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POLITICAL PARTY AND CONSTITUENCY ASSOCIATION 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 and constituency associations understand 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 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.

A “constituency association”, with reference to an electoral division, is an organization approved 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))

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

PUBLIC DISCLOSURE

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

EFCDA sections 4(h), 11

1 POLITICAL PARTIES AND CONSTITUENCY ASSOCIATIONS

REGISTRATION

INITIAL REGISTRATION

Every party and constituency association (CA) must be registered with Elections Alberta prior to raising and spending funds. The Chief Electoral Officer maintains a register of political parties and CAs.

Parties and CAs each have a distinct set of initial registration requirements. For example, a person or group wanting to register a political party must meet certain prerequisites in order to be eligible to apply for registration. A person or group wanting to register a CA must have the endorsement of the registered party or independent member of the Legislative Assembly as part of its application for registration. **Please refer to the specific chapters later in this guide and the *Election Finances and Contributions Disclosure Act (EFCDA)* sections listed below for further details.**

Political Entity	Guide Reference	EFCDA Reference
Political Parties	Chapter 2	Sections 6 and 7
Constituency Associations	Chapter 3	Section 8

The registration application form for parties is Registration of a Political Party (PA-R-01), and for constituency associations the form is Registration of a Constituency Association (CA-R-01). Forms are available on Elections Alberta's website www.elections.ab.ca. Each application for initial registration must have bona fide physical or electronic signatures of the person applying to be the chief financial officer and by an authorized party official. Upon receipt of an application, the Chief Electoral Officer examines the application to determine if the party or CA is qualified to be registered. If qualified, the party or CA 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.

Change to Registration

Parties must inform and update Elections Alberta within 30 days of any changes to registration information, and CAs within 60 days. Notification of a change to registration provided by fax or email is acceptable, using the Registration of a Political Party form PA-R-01 or the Registration of a Constituency Association form CA-R-19-01 indicating the updated information.

As with any other change to registration, a party wishing to change its name and/or abbreviation must write to the Chief Electoral Officer who will review the proposed new name and/or abbreviation. If approved, the register of political parties will 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 CA is not allowed to apply for its own de-registration – only the party, or independent member of the legislative assembly if applicable, may apply for de-registration of the CA.

Upon receipt of an application for cancellation, the Chief Electoral Officer shall cancel the registration of that party or CA.

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

- failure by a party or CA 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 or CA is no longer qualified to be registered, or
- if the Chief Electoral Officer deems that the party or CA obtained registration based on an application that was false in any manner.

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

When registration is cancelled, the Chief Electoral Officer will notify the party or CA 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.

When the registration of a party or CA is cancelled, any of the party's or CA's funds which are not required to pay outstanding expenses will be paid to Elections Alberta to be held in trust for one year. If, during that time, the party or CA 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 a cancellation notice is mailed, the party or CA 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 party or CA 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 section 10

Re-registration

Should a de-registered party or CA seek to become re-registered, an application for registration must be submitted to Elections Alberta as an initial registration (refer to page 3 for initial registration information). 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 or CA.

If a party or CA was de-registered for failure to meet the financial filing requirements, the 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 CA(s).

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

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

Obligation to File Financial Statements, Returns and Reports

Every party and CA that has been registered with Elections Alberta is required to file financial statements, returns and reports as applicable. Parties and CAs are required to file quarterly reports and annual financial statements; parties are also required to file campaign returns. Further details regarding financial reporting requirements are provided under “Reporting” later in this chapter, and in Chapter 2 for parties and Chapter 3 for CAs.

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. A person who is the CFO of a party may also be appointed as the CFO for any number of CAs. A registered candidate is not allowed to be a CFO.

If the CFO changes, Elections Alberta must be provided with the name, address, telephone number, and email address of the new CFO, following the timelines outlined in the “Change to Registration” section on page 3.

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, and
- valuing goods used in the campaign from a previous election.

