



This document is Elections Canada's guideline: OGI 2015-06.

Political Financing Handbook for
**Leadership
Contestants and
Financial Agents**

EC 20195
February 2016

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About This Document

Introduction to the Political Financing Handbook for Leadership Contestants and Financial Agents

This handbook is designed to help leadership contestants, financial agents and leadership campaign agents. It is a tool that will help in administering the contestant's campaign during the leadership campaign process.

This document is a general guideline issued pursuant to section 16.1 of the *Canada Elections Act*. It is provided for information and is not intended to replace the Act.

Elections Canada will review the contents of this handbook on a regular basis and make updates as required.

The handbook consists of five chapters:

1. Starting the Leadership Contestant's Campaign
2. Leadership Campaign Inflows
3. Leadership Campaign Outflows
4. Reporting Requirements
5. Closing the Leadership Contestant's Campaign

The topics are presented in the order of a typical leadership campaign process.

What's new in this release?

Release	Where	Title	Summary
February 2016	All	n/a	Updates as per OGI 2015-06 comments received from members of the Advisory Committee of Political Parties and the Commissioner of Canada Elections.
February 2016	All	n/a	Regular updates (dates, limits, formatting).
February 2016	All	n/a	Updates as per OGIs 2015-01, 2015-02 and 2014-03 comments received from members of the Advisory Committee of Political Parties and the Commissioner of Canada Elections.
February 2016	All	n/a	References to OGIs added throughout the handbook as applicable.

Contact information

Internet	www.elections.ca
Telephone	<p>Political Financing Support Network 1-800-486-6563</p> <p>Regular Hours Monday to Friday 9:00 a.m. to 5:00 p.m. (Eastern Time)</p> <p>Elections Canada General Inquiries 1-800-463-6868</p>
Fax	<p>Political Financing 1-888-523-9333 (toll-free), or 1-819-939-1803</p>
Mail	<p>Elections Canada 30 Victoria Street Gatineau, Quebec K1A 0M6</p>
E-mail	<p>General Inquiries info@elections.ca</p> <p>Political Financing Inquiries political.financing@elections.ca</p> <p>Electronic Financial Return (EFR) – Inquiries and Submissions efr-rfe@elections.ca</p>

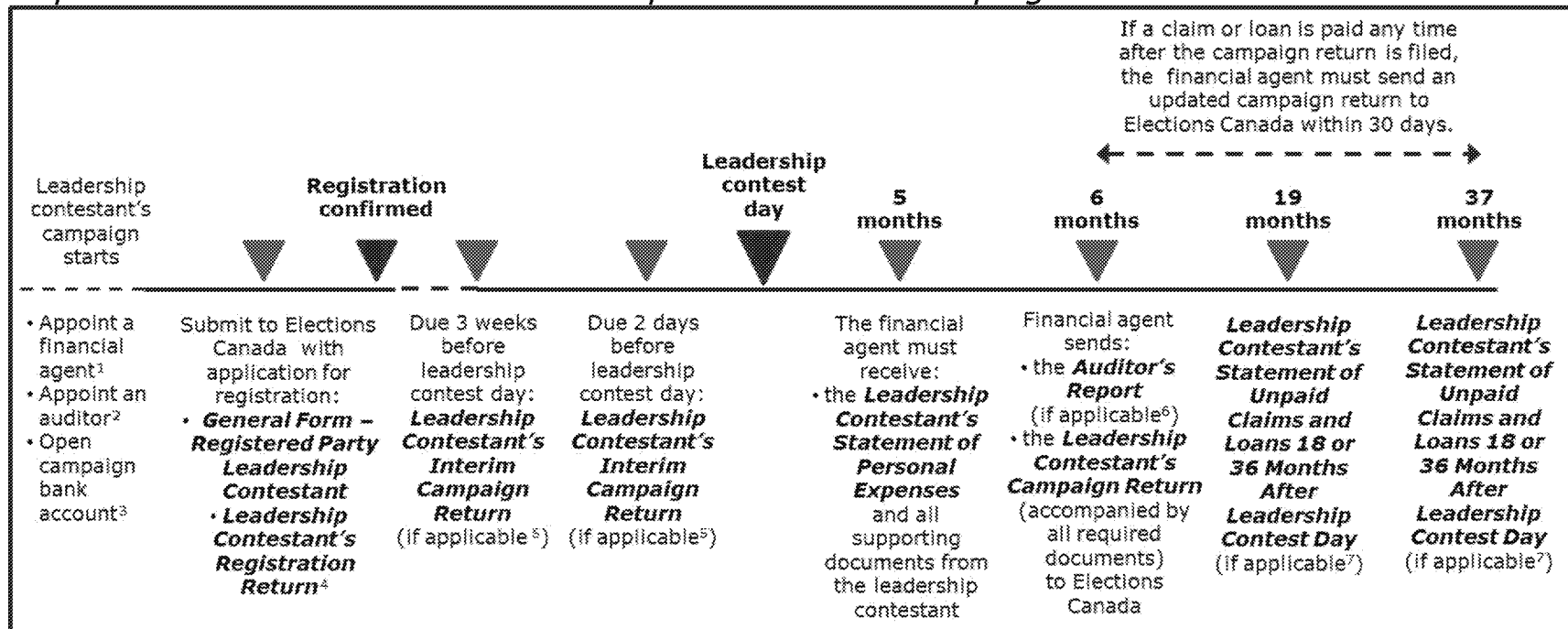
Tables and Reminders

The tables and reminders in this section are quick reference tools for the use of leadership contestants, financial agents and leadership campaign agents.

This section contains the following:

- Important deadlines for the leadership contestant's campaign
- Contribution, loan and loan guarantee limits summary
- Transfers – types and rules
- Reporting requirements for the leadership contestant's campaign
- Important reminders for leadership contestants, financial agents and leadership campaign agents
- Filing deadline extensions

Important deadlines for the leadership contestant's campaign



- 1 Must be appointed before contributions, transfers or loans are accepted or leadership campaign expenses are incurred.
- 2 Must be appointed before registering as a leadership contestant.
- 3 Required before contributions, transfers or loans are accepted or leadership campaign expenses are incurred.
- 4 Directed contributions may not be received by the contestant's campaign until the leadership contestant's registration has been confirmed.
- 5 Required if contributions totalling more than \$10,000 are accepted or leadership campaign expenses totalling more than \$10,000 are incurred (note that transfers to affiliated political entities are not leadership campaign expenses). If the threshold is reached after the first reporting period, one interim campaign return must be submitted for the whole period.
- 6 Required if contributions totalling \$5,000 or more are accepted, or leadership campaign expenses totalling \$5,000 or more are incurred (note that transfers to affiliated political entities are not leadership campaign expenses).
- 7 Required if the campaign has unpaid claims and loans.

Note: Funds provided specifically to pay for expenses incurred outside the contest period are not subject to the controls on contributions and loans in the *Canada Elections Act*.

Contributions, loans and loan guarantees limits

Contributions, loans and loan guarantees limits		
Political entity	2016 annual limit	Limit per election called between Jan. 1, 2016 and Dec. 31, 2016
To each registered party	\$1,525*	n/a
In total to all the registered associations, nomination contestants and candidates of each registered party	\$1,525*	n/a
In total to all leadership contestants in a particular contest	\$1,525*	n/a
To each independent candidate	n/a	\$1,525*
<p>Notes:</p> <ul style="list-style-type: none"> The contribution limits apply to: total contributions, the unpaid balance of loans made during the contribution period and the amount of any loan guarantees made during the contribution period that an individual is still liable for. The sum of these three amounts cannot at any time exceed the contribution limit. A nomination contestant is permitted to give an additional \$1,000 in total per contest in contributions, loans and loan guarantees to his or her own campaign. A candidate is permitted to give a total of \$5,000 in contributions, loans and loan guarantees to his or her campaign. A candidate is also permitted to give an additional \$1,525 in total per year in contributions, loans and loan guarantees to other candidates, registered associations and nomination contestants of each party. (This includes contributions to the registered association in the candidate's electoral district and contributions to the candidate's own nomination campaign.) A leadership contestant is permitted to give a total of \$25,000 in contributions, loans and loan guarantees to his or her campaign. A leadership contestant is also permitted to give an additional \$1,525 in total per year in contributions, loans and loan guarantees to other leadership contestants. <p>* The limits increase by \$25 on January 1st in each subsequent year.</p>		

Note: Funds provided specifically to pay for expenses incurred outside the contest period are not subject to the controls on contributions and loans in the *Canada Elections Act*.

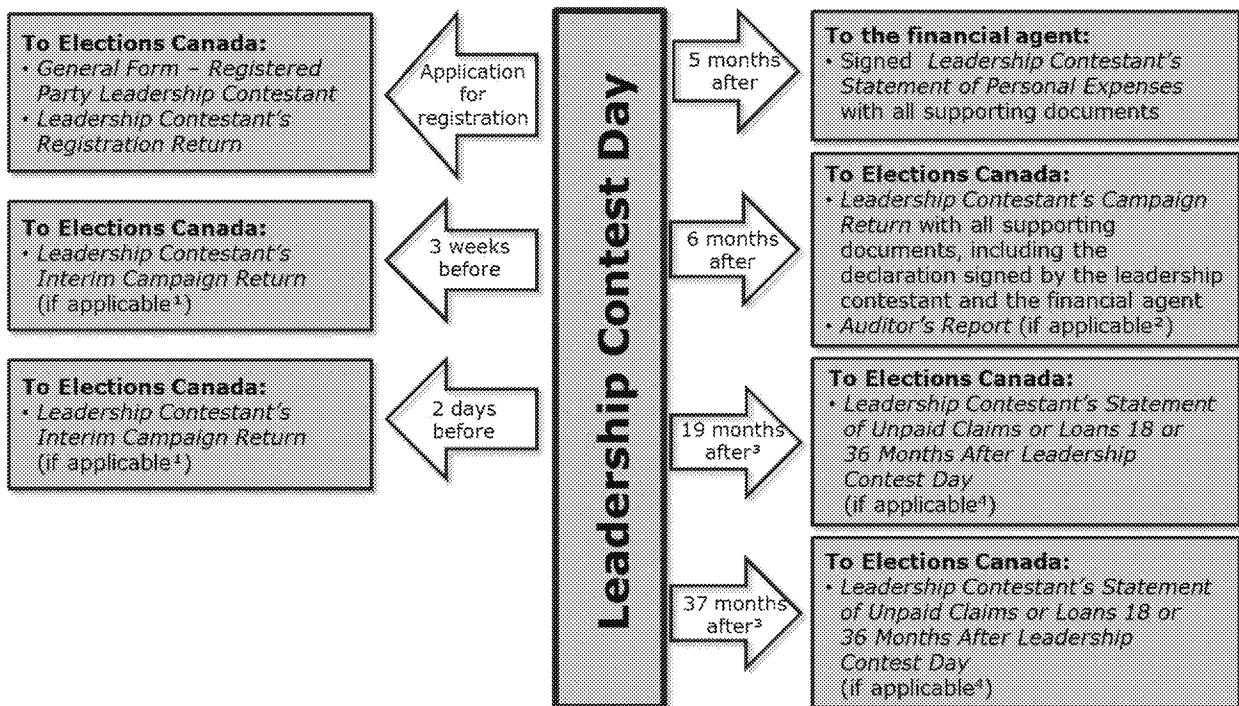
Transfers – types and rules

This table shows the allowable monetary and non-monetary transfers between related registered political entities.

