment is provided to the returning officer in the electoral division for which the candidate is seeking election.

Record Keeping for Source, Payment and Refund of Deposit

The source of the \$500 nomination deposit may come from:

- surplus funds at the end of the candidate’s *nomination contest* campaign, or
- contributions made to the candidate’s election campaign including the candidate’s own funds, or
- transfer(s) received from the candidate’s party, constituency association(s) or other candidate(s).

The candidate’s CFO records the revenue according to the source, and deposits the funds into the candidate’s election campaign account on record with Elections Alberta. A bank draft, money order or certified cheque is then issued payable to the “Government of Alberta” and provided to the returning officer.

The \$500 is refunded back to the candidate’s campaign once the campaign return is filed in good order by the filing deadline. Under section 62(2.1) of the *Election Act*, the refund cheque is issued payable to the candidate’s CFO for deposit into the campaign account, therefore the campaign account should be kept open. The refund is recorded by the candidate’s CFO as other assets (“nomination deposit refund”). If the refund is forfeited due to the campaign return filed late or not at all, it is not recorded as other assets.

The nomination deposit refund may be:

- returned to the person, including the candidate if paid from the candidate’s own funds, only if that person/candidate did *not* deem the original \$500 as a contribution, or
- transferred back to the party, constituency association or other candidate that originally provided the funds, or
- used to pay outstanding payables, or
- added to the campaign surplus to be held in trust.

If the refund is to be returned, transferred or used as described above, it is recorded as other liabilities (“nomination deposit refund paid to...”). If the refund is added to the campaign surplus to be held in trust, it is not recorded as other liabilities.

Exceptions: If the source funds for the nomination deposit are not first deposited into the candidate’s campaign account for whatever reason, rather they are provided directly to the returning officer, the funds must still be recorded as if they were deposited and paid from the campaign account. Similarly, if the CFO has closed the campaign account before the refund cheque arrives for whatever reason, the CFO should endorse the cheque and provide it to whomever the funds were intended to be returned or transferred to. The refund must still be recorded as if it was deposited and paid out from the campaign account.

ELECTION EXPENSE LIMITS

The election expense limit for candidates is **\$50,000** for a general election or a by-election in an electoral division, under section 41.3 of the EFCDA. This limit is adjusted following a general election in accordance with section 41.5 of the EFCDA. Please consult the Elections Alberta website for up-to-date information.

A candidate or candidate's CFO that exceeds the maximum election expense limit may be fined up to \$5,000 under EFCDA section 48.1.

Election expenses incurred by a party or constituency association *on behalf of a specific candidate* are subject to that candidate's spending limit. The expenses are reported on the party's or constituency association's financial statement, as the case may be, and as these expenses count toward the candidate's election expense limit, they must also be accounted for on the candidate's corresponding campaign return / expense limit report accordingly.

The definition of election expenses and a list of such expenses was provided in Chapter 1 under "Expenditures". The following list outlines expenses under section 41.3(2) of the EFCDA which are *not* considered candidates' election expenses, therefore these are not subject to the election expense limit:

- a candidate's travel expenses reasonably related to the election, including meals and accommodation,
- a candidate's child care expenses,
- expenses related to the provision of care for a person with a physical or mental incapacity for who the candidate normally provides such care,
- in the case of a candidate who has a disability, additional expenses that are related to the disability,
- audit and financial fees necessary for compliance with the EFCDA, and
- reasonable incidental expenses incurred by or on behalf of volunteers.

SURPLUS CAMPAIGN FUNDS

Under section 12 of the EFCDA, any campaign funds held by a candidate at the end of a campaign period shall be held in trust for the candidate's use in the *next election*. No additional funds may be added, except interest earned.

Funds held in trust may, at the option of the candidate, be transferred or paid from time to time to:

- the party that proposed or supported the candidate's registration at the previous election,
- the constituency association(s) of the party that proposed or supported the candidate's registration at the previous election,
- the candidates of the party that proposed or supported the candidate's registration at the previous election, or
- the Crown in right of Alberta, if the funds cannot be transferred in accordance with the above options.

At the next election, if the candidate is not nominated or does not declare the candidate's candidacy as an independent candidate, all funds held in trust must be disposed of in accordance with the above options. The candidate has 7 days after the day fixed for nominations, to transfer or pay out the funds. In this case, nomination day refers to a specific date during an election period; refer to *Election Act* sections 39(c) and 67(1) for further information.