EFCDA section 30

Retention of Records

The CFO must retain all the financial records for a period of three years following the date a financial statement or 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 statement or 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 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 completed regularly to maintain an accurate balance,
- copies of all bank deposit slips are retained,
- bank statements are received or printed, and reconciled with the CFO's record of deposits and withdrawals,
- expenses are categorized by type,
- expenses are identified as annual operating expenses, campaign expenses or election expenses
- 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 three 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.

The definition of “services” does not include:

- volunteer labour provided by a person, if 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.

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.

Political parties and candidates 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 a party or CA has had their registration confirmed by Elections Alberta. Once registered, the party may accept contributions at any time and the CA may accept contributions at any time *except* during a campaign period for an election.

It is important for CFOs to know the campaign period start and end dates when there is an election, as CAs 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 two months after election 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 two months after election day (refer to the next section “Expenditures” for more information on campaign periods).

Eligible Contributors

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

EFCDA sections 15.1, 16(1), 17(1), 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 party or CA.

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 contributing to a party or CA.

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

No party or CA 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 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 two constituency associations, and \$1,000 to a political party for a total of \$3,000. The individual is a self-employed communications specialist, and also makes a valued contribution of \$1,200 to a by-election candidate (\$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 for political entities to record and maintain both contributor and contribution information and is 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 party or CA, 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 or CA.

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 or CA are considered contributions. 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 or CA 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 party or CA 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 EFCDA 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 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.

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 (received)	Expense Portion (not received)	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 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 of the party or CA hosting the fund-raiser. 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 for 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 a 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 silent auctions 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 and advises in writing that the fair market value (FMV) is **\$200** based on the lawyer's current professional fee structure. The 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 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, 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 careful when deciding the FMV and maximum bid price allowable because they need to make sure the FMV is appropriate and defensible. This will help prevent contributors (successful bidders) from making contributions that go over the limit (excessive contributions), as well as help the party or CA avoid accepting them. If the CFO learns that an excessive contribution has been accepted, the CFO must advise Elections Alberta in writing within 30 days after learning of it and return the excess amount to the contributor.

Should a questionable situation arise, the CFO is encouraged to contact Elections Alberta as quickly as possible 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 people who attend a meeting held for a party or CA 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

Annual Membership Fees

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

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

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 and CAs 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 total, the website discloses the name of the contributor and amount they contributed during the reporting period, whereas the public files disclose the address of the contributor along with their name and the amount they contributed.

As stated earlier, parties may accept contributions at any time, and CAs may accept contributions at any time *except* during a campaign period for an election.

The following is a brief description of contribution reporting requirements for each reporting period, entered via our OFS system:

- On a quarterly basis, parties and CAs must report all contributions received during each quarter of the calendar year. Quarterly reports are due within 15 days after the end of every quarter.
- On an annual basis, parties and CAs must report all contributions received in the calendar year. Annual contribution reports are filed with annual financial statements, due by March 31st of the following year. Campaign contributions are excluded from parties' annual filings.
- For a by-election, parties that run a candidate in a by-election report *only* contributions that relate to the by-election as part of the campaign return, due six months after election day.
- For a general election, parties must report all contributions received during the campaign period as part of their campaign returns, which are due six months after election day for parties.

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

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

OFFICIAL CONTRIBUTION RECEIPTS

Official contribution receipts are issued to contributors by parties and CAs 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 secure Online Financial System (OFS). CFOs should contact Elections Alberta for OFS access in order to record contributions and generate official contribution receipts. Elections Alberta provides 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).

Note: In addition to the above, parties – when recording contributions or issuing official receipts – must identify a contribution as annual or campaign.

*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 for contributions made to parties and CAs 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 or CA 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 parties or CAs. The CFO must record and report the details of the loan 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 or CAs 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.

A registered candidate may sign or otherwise guarantee or provide collateral security for any loan, monetary obligation or indebtedness on behalf of or in the interest of the registered party for which the registered candidate is the official candidate for amounts that in the aggregate do not exceed \$26 517 (\$25 000 for 2019 and prior years).

EFCDA sections 40, 41

FORGIVEN AND UNPAID EXPENSE DEBTS

Where a party or CA 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 CA is not a contribution.