		TO									
		Nomination Contestant		Leadership Contestant		Candidate		Registered Electoral District Association		Registered Party	
		Monetary	Non-monetary	Monetary	Non-monetary	Monetary	Non-monetary	Monetary	Non-monetary	Monetary	Non-monetary
FROM	Nomination Contestant	No	No	No	No	Yes ¹	No	Yes ²	No	Yes	No
	Leadership Contestant	No	No	No	No	No	No	Yes	No	Yes	No
	Candidate	Yes ³	Yes ³	No	No	No	No	Yes	Yes	Yes	Yes
	Registered Electoral District Association	No	Yes ⁴	No	Yes ⁴	Yes ⁷	Yes	Yes	Yes	Yes	Yes
	Registered Party	No	Yes ⁴	No ⁵	Yes ⁴	Yes ⁷	Yes	Yes ⁶	Yes ⁶	N/A	N/A
¹ A nomination contestant may transfer funds (but not property or services) to a candidate of the same party in the electoral district in which the nomination contest was held.											
² A nomination contestant can only transfer funds to the registered electoral district association that held the nomination contest.											
³ Candidates may transfer property, services and funds to their own nomination contestant campaign for the same election.											
⁴ Non-monetary transfers must be offered equally to all contestants.											
⁵ Directed contributions are the only exception: they may be transferred to the leadership contestant.											
⁶ Registered parties may transfer property, services and funds to electoral district associations, whether registered or not.											
⁷ Monetary transfers other than trust funds are allowed. After election day, monetary transfers are allowed only to pay claims and loans related to the candidate's campaign.											

Note: Independent candidates may not send or accept transfers of funds, property or services to or from other political entities.

Reporting requirements for the leadership contestant's campaign



- 1 Required if contributions totalling more than \$10,000 are accepted or leadership campaign expenses totalling more than \$10,000 are incurred during the reporting period (note that transfers to affiliated political entities are not leadership campaign expenses). If the threshold is reached after the first reporting period, one campaign return must be submitted for the whole period.
- 2 Applies to leadership contestants whose campaigns have accepted contributions totalling \$5,000 or more, or incurred leadership campaign expenses totalling \$5,000 or more (note that transfers to affiliated political entities are not leadership campaign expenses).
- 3 If a claim or loan is paid any time after the campaign return is filed, the financial agent must send an updated campaign return to Elections Canada within 30 days.
- 4 Required if the campaign has unpaid claims and loans.

Note: The auditor needs to have sufficient time to properly audit the *Leadership Contestant's Campaign Return* before the deadline. Therefore it is advisable to give the completed return to the auditor well before the deadline of six months after contest day.

Note: When sending any original documents by mail, please ensure that you keep a copy for your records.

Important reminders for leadership contestants, financial agents and leadership campaign agents

Note: Funds provided specifically to pay for expenses incurred outside the contest period are not subject to the controls on contributions and loans in the *Canada Elections Act*.

	DO	DON'T
Before Contest Day	<ul style="list-style-type: none"> • Appoint a financial agent, who must open a bank account to be used exclusively for the campaign before any contribution, transfer or loan is accepted or any leadership campaign expense is incurred. • Appoint an auditor who is accredited under provincial law to perform accounting services (CPA, CA, CGA, CMA). • Ensure that only the financial agent, authorized leadership campaign agents or the leadership contestant incur leadership campaign expenses. • Issue receipts for each contribution over \$20. • For any expense of \$50 and over, keep a copy of the invoice and proof of payment. For any expense of less than \$50, keep proof of payment plus a record of the nature of the expense. 	<ul style="list-style-type: none"> • Do not allow anyone other than the financial agent, authorized leadership campaign agents or the leadership contestant to incur leadership campaign expenses. • Do not use funds from the campaign bank account to pay expenses incurred outside the contest period (or any other expense that is not a leadership campaign expense). • Do not accept directed contributions from the registered party before the leadership contestant has registered with Elections Canada. • Do not allow anyone other than the financial agent or an authorized leadership campaign agent to pay leadership campaign expenses.* • Do not accept contributions: <ul style="list-style-type: none"> ○ from any source other than an individual who is a Canadian citizen or a permanent resident of Canada ○ that exceed an individual's contribution limit ○ in cash that exceed \$20 • Do not accept loans or loan guarantees: <ul style="list-style-type: none"> ○ from any source other than a financial institution or an individual who is a Canadian citizen or a permanent resident of Canada ○ that exceed an individual's contribution limit

* Exceptions: A person authorized by the financial agent or a leadership campaign agent can pay expenses out of petty cash. The leadership contestant can pay the leadership contestant's personal expenses.

	DO	DON'T
After Contest Day	<ul style="list-style-type: none"> • Provide the <i>Leadership Contestant's Statement of Personal Expenses</i> to the financial agent no later than 5 months after contest day, even if it is a nil statement. • Submit the <i>Leadership Contestant's Campaign Return</i> and related documents within 6 months after contest day. • Ensure that all loan, overdraft and line of credit conditions, including repayment schedules, are submitted with the leadership contestant's return. • If there were contributions or leadership campaign expenses, not including transfers to affiliated political entities, totalling \$5,000 or more, allow your auditor sufficient time before the submission deadline to review financial documents and prepare the audit report. • Ensure all claims and loans related to leadership campaign expenses are paid within 36 months after contest day. Authorization from Elections Canada or a judge is not required for payments made within 36 months after contest day. • After the campaign has met its financial obligations, dispose of any surplus in compliance with the <i>Canada Elections Act</i>. Notify Elections Canada within 7 days of the disposal. • After all financial obligations are met and any surplus is disposed of, close the campaign bank account and provide Elections Canada with the final statement. 	<ul style="list-style-type: none"> • Do not pay unpaid claims or loans later than 36 months after contest day without first obtaining Elections Canada's or a judge's authorization. • Do not close your campaign bank account until all financial obligations are met and any surplus is disposed of.

Filing deadline extensions

Leadership contestant reports – extension requests			
Document to submit	Extension from Elections Canada	Additional extension from Elections Canada	Extension from a judge
<i>Leadership Contestant's Interim Campaign Return</i>	No	No	No
<i>Leadership Contestant's Campaign Return</i>	Yes	No	Yes
<i>Updated Leadership Contestant's Campaign Return after a final payment of a claim or loan within 36 months after contest day</i>	Yes	No	Yes
<i>Leadership Contestant's Statement of Unpaid Claims and Loans 18 or 36 Months After the End of the Leadership Contest</i>	Yes	No	Yes
<i>Updated Leadership Contestant's Campaign Return after payment of a claim or loan later than 36 months after contest day</i>	Yes	No	Yes
<i>Corrected or revised Leadership Contestant's Campaign Return requested by the leadership contestant or the financial agent</i>	Yes	Yes	No
<i>Corrected or revised Leadership Contestant's Campaign Return requested by Elections Canada</i>	No	No	No*
* Corrections or revisions requested by Elections Canada are not eligible for extensions and must be filed within the specified period. However, the financial agent or the leadership contestant can apply to a judge to be relieved of the obligation of complying with the request.			

CHAPTER 1

Starting the Leadership Contestant's Campaign

This chapter covers the following topics:

- 1.1** *Notice of leadership contest*
- 1.2** *How to become a leadership contestant*
- 1.3** *What has to be done at the beginning of the leadership contest*

Introduction

This chapter focuses on the beginning of the leadership contestant's campaign. It explains what a leadership contest is and who is eligible to become a leadership contestant.

The second part discusses in detail certain tasks that have to be completed at the beginning of the leadership contest, such as appointing a financial agent and an auditor, and opening a bank account. These and other tasks are important to ensure efficient campaign administration and financial management.

1.1 Notice of leadership contest

If a registered party decides to hold a leadership contest, the chief agent of the party has to notify Elections Canada about the start and end dates of the contest. A notice with that information is published on the Elections Canada website.

1.2 How to become a leadership contestant

Definition

From a political financing perspective, a person is deemed to be a leadership contestant from the date a contribution, a loan or a transfer is accepted or a leadership campaign expense is incurred. Contributions, loans or transfers may be accepted before or after the start date of the leadership contest.

Note: Funds provided specifically to pay for expenses incurred outside the contest period are not subject to the controls on contributions and loans in the *Canada Elections Act*.

A person remains a leadership contestant until the campaign fulfills all financial reporting requirements.

Eligibility

The registered party holding a leadership contest sets the requirements that any person must meet to be a leadership contestant.

Persons holding the following positions have to step down once they become leadership contestants:

- auditors of: candidates, nomination contestants, leadership contestants, registered parties, electoral district associations
- financial agents of leadership contestants
- leadership campaign agents

Registration process

Every person who accepts contributions, loans or transfers, or incurs leadership campaign expenses has to register as a leadership contestant even if he or she later decides not to run for the leadership.