CAMPAIGN DEFICITS

Under section 43.1 of the EFCDA, a candidate has a campaign deficit if, at the end of the campaign period, expenses and/or outstanding liabilities exceed revenue.

As briefly mentioned in Chapter 1 under "Contributions", if a candidate's campaign has a deficit at the end of the campaign period, contributions may be accepted during the authorized deficit retirement period for the purpose of eliminating the deficit. All contribution limits and statutory provisions of the EFCDA apply within the deficit retirement period. A candidate may also receive a transfer of funds from the party or constituency association during the deficit retirement period. In addition, the party or constituency association may agree to assume/accept the candidate's campaign debt, which must be decided and documented within the deficit retirement period timeframe.

The deficit retirement period is a 3 month period which starts on the day after the campaign return filing deadline date. Before the 3 months has ended, the candidate or candidate's CFO may request in writing to the Chief Electoral Officer, an extension consisting of another 3 months to give the candidate a total of 6 months to eliminate the campaign deficit. No further extensions are allowed under the EFCDA.

Failure by the candidate to eliminate the deficit may result in the CFO being prohibited from acting as a CFO for a registered party, registered constituency association, registered candidate or registered third party for five years.

FINANCIAL RETURNS AND REPORTS

Candidates are required to file campaign returns within 4 months after polling day for general elections and by-elections.

For candidates that report a deficit on the campaign return, they are required to file an amended campaign return ("deficit retirement period financial statement") within one month after the authorized deficit retirement period has ended. The authorized period is the 3 months following the filing deadline, or 6 months if an extension was granted by Elections Alberta. The deficit statement must show contributions accepted and/or transfers received to eliminate the deficit.

Failure to File and Late Filing Fee

Failure to file a campaign return or deficit retirement period financial statement with Elections Alberta by the filing deadline will result in an automatic late filing fee of \$500, and may result in administrative penalties or prosecution against the candidate and CFO.

SAMPLE TIMELINE

The following is an example only, based on a fixed campaign period under section 1(1)(b)(i) of the EFCDA and section 38.1(2) of the *Election Act*. In this example, the campaign period begins on February 1, and the election must be held between March 1 and May 31. For illustrative purposes, April 1 is used in this example for date the writs of election are issued. Note that polling day is a key date from which all future dates and deadlines are determined.

| Event / Period | Date / Comments |
|-----------------------------|---|
| Campaign period | <ul style="list-style-type: none"> Starts February 1 Registered candidate may accept contributions and transfers, and incur expenses |
| Election period | <ul style="list-style-type: none"> Starts April 1 (writs of election issued) |
| Polling day | <ul style="list-style-type: none"> On April 29 (28 days after date of writ(s)) Election period ends |
| Campaign period | <ul style="list-style-type: none"> Ends June 29 Last day candidate may accept contributions and transfers, and incur campaign expenses |
| Candidate's campaign return | <ul style="list-style-type: none"> Due August 29 If date falls on weekend or holiday, due date is extended to next business day |
| DRP-1 | <ul style="list-style-type: none"> Starts August 30 Deficit retirement period (DRP) starts for candidate that reported deficit on campaign return Candidate may start accepting contributions and transfers for deficit elimination |
| DRP-1 | <ul style="list-style-type: none"> Ends November 30 Extension request for deficit elimination due today If no extension requested or request was denied, last day candidate may accept contributions and transfers for deficit elimination |
| DRP-2 | <ul style="list-style-type: none"> Starts December 1 DRP-2 starts for candidate that requested extension and was approved Candidate may continue accepting contributions and transfers for deficit elimination |
| DRP-1 financial statement | <ul style="list-style-type: none"> Due December 30 Applies to candidate that did not request extension or request was denied If date falls on weekend or holiday, due date is extended to next business day |
| DRP-2 | <ul style="list-style-type: none"> Ends March 1 No further extension allowed Last day candidate may accept contributions and transfers for deficit elimination |
| DRP-2 financial statement | <ul style="list-style-type: none"> Due April 1 For candidate that was approved for extension If date falls on weekend or holiday, due date is extended to next business day |



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