If, in the ordinary course of a commercial transaction, the party or CA 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 CA 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 CA 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 CA to pay an expense become a “contribution” by the vendor?

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

Example 1

A volunteer with a CA 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 CA. The invoice gets filed but is never paid, although the CA 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 CA enters a contract with a corporation to purchase a printer for the CA. The corporation delivers the printer to the CA accompanied by an invoice requiring payment by a certain date. By that date, due to a lack of funds, the CA 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 CA 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 CA 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 CA may contravene section 35 of the EFCDA.

The party or CA 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 CA'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 and CAs.

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 using 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 using 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 three 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 two months after election day.

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

EFDA 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 only.

For detailed information on election expense limits, refer to Chapter 2 for parties and Chapter 3 for CAs.

TRANSFERS

A registered party and any of its registered CAs and registered 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 candidate's campaign period for the purpose of eliminating a campaign deficit (refer to the *Candidate Guide to the EFDA* for more information).

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

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

- date the transfer was issued/received,
- name of the party, CA, 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, CA** 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 and CA that has been registered with Elections Alberta is subject to financial reporting requirements to disclose all revenue and expenses, regardless of the level of financial activity.

A summary description of financial reports follows, with further details provided under Chapter 2 for parties, and Chapter 3 for CAs.

FILING OF QUARTERLY REPORTS

Using Elections Alberta’s Online Financial System (OFS), a secure online filing application, parties and CAs 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. If no contributions are received in a quarter, a “nil” quarterly report is still required to be filed.

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. OFS tracks each contributor’s contributions, and once a contributor has exceeded \$250 in aggregate, that contributor’s name and contributions are published by Elections Alberta via Elections Alberta’s financial disclosure website at efpublic.elections.ab.ca.

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. The due date applies even if the report is nil.

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

OFS contains Quick Help guides with step-by-step instructions for entering contributions and submitting quarterly reports. For OFS questions and for technical support, contact Elections Alberta during business hours by phone at 780.427.7191, toll free at 310.0000 then 780.427.7191, or by email at ofs@elections.ab.ca or finance@elections.ab.ca .

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

FILING OF FINANCIAL STATEMENTS AND RETURNS

Parties and CAs are responsible for filing annual financial statements that report all annual revenue, expenses, assets and liabilities for the calendar year, including annual contributions received. If there has been no financial activity whatsoever, a “nil” annual financial statement is still required to be filed. **The filing deadline for annual financial statements is March 31st of the following year.**

Parties are also responsible for filing campaign returns that report all campaign period revenue and expenses, including campaign contributions received. If there has been no campaign-related revenue or expenses, a “nil” campaign financial statement is still required to be filed. **The filing deadline for the party’s campaign return is six months after election day.**

Should a filing deadline fall on a weekend or holiday, the deadline is extended to the first business day following. Penalties apply for late filing.

EFCDA sections 42, 43

Electronic Financial Statement Submissions

Elections Alberta is rolling out modules in OFS allowing CAs and parties to file electronic financial statements, replacing paper forms 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.

OFS users record and reconcile their 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.

Contributions entered in OFS throughout the year for quarterly reports must be reconciled and confirmed, and official contribution receipts generated and issued to contributors. The receipted contributions total auto-populates into the OFS financial statement.

Electronic sign-off is required by both the CFO and President, or authorized party officials, and for this reason each person in these roles is provided with a unique user ID and password for system access.

OFS contains Quick Help guides and a guide on How to Complete a Financial Statement. For OFS questions and for technical support, contact Elections Alberta during business hours by phone at 780.427.7191, toll free at 310.0000 then 780.427.7191, or by email at ofs@elections.ab.ca or finance@elections.ab.ca .

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 additional penalties against the CFO and/or cancellation of registration.

EFCDA sections 43.2, 48

2 POLITICAL PARTIES

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

REQUIREMENTS FOR INITIAL REGISTRATION

A person or group wanting to register a political party must first write to the Chief Electoral Officer with the proposed party name and abbreviation for review and approval by the Chief Electoral Officer. And, under section 6 of the EFCDA, a non-profit corporation or trust as a foundation must be established 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 three 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.