The *General Form – Registered Party Leadership Contestant* is used to apply for registration and must include the following:

- the name of the leadership contestant
- the address of the place where the leadership campaign's records are maintained, and to where communications may be addressed
- the name and address of the leadership contestant's financial agent, and a signed consent from the financial agent to act in that role
- the name and address of the leadership contestant's appointed auditor, and a signed consent from the auditor to act in that role
- a declaration signed by the chief agent of the registered party, certifying that the party accepts the applicant as a leadership contestant

The *Leadership Contestant's Registration Return* must accompany the application for registration with a statement in the prescribed form of contributions and loans received prior to the first day of the leadership contest.

Elections Canada maintains the registry of leadership contestants.

Within 30 days after a change in the information contained in the leadership contestant's registration, the contestant has to inform Elections Canada in writing about the change.

The leadership contestant's responsibilities and obligations

The leadership contestant has to appoint a financial agent before accepting contributions, transfers or loans, or incurring leadership campaign expenses. The contestant has to appoint a financial agent and an auditor before filing the application for registration.

Note: Contributions directed through the registered party may not be accepted by the campaign until after the contestant has registered with Elections Canada.

Within 30 days after a change that affects the leadership contestant's registration information, the contestant has to inform Elections Canada in writing about the change.

The leadership contestant must send the signed *Leadership Contestant's Statement of Personal Expenses* and supporting documents to the financial agent within five months after contest day. The statement must include all personal expenses that were paid by the leadership contestant and not reimbursed by the financial agent.

Note: The leadership contestant must submit the signed *Leadership Contestant's Statement of Personal Expenses* even if his or her personal expenses were nil.

If a leadership contestant withdraws from the contest after registration, he or she has to send a signed statement to Elections Canada, indicating the date of withdrawal. If the registered contestant is withdrawn by the registered party, the party's chief agent has to send a written statement to Elections Canada, indicating the date of withdrawal.

The registered leadership contestant who withdraws still has to fulfill the reporting requirements up to the date of withdrawal, but is relieved of the interim reporting obligations for any period after the withdrawal. However, he or she must submit the *Leadership Contestant's Campaign Return* to Elections Canada. For details about financial reporting, see Chapter 4, **Reporting Requirements**.

1.3 What has to be done at the beginning of the leadership contest

Other tasks also have to be completed at the beginning of the leadership contest. The order in which the tasks are completed may vary. This section presents a typical sequence of events.

Appoint a financial agent

The leadership contestant is required to appoint a financial agent before the campaign can accept contributions, loans or transfers, or incur leadership campaign expenses.

Definition

The financial agent is responsible for administering the leadership contestant's financial transactions and reporting those transactions to Elections Canada as required by the *Canada Elections Act*.

The contestant may have only one financial agent at a time.

The financial agent's role continues until the contestant's campaign fulfills all financial reporting requirements.

Eligibility

Who can become a financial agent?

- Only an individual can become a financial agent. Corporations, partnerships, etc. are not eligible to act in this capacity.
- The individual must be capable of entering into contracts in the province or territory in which he or she ordinarily resides.

Note: Although it is not a legal requirement, the individual who becomes a financial agent should be experienced in managing finances. The role requires a strong ability to control, record and administer financial transactions, as well as to create financial reports.

Who is not eligible to be a financial agent?

- a leadership contestant
- an election officer or a member of the staff of a returning officer
- an undischarged bankrupt
- an auditor appointed as required by the *Canada Elections Act*
- a person who is not qualified to be an elector
- a person who does not have the capacity to enter into contracts in the province or territory in which the person ordinarily resides

Appointment process

When appointing a financial agent, the contestant must obtain his or her signed consent to act in that capacity.

If for any reason the financial agent is no longer able to continue in that role, the contestant must appoint a new financial agent immediately and notify Elections Canada in writing within 30 days of the new appointment. The notice has to include a signed statement from the new financial agent.

The financial agent's responsibilities and obligations

- The financial agent has to open a separate bank account in his or her name, to be used exclusively for the contestant's campaign. The **Open a bank account** section contains more information on the process of opening an account.
- All monetary transactions related to leadership campaign expenses must go through the bank account.
- Only the financial agent and authorized leadership campaign agents can accept contributions, loans or loan guarantees on the contestant's behalf.
- Only the financial agent and authorized leadership campaign agents can accept transfers or transfer funds on the contestant's behalf.
- The financial agent or authorized leadership campaign agents must issue receipts for contributions greater than \$20 made directly to the contestant's campaign.
- Only the financial agent, the contestant, or authorized leadership campaign agents can enter into contracts and incur leadership campaign expenses in relation to the contestant's campaign.
- Only the financial agent or authorized leadership campaign agents can pay leadership campaign expenses. There are two exceptions: petty cash expenses can be paid by persons authorized by the financial agent or a leadership campaign agent, and the contestant can pay contestant's personal expenses.
- The financial agent has to prepare and submit financial returns as required by the *Canada Elections Act*.
- The financial agent has to manage and report on unpaid claims and loans.
- The financial agent has to send an updated contestant's return or returns to Elections Canada as required.
- Finally, the financial agent has to dispose of any surplus, close the bank account, and provide Elections Canada with the *Leadership Contestant's Statement of Surplus / Amended Campaign Return* and the final bank statement.

Appoint leadership campaign agents

Definition

A leadership campaign agent is appointed by the leadership contestant and is authorized to perform specific financial tasks during the campaign.

The leadership contestant may appoint one or more leadership campaign agents.

Eligibility

Eligibility requirements for this role are the same as for the role of financial agent. In addition, the leadership contestant has to specify the terms and conditions of the appointment(s) in writing.

Appointment process

The leadership contestant has to inform Elections Canada within 30 days about an appointment. The written notice has to be certified by the financial agent. It must include:

- the name and address of the leadership campaign agent
- any terms and conditions that apply to the appointment

The leadership campaign agent's responsibilities and obligations

A leadership campaign agent may be authorized to perform one or more of the following tasks:

- accept contributions or loans
- accept or send transfers
- incur leadership campaign expenses
- pay leadership campaign expenses
- issue contribution receipts

Appoint an auditor

Definition

The auditor examines the contestant's financial return and prepares a report that states the auditor's opinion as to whether the financial return presents the information contained in the financial records on which it is based.

The contestant may have only one auditor at a time.

Note: An auditor's report is required if the campaign accepts contributions or incurs leadership campaign expenses totalling \$5,000 or more. Note that transfers to affiliated political entities are not leadership campaign expenses.

Eligibility

Who can become an auditor?

- a person who is a member in good standing of a corporation, an association or an institute of provincially incorporated professional accountants
- a partnership of which every partner is a member in good standing of a corporation, an association or an institute of provincially incorporated professional accountants
- provincially incorporated professional accounting designations include: Chartered Professional Accountant (CPA), Chartered Accountant (CA), Certified General Accountant (CGA), Certified Management Accountant (CMA)

Who is not eligible to be an auditor?

- a candidate, the official agent of that candidate, or any other candidate
- an election officer or a member of the staff of the returning officer
- the chief agent of a registered party or an eligible party
- a registered agent of a registered party
- electoral district agents of registered associations
- leadership contestants, their financial agents and leadership campaign agents
- nomination contestants and their financial agents
- financial agents of registered third parties

Appointment process

The contestant has to appoint an auditor before registering as a contestant. The auditor has to sign a statement consenting to act in that capacity. The statement has to be submitted to Elections Canada with the contestant's registration.

If for any reason the auditor is no longer able to continue in that role, the contestant must appoint a new auditor without delay and notify Elections Canada in writing within 30 days of the new appointment. The notice has to include a signed consent from the new auditor.

The auditor's responsibilities and obligations

The auditor has to prepare a report at the end of the leadership contest if the leadership contestant accepted contributions totalling \$5,000 or more, or incurred leadership campaign expenses totalling \$5,000 or more. Note that transfers to affiliated political entities are not leadership campaign expenses.

The auditor has a right to access all documents of the contestant, and may require the contestant or the contestant's financial agent to provide any information or explanation that is necessary to enable the auditor to prepare the report.

In accordance with generally accepted auditing standards, the auditor has to examine the contestant's financial records and give an opinion in a report as to whether the contestant's return presents the information contained in the financial records on which it is based.

Open a bank account

The financial agent has to open a separate bank account to be used exclusively for the contestant's campaign. This could happen before or after the contestant's registration. The account has to be with a Canadian financial institution or in an authorized foreign bank, as defined by the *Bank Act*. The financial agent must be named as the account holder as follows: (name), financial agent. For example: "Peter Raymond, financial agent". It is also acceptable to add the leadership contestant's name to the name of the bank account. For example: "Peter Raymond, financial agent for Anne Thomas".

All monetary transactions in relation to leadership campaign expenses have to go through the campaign bank account.

Note: Expenses incurred outside the contest period cannot be paid using campaign funds.

After the contest, any unpaid claims, loans and surplus have to be dealt with. Once that has been done, the financial agent has to close the bank account and provide Elections Canada with a final bank statement.

Note: The bank account has to remain open until the campaign fulfills all financial obligations.

Leadership Campaign Inflows

This chapter covers the following topics:

- 2.1** *Contributions*
- 2.2** *Loans*
- 2.3** *Administering contributions and loans*
- 2.4** *Transfers received*
- 2.5** *Regulated and unregulated inflows*
- 2.6** *Other cash inflows*

Introduction

Before the campaign begins to receive inflows, the financial agent and the leadership contestant should understand the types of inflows that can be received. The *Canada Elections Act* imposes limits on individual contributions, loans and loan guarantees. The contribution limits apply to: total contributions, the unpaid balance of loans made during the year and the amount of any loan guarantees made during the year that an individual is still liable for. The sum of these three amounts cannot at any time exceed the contribution limit.

This chapter explains the rules and procedures for accepting and administering contributions, loans, transfers and other monetary inflows that the campaign may receive.

Limits on Contributions, Loans and Loan Guarantees to a Leadership Contestant	
Political entity	2016 annual limit
In total to all leadership contestants in a particular contest	\$1,525*
<ul style="list-style-type: none"> The contribution limits apply to: total contributions, the unpaid balance of loans made during the contribution period and the amount of any loan guarantees made during the contribution period that an individual is still liable for. The sum of these three amounts cannot at any time exceed the contribution limit. <p>There are some exceptions to the limits on contributions:</p> <ul style="list-style-type: none"> A leadership contestant is permitted to give a total of \$25,000 in contributions, loans and loan guarantees to his or her campaign. A leadership contestant is also permitted to give an additional \$1,525 in total per year in contributions, loans and loan guarantees to other leadership contestants. <p>* The limits will increase by \$25 on January 1st in each subsequent year.</p>	

Note: Funds provided specifically to pay for expenses incurred outside the contest period are not subject to the controls on contributions and loans in the *Canada Elections Act*.

Example

A leadership contest is called in February and Max immediately contributes \$400 to a leadership contestant. In March, Max lends \$1,125 to another contestant in the same contest. Max has now reached the limit and cannot make any further contribution, loan or loan guarantee to any of the leadership contestants in that contest during the year until loan repayments are made.

Note: This example uses the limits in effect for 2016.

2.1 Contributions

This section provides details and practical examples about contributions: Who can contribute what and how much? Is volunteer labour a contribution? What are the rules about anonymous contributions, ticketed fundraising events and directed contributions received through the party?

In addition, this section provides basic information about how to administer contributions.

Definitions

What is a contribution?

A contribution is donated money (monetary contribution) or donated property or services (non-monetary contribution).

Who can contribute?

Only individuals who are Canadian citizens or permanent residents can make a contribution to a registered party, a registered association, a candidate, a leadership contestant or a nomination contestant.

Note: The term “individual” used in the **Leadership Campaign Inflows** chapter refers to a Canadian citizen or permanent resident.

Any money that is used out of the contestant’s own funds to pay expenses incurred during the contest is a contribution. If the contestant obtains a loan from a financial institution for the purpose of making a contribution to his or her own campaign, the loan must be guaranteed by the personal property of the contestant.

Note: Corporations, trade unions, associations and groups cannot make contributions.

Monetary contribution

A monetary contribution is an amount of money provided that is not repayable.

Monetary contributions include cash, cheques or money orders, credit card or debit card payments, and contributions made using online payment services.

Note: Funds provided specifically to pay for expenses incurred outside the contest period are not subject to the controls on contributions in the *Canada Elections Act*.

Non-monetary contribution

The amount of a non-monetary contribution is the commercial value of a service (other than volunteer labour) or of property, or the use of property or money, to the extent that they are provided without charge or at less than commercial value. This includes forgone interest on loans.

Note: Non-monetary contributions accepted outside the contest period are not subject to the controls on contributions in the *Canada Elections Act*.

What is commercial value?

Non-monetary contributions are recorded at commercial value. The commercial value is the lowest amount charged at the time that it was provided for the same kind and quantity of property or service, or for the same use of property or money, by:

- the person who provided it (if the person who provided the property or service is in that business), or
- another person who provides that property or service on a commercial basis in the area (if the person who provided the property or service is not in that business)

Note: If the commercial value of a non-monetary contribution is \$200 or less, and it is from an individual not in that business, the contribution amount is deemed to be nil.

Examples

1. An individual who is not in the business of renting office supplies lends a photocopier to the campaign office for the duration of the leadership contest. The financial agent has to determine the commercial value of this non-monetary contribution by checking with local suppliers to see how much they would charge for renting similar equipment for the same period. If that amount is greater than \$200, and the photocopier is accepted during the contest period, a non-monetary contribution must be reported.
2. A self-employed individual in the business of providing information technology services offers to set up the computers in the campaign office during the contest period and does not charge for the service. This is a non-monetary contribution from that person. The commercial value is equal to the lowest amount charged by that individual for the same kind of service.

Directed contribution

A directed contribution is a contribution made to a registered party, with a written request from the contributor that the amount, or part of it, be transferred to a particular leadership contestant. Parties often charge a processing fee for directed contributions. The *Canada Elections Act* does not restrict the portion of the directed contribution that may be retained by the party.

The amount directed to the leadership contestant by the contributor is a contribution to the contestant's campaign.

Leadership contestants cannot accept directed contributions from the party until they have registered with Elections Canada.

Note: The directed contribution is subject to the limit on contributions made to leadership contestants, not the limit on contributions made to the party.

Example

An individual makes a \$300 contribution directly to a leadership contestant's campaign when the contestant announces her intention to run in the next leadership contest. After the contestant registers, the same individual makes another contribution, but this time sends a cheque for \$1,000 to the registered party with written instructions to transfer the amount to the leadership contestant. The party charges \$100 as a processing fee and transfers \$900 to the leadership contestant. The individual has made contributions totalling \$1,300 to the leadership contestant.

Volunteer labour

Volunteer labour is any service provided free of charge by a person outside of their working hours. Volunteer labour is not a contribution.

Note: A service provided by a self-employed person who normally charges a fee for that service is a non-monetary contribution and is not volunteer labour. The person providing the service has to be eligible under the contribution rules.

Examples

1. A person, who is employed as a teacher, offers to work in the evenings in the campaign office to answer the phone and help with general office duties. This is volunteer labour and therefore is not a contribution.
2. A self-employed graphic designer offers to design a pamphlet for the leadership contestant during the contest period free of charge. Because the person is self-employed and normally charges for that service, the pamphlet design is not volunteer labour. The commercial value of the service has to be recorded as a non-monetary contribution. In this case, the commercial value is the lowest amount the graphic designer normally charges for that service.

2.2 Loans

This section discusses how loans that were obtained to pay for leadership campaign expenses are received, reported and repaid.

Note: Loans, including overdrafts and lines of credit, obtained specifically to pay for expenses incurred outside the contest period are not subject to the controls on loans in the *Canada Elections Act*. They are not to be deposited in the campaign bank account, are not reported, and do not form part of the campaign surplus.

Getting a loan

A leadership contestant's campaign may receive loans, including overdrafts and lines of credit, from either a financial institution or an individual who is a Canadian citizen or permanent resident. Loans from any other person or entity are not permitted.

A written loan agreement must accompany all loans.

Loans from financial institutions

There is no limit to the amount a campaign can borrow from a financial institution. Note however that if the financial institution requires a loan guarantee, only individuals who are Canadian citizens or permanent residents can guarantee the loan. The amount an individual guarantees is subject to the individual's contribution limit.

Note: A financial institution must charge a fair market rate of interest on loans made to leadership campaigns. Any forgone interest resulting from the financial institution charging a lower interest rate would constitute a non-monetary contribution from an inadmissible contributor.

Example

The campaign is planning to borrow \$15,250 to pay leadership campaign expenses and the bank requires a guarantor for the loan. Because guarantees from individuals are subject to the contribution limit, the campaign needs at least 10 individuals to guarantee the requested amount. Each guarantor is limited to guaranteeing \$1,525 of the total loan amount.

Note: This example uses the limits in effect for 2016.

Loans from individuals

If an individual obtains a personal loan from a financial institution and lends those funds to a leadership campaign, the lender is the individual and not the financial institution. The loan amount would be subject to the individual's contribution limit.

An individual can lend money to a campaign as long as the total of the individual's contributions, the unpaid balance of the loan and the amount of any outstanding loan guarantees does not at any time exceed the contribution limit for a particular contest in a given year.

If the contestant obtains a loan from a financial institution and provides the funds to his or her campaign, this is a contribution from the contestant and is not a loan. The amount loaned by the financial institution can only be guaranteed by personal property of the contestant.

Note: An individual cannot make a loan to a leadership campaign if the loan is made possible by money, property or the services of any person or entity that provided it to the individual for that purpose.

Example

Paul made a \$525 contribution to Christine's leadership campaign. In addition, he takes out a \$1,000 personal loan from his bank and lends it to the campaign to pay leadership campaign expenses. With that, Paul has reached his annual limit for contributions to all leadership contestants in a particular contest.

Note: This example uses the limits in effect for 2016.

Demand loan

A demand loan is a loan with no specific payment deadline. It is due whenever the lender demands to be repaid. A loan agreement has to be submitted with the contestant's return. It is recommended that the agreement include a maximum term for the repayment.

Note: If the demand loan is from an individual, it is subject to the contribution limit.

Overdraft and line of credit

If overdraft protection or a line of credit is obtained for the leadership campaign and is used to pay leadership campaign expenses, it has to be recorded as a loan at the maximum amount used. Note that if the financial institution requires a guarantee, only individuals who are Canadian citizens or permanent residents can guarantee the overdraft or line of credit. The amount an individual guarantees is subject to the individual's contribution limit.

Example

The campaign bank account has overdraft protection of \$1,000. The overdraft is used to pay leadership campaign expenses and the account is overdrawn by \$200. The financial agent pays back \$100 within the same day. Later on that day, the financial agent withdraws another \$400 from the same account, bringing the highest amount overdrawn during the contest period to \$500.

The overdraft amount to be reported is \$500. The financial agent has to report this amount in the *Statement of operating loans* section of the contestant's return.

2.3 Administering contributions and loans

This section discusses how contributions and loans that were received or obtained to pay for leadership campaign expenses are administered.

Note: This section does not apply to contributions and loans obtained specifically to pay for expenses incurred outside the contest period.

Contribution rules

Contributor identification

Depending on the amount and type of the contribution, the contributor's personal information has to be recorded as follows:

- The financial agent or authorized leadership campaign agents can accept anonymous cash contributions of \$20 or less.
- For contributions over \$20, the contributor's name has to be recorded and a receipt must be issued.
- For contributions over \$200, the contributor's name and address have to be recorded and a receipt must be issued.

Note: When recording a contributor's personal information, the full first and last name (initials are not acceptable) and the home address have to be recorded.