Once the above prerequisites have been met, the party may apply for registration by submitting a completed and signed Registration of a Political Party form PA-R-01, or by writing to the Chief Electoral Officer to request registration, and providing the information required under section 7(1) of the EFCDA.

For further information and guidance on the registration process, contact Elections Alberta.

ELECTION EXPENSE LIMITS

The election expense limit for parties is **\$2,121,368*** for a general election, and **\$24,396*** for a by-election in an electoral division. A party or the party's CFO who exceeds the maximum election expense limit may be fined up to \$10,000. Political parties are prohibited from colluding with third party advertisers to circumvent or avoid expense limits.

*The expense limits \$2,121,368 and \$24,396 came into effect January 1, 2020 per EFCDA section 41.5 pertaining to inflation adjustment/indexing. The expense limits for 2019 and earlier years were \$2,000,000 and \$23,000.

EFCDA sections 41.2, 41.5, 41.42, 44.11, 48.1

The definition of election expenses and a list of such expenses was provided in the “Expenditures” section of Chapter 1. The following 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 CA(s) *on behalf of the party*

Parties and CAs that incur election expenses during the annual period on behalf of specific candidates are to account for those expenses on their annual financial statements.

Parties that incur election expenses during the campaign period on behalf of specific candidates must account for the expenses on the campaign return.

EXPENSES NOT SUBJECT TO LIMITS

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

Summarizing information provided in the “Reporting” section in Chapter 1, 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 six months after election day. Important additional information is provided below.

Requirement for Professional Audit

Each annual and campaign 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 by the filing deadline.

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 by the filing deadline, including a nil return where applicable.

EFCDA sections 1(1)(a.02), 42(1.1), 43(7)

Persons Authorized to Sign Financial Statements

For OFS financial statements, dual electronic sign-off is completed by both the party CFO and principal officer (president) on record with Elections Alberta. OFS user access provides secure authentication for sign-off purposes. Other authorized party officials may be given user access to complete sign-off if the CFO or principal officer is unavailable.

Components of Campaign Returns

All registered parties must file a campaign return for a general election. Only parties that run a candidate in a by-election must file a campaign return for that by-election.

Under the EFCDA, campaign returns must 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 ability to file all components of the campaign return electronically will be available in OFS by 2021.

EFCDA section 43(1)

Foundation Reporting Requirement

A party that maintains a foundation must file a report of the annual expenditures of that foundation by April 1 of the following year. Contact Elections Alberta for further information.

EFCDA section 6(6)

3 CONSTITUENCY ASSOCIATIONS

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

REQUIREMENTS FOR INITIAL REGISTRATION

A person or group wanting to register a CA in an electoral division must submit a completed Registration of a Constituency Association form CA-R-01 with Elections Alberta to provide the information required under section 8(2) of the EFCDA.

The registration application form must be endorsed with the signature* of an authorized party representative on record with Elections Alberta, or independent member of the Legislative Assembly of Alberta in the electoral division, as applicable. The application must also be signed* in the assets and liabilities section by the person applying to be the CA CFO, to indicate if any assets or liabilities exist at the time of registration. In most cases no assets or liabilities will be reported, as the CA is not allowed to raise or spend funds prior to registration. However, should there be any assets or liabilities, the CA CFO should contact Elections Alberta.

*Signatures must be bona fide physical or electronic signatures.

LIMITATIONS ON FINANCIAL ACTIVITY

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

Other than the one prohibition against accepting contributions during a campaign period, the CA can incur expenses at any time, including incurring election expenses on behalf of the party or candidate. Election expenses incurred by the CA *on behalf of the party or candidate* are to be reported on the CA'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

Summarizing information provided in the "Reporting" section in Chapter 1, CAs 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.

For OFS financial statements, dual electronic sign-off is completed by both the CA CFO and CA principal officer (president) on record with Elections Alberta. OFS user access provides secure authentication for sign-off purposes. Authorized party officials may sign-off on behalf of the CA CFO and president if they are unavailable.



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