Ineligible contributions

The financial agent and authorized leadership campaign agents are responsible for ensuring that contributions are in accordance with the rules set out in the *Canada Elections Act*. The following contributions are ineligible:

- cash contributions over \$20
- contributions from corporations, trade unions, associations and groups
- contributions that exceed the limit
- indirect contributions (no individual can make a contribution that comes from money, property or the services of another person or entity)
- contributions from an individual who is not a Canadian citizen or a permanent resident
- contributions made as a result of a term of an agreement for the provision for payment of goods or services, directly or indirectly, to a registered party or a candidate

Returning ineligible contributions

The financial agent or authorized leadership campaign agent must not knowingly accept a contribution that exceeds the limit. It is also advisable not to accept any other type of ineligible contribution.

If the campaign receives an ineligible contribution and it has been deposited into the campaign bank account, the financial agent has to return the unused contribution to the contributor within 30 days of becoming aware that it is ineligible. If that is not possible, the financial agent has to send a cheque for the amount of the ineligible contribution to Elections Canada, payable to the Receiver General for Canada.

If the campaign receives an ineligible contribution and it has not been deposited into the campaign bank account, the financial agent has to return the contribution to the contributor and no reporting is required.

A contribution is considered used if the campaign bank account balance was below the contribution amount at some point after the contribution date. In this case, the financial agent has to send a cheque for the amount of the ineligible contribution to Elections Canada, payable to the Receiver General for Canada.

In the case of an ineligible non-monetary contribution that has been used, the financial agent has to send an amount equal to the commercial value of the property or service to Elections Canada, payable to the Receiver General for Canada.

Examples

1. The financial agent deposits a cheque for \$600 from a contributor into the campaign bank account. The financial agent, however, becomes aware that the same person has already contributed \$1,000 in the form of a directed contribution. He sends a cheque in the amount of \$75 to the contributor.
2. The financial agent receives a cheque for \$2,000 from a contributor. As this is obviously an over-contribution, the financial agent does not deposit the cheque, but sends it back to the contributor.

Note: These examples use the limits in effect for 2016.

Anonymous contributions

If the financial agent receives a contribution that is:

- over \$20 and the name of the contributor is not known, or
- over \$200 and the name and address of the contributor is not known

the financial agent has to send a cheque for the amount without delay to Elections Canada, payable to the Receiver General for Canada.

Ticketed fundraising

If a fundraising activity is held for the primary purpose of soliciting monetary contributions through the sale of tickets, the amount of a ticket purchaser's monetary contribution is the difference between the price of the ticket and the fair market value of the benefit that the ticket entitles the purchaser to receive. The benefit received includes the fair market value of using a rented venue, the cost of dinner and entertainment, etc.

Note: The fair market value of the production and distribution of materials promoting the event is not included in the benefit received because persons who attend the event would not benefit from such activities.

Example

A ticketed fundraiser is expected to attract 50 attendees. On the assumption that this number would attend, the following expenses are incurred in an open and competitive market:

- room rental – \$500
- meal – \$2,500
- decoration – \$300
- entertainment – \$500
- server staff and gratuities – \$200
- mail-out promoting the event – \$500
- total – \$4,500

The fair market value of the benefit for each ticket purchaser is \$80, calculated by dividing \$4,000 by 50 (the \$500 expense related to the mail-out is excluded, because it is not part of the benefit received by the attendee). The fair market value remains the same regardless of the number of individuals who actually attend the event.

Forty tickets were sold at \$200 each for the event. The amount of each monetary contribution is therefore \$120, calculated by subtracting \$80 (the fair market value) from the ticket price (\$200).

Because only the registered party can issue tax receipts, the contribution portion (\$120) is remitted to the registered party for transfer to the leadership contestant as a directed contribution.

Therefore, ticket purchasers are asked to issue two payments: one for \$80, paid to the campaign; and the other for \$120, paid to the registered party with written instructions requesting the amount to be forwarded to the leadership contestant as a directed contribution.

Note: The contribution rules apply to contributions made through ticketed fundraising.

Sponsorship or advertising

A transaction involving the receipt of money by a political entity in exchange for advertising or promotional opportunities directed at members or supporters of the political entity is not recognized as a commercial transaction. Any money received as part of such an arrangement is to be treated as a contribution that is subject to the contribution limit and eligibility rules.

Administering contributions**Accepting contributions**

Only the financial agent and authorized leadership campaign agents can accept contributions to the leadership contestant's campaign.

Recording anonymous contributions

If anonymous contributions of \$20 or less are collected during an event related to the campaign or contest, the financial agent or authorized leadership campaign agent has to record:

- a description of the function at which the contributions were collected
- the date of the function
- the approximate number of people at the function
- the total amount of anonymous contributions accepted

Anonymous contributions of \$20 or less may also be received outside the context of a particular function. In that case the financial agent or authorized leadership campaign agent has to keep track of the total amount plus the number of contributors.

Example

Campaign volunteers organize a wine and cheese event one evening in the campaign office, and invite local residents. Approximately 40 people show up. During the evening, a volunteer passes a basket around to collect cash contributions from the attendees. She informs the guests about the contribution rules: a maximum of \$20 can be accepted from any one individual as an anonymous cash contribution. At the end of the evening there is \$326 in the basket.

After the event, the financial agent has to record the following: the date and a description of the event, the approximate number of people who attended (40), and the amount collected in anonymous contributions (\$326). The financial agent has to deposit the amount into the campaign bank account.

Issuing contribution receipts

The financial agent has to issue receipts for each contribution over \$20. Receipts can be issued by the financial agent as well as leadership campaign agents who are authorized to accept contributions made directly to the leadership contestant's campaign.

Receipts for directed contributions are issued by the registered party. These receipts may be used for income tax purposes.

Note: Receipts for contributions made directly to the leadership contestant's campaign cannot be used for income tax purposes.

Recording directed contributions

It is the responsibility of the registered party to provide the leadership contestant's campaign with a *Statement of Directed Contributions Received and Transferred to a Leadership Contestant*. This form includes the name and address of each contributor, the amount and date of the contribution, the amount of the directed contribution, the amount that the party has transferred, and the date of the transfer.

The party and the leadership contestant must also report to Elections Canada any directed contributions received and the amounts transferred.

Note: Income tax receipts are available for directed contributions and are issued by the registered party.

What to keep in mind when administering contributions

As a best practice, it is recommended to only accept contributions made by way of a traceable instrument – such as a cheque or money order – that links the contributor to the contribution. Here are some important points to keep in mind when recording contributions or issuing receipts:

- Although it is recommended to only accept contributions made by way of a traceable instrument, in the event a contribution is received on a cheque from a joint bank account, it is generally reported under the name of the individual that signed the cheque. However, if the cheque is accompanied by written instructions signed by both account holders indicating how the contribution is to be allocated to the contributors, the contributions are to be reported in accordance with that agreement.
- If a contribution is received through an online payment service, a processing fee might apply. The full contribution amount has to be recorded as a contribution and the processing fee has to be recorded as a leadership campaign expense if the contribution is received during the contest period. For example, if the campaign receives a \$500 contribution through an online payment service during the contest period and the net deposit to the campaign bank account is \$490, the financial agent or authorized leadership campaign agent has to record and issue a receipt for a contribution of \$500 and also record a leadership campaign expense of \$10.
- Although it is recommended to only accept contributions made by way of a traceable instrument, in the event the campaign receives a cheque from a partnership, the partnership has to provide the following information in writing: name and home address of each contributor, the voluntary nature of each contribution, who it is intended for, and the amount of each contribution. The instructions must be signed and dated by each contributor. Each contributing partner's share of any partnership draw should also be reduced by the amount of that partner's contribution.
- A contribution from an unincorporated sole proprietor has to be recorded in the individual's name (not the business name), using the contributor's home address (a contributor's address is required for contributions over \$200).

Administering loans

Loan principal and interest

When it comes to paying the principal and the interest on loans, three scenarios may occur, depending on when the loan agreement was signed and what the loan was obtained for:

1. If the loan agreement was signed during the contest period and the loan was obtained to pay for leadership campaign expenses, the interest is a leadership campaign expense and the loan is subject to the controls on loans in the *Canada Elections Act*. Campaign funds must be used to repay the principal and the interest.

2. If the loan agreement was signed outside the contest period and the loan was obtained to pay for leadership campaign expenses, the interest is not a leadership campaign expense, but the loan is subject to the controls on loans in the *Canada Elections Act*. Campaign funds must be used to repay the principal but cannot be used to pay the interest.
3. Irrespective of when the loan agreement was signed, if a loan was obtained specifically to pay for expenses incurred outside the contest period, the interest and the loan are not subject to the controls on loans in the *Canada Elections Act*. Campaign funds cannot be used to repay the principal or the interest.

Note: Signing loan agreements only during the contest period will reduce the complexity of administering loans in accordance with this regulatory framework.

Interest on loans from individuals

If the interest rate charged is lower than the market interest rate on a loan that is obtained from an individual, and the loan agreement is signed during the contest period, the financial agent will need to report the forgone interest as a non-monetary contribution from the individual.

Note: If the loan is from an individual who is not in the business of lending money and the forgone interest on the loan is \$200 or less, the non-monetary contribution is deemed to be nil.

Repaying a loan

Note: Loans, including overdrafts and lines of credit, obtained specifically to pay for expenses incurred outside the contest period are not subject to the controls on loans in the *Canada Elections Act*. They are not to be deposited in the campaign bank account, are not reported, and do not form part of the campaign surplus.

Loan repayments may be made any time up to 36 months after contest day. Authorization is not required from Elections Canada or a judge before making these payments.

If a loan is paid in full after the contestant's return is filed, but before 36 months after contest day, the campaign must file an updated return within 30 days of the payment. The updated return must also indicate the source of funds used to pay the loan.

Loan repayments made more than 36 months after contest day require authorization from Elections Canada or a judge. The requests to pay should be accompanied by evidence in the form of a campaign bank account statement, showing that the campaign has sufficient funds to make the requested payment. The authorization to pay a loan may be subject to additional terms and conditions considered appropriate by Elections Canada.

2.4 Transfers received

Definition

A transfer is a provision of funds, property or services between specified political entities of the same political affiliation. Where specifically permitted under the *Canada Elections Act*, a transfer is not considered to be a contribution, and contribution rules therefore do not apply.

Transfers are permitted only between related political entities (registered party, electoral district association, candidate, leadership or nomination contestant) of the same political affiliation.

However, not all types of entities are authorized to provide all types of transfers. For a quick reference guide to eligible and ineligible transfers, see the *Transfers – types and rules* table in the **Tables and Reminders** section.

Transfer types

A monetary transfer is a transfer of funds. A non-monetary transfer is a transfer of property or services.

Transfers to the leadership contestant

The following transfers may be accepted by the leadership contestant's campaign:

- property or services from the registered party or any registered association of the registered party, as long as it is offered equally to all contestants
- funds in the form of directed contributions from the registered party (for details about directed contributions, see section 2.1, **Contributions**)

Non-monetary transfers accepted by the leadership contestant's campaign are subject to the controls on transfers in the *Canada Elections Act* and can only be accepted during the contest period.

Note: If an invoice requiring payment is prepared by one political entity and sent to its related political entity, together with a third party vendor invoice representing the commercial value of the goods or services provided, this is not a transfer but a sale of goods or services from one entity to another.

2.5 Regulated and unregulated inflows

Contributions and loans

Monetary contributions and loans accepted by a leadership campaign for the purposes of the campaign are subject to the controls on contributions and loans in the *Canada Elections Act* and must be reported, irrespective of when they were received.

Any money given or loans obtained specifically to pay for expenses incurred outside the contest period are not subject to the controls on contributions and loans in the *Canada Elections Act*. Accordingly, such funds must not be deposited in the campaign bank account, are not reported, and do not form part of the campaign surplus.

Non-monetary contributions

Non-monetary contributions accepted by a leadership campaign during the contest period are subject to the controls on contributions in the *Canada Elections Act* and must be reported.

Non-monetary contributions accepted outside the contest period are not subject to the controls on contributions in the *Canada Elections Act* and are not reported.

2.6 Other cash inflows

All monies flowing through the campaign bank account have to be reported. In addition to contributions, loans and transfers (described in the previous sections), a campaign may receive the following cash inflows: the non-contribution portion of fundraising revenue, bank interest, refunds from suppliers, the returned portion of any cash advances, the proceeds from the sale of assets, and all other sources of cash inflows.

Inflow type	Description	Example
Non-contribution portion of fundraising revenue	<p>The inflows recorded for fundraising activities are:</p> <ul style="list-style-type: none"> the contribution portion (see Section 2.1, Contributions), recorded as a contribution the difference between the selling price and the contribution, recorded as other inflow 	<p>John Smith holds a ticketed fundraiser during the contest period in support of his campaign. The ticket price for the fundraiser is \$200, and the fair market value of the benefit received is \$75. The contribution made by each ticket purchaser is \$125.</p> <p>The amount to be recorded as other inflow is the fair market value of the benefit received – that is, \$75.</p>
Bank interest earned	<p>Interest earned on the campaign bank account must be recorded as other inflow, along with the date received.</p>	<p>At the end of the month, the bank deposits \$1.50 of interest into the campaign bank account. The financial agent has to record this amount as other inflow.</p>
Refunds from suppliers	<p>If a refund is received from suppliers, the financial agent has to record the refunded amount as other inflow.</p>	<p>During the contest period the financial agent purchases 20 reams of paper for use in the campaign office, at a cost of \$60. Near the end of the campaign, the financial agent returns 5 unused reams of paper and receives a \$15 refund from the supplier. The financial agent has to record this amount as other inflow.</p> <p>The \$15 is also offset from the original expense in the expenses section and classified as an amount not included in leadership campaign expenses.</p>

Inflow type	Description	Example
Returned cash advances	If the campaign advanced funds for travel or other expenses, the unused returned portions have to be recorded as other inflow.	The financial agent gives \$200 to an authorized person for travel expenses during the contest period. At the end of the campaign, there is \$50 left over and the financial agent deposits this amount into the campaign bank account. The financial agent records the \$50 as other inflow.
Sale of assets	If the campaign sells any of its assets, the amount received has to be recorded as other inflow. The sale proceeds do not reduce the commercial value of the asset, which is reported at the lower of the purchase price or the cost to rent a similar asset.	At the beginning of the campaign, the financial agent purchases two new computers at a cost of \$2,000. After contest day, the financial agent sells the two computers for the amount of \$1,500. This amount is recorded as other inflow.

CHAPTER 3

Leadership Campaign Outflows

This chapter covers the following topics:

- 3.1** *Leadership campaign expenses*
- 3.2** *Contestant's personal expenses*
- 3.3** *Transfers sent*
- 3.4** *Administering leadership campaign expenses*

Introduction

The campaign will incur various expenses during the leadership contest. This chapter defines the expenses, explains the rules governing them and gives examples to explain the commonly encountered expense types.

Section 3.4 of the chapter explains how to administer expenses. Who can incur expenses? Who can pay expenses? What kind of documentation is required to ensure accurate reporting and compliance with the *Canada Elections Act*? These questions are dealt with here.

3.1 Leadership campaign expenses

Definition

Leadership campaign expenses are expenses reasonably incurred by or on behalf of the leadership contestant during the leadership contest as an incidence of the contest. These expenses must be paid using campaign funds. The *Canada Elections Act* does not set a limit on leadership campaign expenses.

Registered parties usually set their own rules, in addition to those in the *Canada Elections Act*, for holding leadership contests. They may provide other restrictions on political financing aspects of the contest, which they administer themselves (e.g. expenses limits for leadership contestants). As long as these rules do not conflict with the requirements of the *Canada Elections Act*, this is not problematic.

An expense is incurred when the campaign becomes legally obligated to pay.

Expenses incurred by a campaign prior to the start of the contest or after the end of the contest are not regulated, even though the property or services may be used during the contest period. Funds provided specifically to pay for expenses incurred outside the contest period are not subject to the controls on contributions and loans in the *Canada Elections Act*. Such expenses cannot be paid using campaign funds and are not subject to any reporting requirements. In this regard the rules for leadership campaign expenses differ from those governing electoral campaign expenses of candidates.

Property or services accepted by the campaign during the contest period must also be reported as non-monetary contributions or transfers, as the case may be, and as leadership campaign expenses. Property or services accepted as non-monetary contributions outside the contest period do not need to be reported by the campaign. Non-monetary transfers cannot be accepted outside the contest period.

Note: The leadership contest period starts on the date the contest is called and ends on contest day.

Expenses include:

- liabilities incurred
- the commercial value of donated property and services (other than volunteer labour)
- the difference between the liability incurred and the commercial value of the property or services (when they are provided at less than their commercial value)

The financial agent has to report the amount charged to the campaign for a leadership campaign expense. Generally, this amount is the commercial value of the property or service received.

Commercial value is the lowest amount charged at the time that it was provided for the same kind and quantity of property or service, or for the same use of property or money, by:

- the person who provided it (if the person who provided the property or service is in that business)
- another person who provides that property or service on a commercial basis in the area (if the person who provided the property or service is not in that business)

Commercial value is generally the amount charged in a store for an item or a service.

If during the contest period the campaign purchases property or a service from an individual for less than commercial value, the difference between the purchase price and the commercial value of the property or service is a non-monetary contribution from the individual. If during the contest period the campaign receives property or a service from an individual at no charge, the full commercial value of the property or service is a non-monetary contribution from the individual.

In both cases, the full commercial value of the property or service is also a leadership campaign expense.

Note: The campaign may purchase property or services for less than commercial value from individuals only, because only individuals can make contributions. If the commercial value of a non-monetary contribution is \$200 or less, and it is from an individual not in that business, the contribution amount is deemed to be nil.

Example

A self-employed web designer offers to design the leadership contestant's website during the contest period for a discounted price. He charges \$400 instead of his regular fee of \$700. The financial agent records the commercial value, which is the amount the web designer normally charges for his work (in this case \$700), as a leadership campaign expense. He also records the difference between the commercial value and the actual amount paid (\$300) as a non-monetary contribution from the web designer.

If during the contest period the campaign purchases property or a service from an affiliated political entity for less than commercial value, the difference between the purchase price and the commercial value of the property or service is a non-monetary transfer from the affiliated political entity. If during the contest period the campaign receives property or a service from an affiliated political entity at no charge, the full commercial value of the property or service is a non-monetary transfer from the affiliated political entity.

In both cases, the full commercial value of the transferred property or service is also a leadership campaign expense.

For a discussion of contributions and transfers, see Chapter 2, **Leadership Campaign Inflows**.

Note: During the contest period, a non-monetary transfer from the registered party or registered association is allowed as long as it is offered equally to all contestants.

Determining when an expense is incurred

An expense is incurred when the campaign becomes legally obligated to pay. The timing of this event will vary based on how the property or service is procured. In cases where a written contract is executed, such as an office lease or a loan agreement, the expense is incurred when the contract is signed. In cases where no written contract exists, the expense is incurred when a verbal agreement is reached. Generally, this will be when property or services are ordered or, in the case of retail purchases, at the point of sale.

In the case of a non-monetary contribution or transfer of property or services, the expense is incurred when the campaign accepts the contribution or transfer.

OGI reference

For a detailed discussion of this topic, please refer to Elections Canada's interpretation note 2014-01, *Definition of leadership campaign expenses and nomination campaign expenses*, on the Elections Canada website.

Leadership campaign expenses

The following are examples of typical leadership campaign expenses.

Leadership contest fees

Leadership contestants might be required to pay a contest entry fee or other service fees to the registered party. These fees may be refunded to the contestant at the discretion of the party.

Advertising expenses

Advertising is the transmission of an advertising message promoting the leadership contestant's campaign.

Advertising expenses incurred during a leadership contest period, including the cost of production and distribution, are leadership campaign expenses.

Expenses incurred during a leadership contest period for the design, development and distribution of advertising are leadership campaign expenses.

Example

The financial agent purchases flyers during the contest period and mails them to party members. The commercial value of these flyers, including the design, printing and distribution, is a leadership campaign expense.

Internet communications

Expenses incurred during a leadership contest period for the design, development and distribution of online content are leadership campaign expenses.

Although content and messages may be posted for free on social media platforms such as Twitter and Facebook, or communicated on the leadership contestant's website, any associated costs incurred during the contest period are leadership campaign expenses.

The cost of pre-existing online content, such as videos, websites and Facebook pages, is not a leadership campaign expense.

Examples

1. The contestant's campaign hires a media firm to place banners on websites and social media platforms during the contest period, directing users to a video that was produced and posted on YouTube during the contest period. The placement cost for the banners is a leadership campaign expense, together with all expenses related to the design and development of the video.
2. During the contest period, a group page is created for the contestant on a free social networking site. Volunteers created and manage the page during the contest period, and post articles related to the leadership contest. As long as the volunteers are helping outside their regular working hours and are not self-employed in the business of managing social media, the volunteer labour is not a leadership campaign expense.
3. The financial agent hires a media firm to post content on the contestant's website during the contest period, promoting the campaign. All expenses related to the design, development and posting of the content are leadership campaign expenses.

Assets

If the contestant's campaign incurs an expense for the purchase of an asset for leadership campaign purposes during the contest period, the full purchase price (the commercial value) is a leadership campaign expense. In this regard the rules for leadership campaign expenses differ from those governing election expenses of candidates.

An asset might be received in the form of a contribution from an individual during the contest. In that case, the commercial value of the asset has to be recorded as a non-monetary contribution and a leadership campaign expense.

Note: Amortization may not be used as a method of calculating the commercial value of the use of the asset.

Note: Assets purchased during the campaign should be disposed of at the end of the campaign. They can be sold and the funds transferred to the party or to a registered association of the party.

Example

During the contest period, the contestant's campaign buys a computer from a local office supplier for \$1,000 and the financial agent records \$1,000 as a leadership campaign expense. At the end of the campaign, the financial agent should sell the computer and transfer the funds to the registered party or to a registered association of the party.

Renting a campaign office

The campaign may rent an office for the leadership contestant's campaign. The rent incurred during the contest period is a leadership campaign expense. However, if the expense for the rent was incurred before the contest (i.e. the lease was signed before the contest start date), the rent is not a leadership campaign expense and cannot be paid with regulated funds.

Surveys

The commercial value of a survey, for which the expense was incurred during the contest period, is a leadership campaign expense.

Example

During the contest period, the financial agent engaged Accurate Polling Inc. to conduct a survey. Once the survey was completed, the financial agent paid Accurate Polling Inc. \$1,538.42, issuing a cheque from the campaign bank account. The financial agent records the amount as a leadership campaign expense, and keeps the invoice to submit it later with the contestant's return.

Compensation paid to the financial agent or other campaign workers

The campaign may choose to pay compensation to the financial agent or other campaign workers. Compensation expenses incurred during the contest period are leadership campaign expenses.

It is advisable to include with the contestant's return a written contract or other documentation about any compensation paid, because in the absence of evidence, the payment of salaries may be considered an inappropriate use of campaign funds that would need to be returned.

Example

The leadership contestant decides during the contest period to pay a salary of \$2,500 to her financial agent. This amount has to be reported as a leadership campaign expense.

Expenses of volunteers

Incidental expenses of volunteers incurred during the contest period (for example, refreshments, lodging or transportation) are leadership campaign expenses.

For more details about volunteer labour, see Chapter 2, **Leadership Campaign Inflows**.

If a volunteer pays for an incidental expense incurred during the leadership contest period and is not reimbursed by the campaign, the amount is a non-monetary contribution and a leadership campaign expense. However, if the amount is \$200 or less and the person is not in the business of providing that property or service, the non-monetary contribution is deemed to be nil, and no expense has to be reported.

Example

Late one night during the contest period, volunteers help in the campaign office to prepare hundreds of flyers for mailing. A volunteer orders pizza and pays \$83.50 to the pizza delivery person. Since this amount is less than \$200, the non-monetary contribution is deemed to be nil and no leadership campaign expense has to be reported.

Expenses of senators and elected Members

If a senator or another elected Member of the House of Commons or any provincial legislature campaigns on behalf of the contestant, the expenses related to that person's involvement that were incurred during the contest period are leadership campaign expenses and have to be authorized in advance by the financial agent or the contestant. Any expense incurred during the contest period in relation to the leadership campaign has to be reimbursed using campaign funds or accepted as a non-monetary contribution if paid by an eligible contributor. In the case of a non-monetary contribution, the expense is a leadership campaign expense.

Use of parliamentary resources

Leadership contestants who are Members of Parliament may wish to make use of parliamentary resources during a leadership contest in relation to their leadership campaigns. Any expenses incurred by the Member's office during the contest period in relation to the leadership contest are leadership campaign expenses. If these resources are not paid for by the campaign, their use is a non-monetary contribution from the elected Member and is subject to the contribution limit.

Compensation

If employees on the staff of an elected Member engage in political activities to support the Member as a leadership contestant during the contest period, the employees' salaries are leadership campaign expenses and, if not paid by the campaign, they are non-monetary contributions from the elected Member. However, if the employees work on the contestant's campaign outside normal business hours or are on leave, their involvement is volunteer labour. Volunteer labour is any service provided free of charge by a person outside of their working hours. It does not include a service provided by a self-employed person who normally charges for that service.

Elected Members' websites

Leadership contestants may have websites that are designed and maintained using parliamentary resources. Expenses incurred during the leadership contest period to modify such a website for the purpose of the Member's leadership campaign are leadership campaign expenses. If these expenses are not paid by the campaign, their use is a non-monetary contribution from the elected Member and is subject to the contribution limit.

Note: The use of parliamentary resources may also be governed by other rules, including those imposed by the House of Commons.

OGI reference

For a detailed discussion of this topic, please refer to Elections Canada's interpretation note 2014-02, *The use of Member of Parliament resources outside of an election period*, on the Elections Canada website.

3.2 Contestant's personal expenses

Definition

This section deals with the personal expenses of the leadership contestant that are reasonably incurred by or on behalf of the leadership contestant during the contest period in relation to his or her leadership campaign. These expenses are also regulated by the *Canada Elections Act*. The leadership contestant's personal expenses include:

- travel and living expenses
- child care expenses
- expenses related to the provision of care for a person with a physical or mental incapacity for whom the contestant normally provides such care
- in the case of a contestant who has a disability, additional personal expenses that are related to the disability
- other personal expenses – that is, all personal expenses other than those in the preceding categories

Personal expenses not reimbursed by the campaign must be reported as non-monetary contributions.

Incremental expenses

The contestant's personal expenses have to be reasonably incurred as an incidence of the leadership campaign. They may include new expenses or increases in normally incurred expenses. In other words, they have to be expenses that the contestant would not normally incur if there was no leadership contest.

Contestant's personal expense categories

The following are examples of typical personal expenses that the leadership contestant might incur in relation to his or her campaign.

Travel and living

The contestant might incur travel and living expenses during the contest period as an incidence of the campaign. If he or she travels to meet supporters, the travel and lodging expenses incurred during the trips are personal expenses of the contestant.

If the contestant uses a personal vehicle for travel during the contest period, the contestant may submit receipts for gas and other expenses, or may submit a mileage log. The mileage log should contain the following information: the date, the point of origin, the destination, the kilometres travelled and the purpose of travel. Elections Canada follows the kilometric rates established by the Treasury Board of Canada.

An important point is that the expenses of campaign workers and volunteers accompanying the contestant or assisting the contestant during events that are incurred during the contest period are leadership campaign expenses – not the contestant's personal expenses.

Note: The travel claim has to be either for actual expenses, such as fuel and rental costs, or else for mileage. The claim cannot be for both.

Examples

1. The leadership contestant incurs expenses during the contest period for commercial flights to meet with supporters across the country. The contestant's airfare plus costs for hotels and meals during the trip are personal expenses.
2. During the contest period the contestant travels with leadership campaign workers who are volunteers. The campaign workers' airfare, lodging and meals during these trips are leadership campaign expenses.

Child care

The contestant might engage in campaign activities during the daytime or evenings, or on weekends. Additional child care expenses incurred during the contest period are incremental expenses because they would not normally occur if there was no leadership contest. The additional child care cost is a personal expense of the contestant.

Care for a person with a physical or mental incapacity

If the contestant normally provides care for a person with a physical or mental incapacity, additional care might be needed for the times when the contestant is engaged in campaign activities. The cost of additional care incurred during the contest period is a personal expense of the contestant.

Expenses related to a disability

In the case of a contestant with a disability, the additional personal expenses that are related to the disability, and are reasonably incurred during the contest period, are personal expenses of the contestant.

Example

The contestant has a disability that requires the services of a caregiver when the contestant travels. This person accompanies the contestant on trips during the campaign. The expenses of this additional care that are incurred during the contest period are personal expenses of the contestant.

Other personal expenses

This category includes personal expenses incurred during the contest period other than those in the preceding categories.

This is the category in which to report items such as costs of dry cleaning, personal grooming or the contestant's cellphone use. All must be for expenses that the contestant would not normally incur if there was no leadership contest.

3.3 Transfers sent

Transfers sent by the contestant's campaign

The following transfers may be sent by the leadership contestant's campaign:

- funds to a registered association of the party
- funds to the registered party

Note: If an invoice requiring payment is prepared by one political entity and sent to its related political entity, together with a third party vendor invoice representing the commercial value of the goods or services provided, this is not a transfer but a sale of goods or services from one entity to another.

For a quick reference guide to eligible and ineligible transfers, see the *Transfers – types and rules* table in the **Tables and Reminders** section.

3.4 Administering leadership campaign expenses

The financial agent and authorized leadership campaign agents are responsible for administering leadership campaign expenses and keeping receipts and invoices, as required by the *Canada Elections Act*. All supporting documentation will have to be submitted to Elections Canada with the contestant's return.

Who can incur expenses?

Only the financial agent, the leadership contestant, or authorized leadership campaign agents can incur leadership campaign expenses.

Who can pay expenses?

Only the financial agent or authorized leadership campaign agents can pay leadership campaign expenses. There are two exceptions to this rule:

- Personal expenses of the contestant can be paid by the contestant.
- Expenses from the petty cash can be paid by a person authorized in writing by the financial agent. (The financial agent must set the maximum amount that may be paid from the petty cash.)

Paying expenses incurred outside the contest period

Campaign funds cannot be used to pay expenses that were incurred outside the contest period as these are not leadership campaign expenses. If a campaign pays for expenses incurred outside the contest period using campaign funds, this constitutes an improper use of campaign funds and could lead to an offence for failure to dispose of the campaign surplus in accordance with the requirements of the *Canada Elections Act*.

Non-monetary contributions or transfers are also recorded as expenses

When a non-monetary contribution is accepted during the contest period in relation to the leadership contest, the commercial value of the property or service is a leadership campaign expense as well as a contribution.

Note: If the commercial value of a non-monetary contribution is \$200 or less, and it is from an individual not in that business, the contribution is deemed to be nil and consequently no expense has to be reported.

A non-monetary transfer, which can only be accepted during the leadership contest period, is a leadership campaign expense as well as a transfer.

Note: During the contest period, a non-monetary transfer from the registered party or registered association is allowed as long as it is offered equally to all contestants.

Example

After the contest start date, an individual donates office supplies to the campaign, such as packages of paper, ink cartridges and binders. Buying the same items in the local stationery store would cost \$300; therefore this is the commercial value of the donated goods. The financial agent has to record the following: \$300 as a non-monetary contribution from the individual, and \$300 as a leadership campaign expense.

Invoices

If a leadership campaign expense of \$50 or more was incurred during the contest period and paid on behalf of the leadership contestant, either the financial agent or the authorized leadership campaign agent who made the payment has to keep the supplier invoice setting out the nature of the expense and the proof of payment.

If a leadership campaign expense of less than \$50 was incurred during the contest period and paid on behalf of the leadership contestant, either the financial agent or the authorized leadership campaign agent who made the payment must keep a record of the nature of the expense and the proof of payment.

For payments made from the petty cash, the person who is authorized to pay petty expenses has to provide invoices and proof of payment within three months after the day on which the petty expense was incurred.

Property or services provided by the registered party or a registered association

When property or a service is provided to the contestant by the registered party or a registered association of the party during the contest period, a copy of the original supplier invoice should be included with the contestant's return. The documentation should confirm the amount reported in the contestant's return.

Claims and loans repayment

All invoices have to be submitted to the financial agent.

Claims or loans have to be paid within 36 months after contest day.

For details about unpaid claims and loans, see Chapter 5, **Closing the Leadership Contestant's Campaign**.

Administering the leadership contestant's personal expenses

As set out in the *Canada Elections Act*, the leadership contestant is responsible for keeping invoices and other documents in relation to his or her personal expenses.

Supporting documentation

The financial agent must maintain proper books and records throughout the leadership contest to ensure accurate reporting and compliance with the *Canada Elections Act*.

CHAPTER 4

Reporting Requirements

This chapter covers the following topics:

- 4.1** *Reporting timeline*
- 4.2** *Documents to be filed*
- 4.3** *Submission to Elections Canada*

Introduction

The responsibilities of the leadership contestant and his or her financial agent do not end on contest day of the leadership contest. There are financial reports to be completed and filed with Elections Canada. This chapter outlines what they are, when they need to be filed and the supporting documentation that has to accompany each report.

Note: Elections Canada has developed free software to assist with the preparation of financial returns: the Electronic Financial Return (EFR) software. The EFR software is downloadable from the Elections Canada website.

4.1 Reporting timeline

The *Canada Elections Act* requires certain financial reports to be completed and submitted by set deadlines. Financial forms are available on the Elections Canada website.

Deadline	Who is responsible	Mandatory documents	Submit to whom
Date of registration	Leadership contestant and financial agent	<i>General Form – Registered Party Leadership Contestant</i> <i>Leadership Contestant’s Registration Return</i>	Elections Canada
3 weeks before contest day	Financial agent	<i>Leadership Contestant’s Interim Campaign Return*</i>	
2 days before contest day	Financial agent	<i>Leadership Contestant’s Interim Campaign Return*</i>	
5 months after contest day	Leadership contestant	Signed <i>Leadership Contestant’s Statement of Personal Expenses</i> , with all supporting documents	Financial agent
6 months after contest day	Financial agent	<i>Leadership Contestant’s Campaign Return</i> , with all supporting documents, including the declaration signed by the leadership contestant and the financial agent <i>Auditor’s Report</i> , if applicable**	Elections Canada
30 days after a claim or loan is paid in full	Financial agent	Updated <i>Leadership Contestant’s Campaign Return</i>	Elections Canada
19 months after contest day	Financial agent	<i>Leadership Contestant’s Statement of Unpaid Claims and Loans 18 or 36 Months After the End of the Leadership Contest***</i>	Elections Canada
37 months after contest day	Financial agent	<i>Leadership Contestant’s Statement of Unpaid Claims and Loans 18 or 36 Months After the End of the Leadership Contest***</i>	Elections Canada
<p>* Required if contributions totalling more than \$10,000 are accepted or leadership campaign expenses totalling more than \$10,000 are incurred (note that transfers to affiliated political entities are not leadership campaign expenses).</p> <p>** Applies to leadership campaigns that have accepted contributions totalling \$5,000 or more, or incurred leadership campaign expenses totalling \$5,000 or more (note that transfers to affiliated political entities are not leadership campaign expenses).</p> <p>*** Required if the campaign has unpaid claims and loans.</p>			

Note: The *Canada Elections Act* does not allow extensions for the submission of the *Leadership Contestant’s Interim Campaign Return* under any circumstances.

4.2 Documents to be filed

Documents to be filed before contest day

General Form – Registered Party Leadership Contestant

The application for registration must be submitted to Elections Canada on the prescribed form.

Leadership Contestant's Registration Return

Along with the application for registration at the beginning of the campaign, a leadership contestant has to submit the *Leadership Contestant's Registration Return*. The return contains the following information:

- details of contributions and loans received by the campaign before the first day of the leadership contest

Leadership Contestant's Interim Campaign Return

Two interim returns may also have to be submitted:

- The first interim return is due three weeks before contest day and covers the following reporting period:
 - from the first day of the contest to the day that is four weeks before contest day
- The second interim return is due two days before contest day and covers the following reporting period:
 - from the day after the previous reporting period to one week before contest day

The interim returns are required if contributions totalling more than \$10,000 are accepted or leadership campaign expenses totalling more than \$10,000 are incurred (note that transfers to affiliated political entities are not leadership campaign expenses).

Note: If the \$10,000 threshold is reached after the first reporting period, only the second interim campaign return must be submitted, but it must cover the whole period from the first day of the contest to the day that is one week before contest day.

The interim returns cover the following information:

- Declaration
 - contest information
 - administrative information about the leadership contestant and the financial agent
 - leadership contestant's and financial agent's signatures, attesting to the completeness and accuracy of the return
- Loans
- Contributions, returned contributions
- Directed contributions received from the party
- Transfers sent to the registered party or a registered association
- Transfers received from the registered party or a registered association

Note: If the contest period is less than four weeks, interim returns are required only for those weeks included in the contest period.

Documents to be filed within six months after contest day

The *Canada Elections Act* requires three documents to be filed within six months after contest day:

- the *Leadership Contestant's Campaign Return*, with supporting documents
- the *Leadership Contestant's Statement of Personal Expenses*
- the *Auditor's Report*

The *Leadership Contestant's Campaign Return* and the *Auditor's Report* have to be sent to Elections Canada before midnight of the filing deadline.

Leadership Contestant's Campaign Return

The *Leadership Contestant's Campaign Return* has to be completed and sent to Elections Canada within six months after contest day. The return covers the following:

- Declaration
 - contest information
 - administrative information about the leadership contestant and the financial agent
 - leadership contestant's and financial agent's signatures, attesting to the completeness and accuracy of the return
- Inflows of cash, property or services
- Outflows of cash, property or services
- Summary and cash reconciliation

Along with the *Leadership Contestant's Campaign Return*, the financial agent has to provide supporting documents:

- invoices and receipts
- bank statements
- deposit slips
- cancelled cheques
- third party invoices
- loan agreements and repayment schedules
- contribution receipts and copies of cheques from contributors
- contracts or salary agreements
- rental agreements
- mileage logs
- any other supporting documents

Note: After the leadership contestant's return has been submitted, Elections Canada may contact the financial agent to request additional supporting documents during the review of the contestant's return.

Leadership Contestant's Statement of Personal Expenses

The leadership contestant is responsible for the *Leadership Contestant's Statement of Personal Expenses*. The leadership contestant has to complete this statement and submit it to the financial agent within five months after contest day. The financial agent must then submit the statement to Elections Canada within six months after contest day, together with the *Leadership Contestant's Campaign Return*.

The statement lists the contestant's personal expenses that were reasonably incurred in relation to his or her campaign and have not been reimbursed by the campaign. It must be completed even if the leadership contestant's personal expenses were nil.

Personal expenses paid by the leadership contestant must be reported in the contestant's return. They may be paid by the financial agent or an authorized leadership campaign agent, accepted as a non-monetary contribution from the contestant, or reported as an unpaid claim.

For details about unpaid claims, see Section 3.4, **Administering leadership campaign expenses** and Section 5.1, **Managing unpaid claims and loans**.

The contestant's personal expenses include:

- travel and living expenses
- child care expenses
- expenses related to the provision of care for a person with a physical or mental incapacity for whom the candidate normally provides such care
- in the case of a candidate who has a disability, additional personal expenses that are related to the disability
- other personal expenses – that is, all personal expenses other than those in the preceding categories

For details on the personal expense categories, see Section 3.2, **Leadership contestant's personal expenses**.

Along with the *Leadership Contestant's Statement of Personal Expenses*, the leadership contestant must submit proof of payment for all personal expenses, as well as supporting invoices for personal expenses of \$50 or more.

Auditor's Report

The *Auditor's Report* has to be filed with Elections Canada if the leadership contestant received contributions totalling \$5,000 or more, or incurred leadership campaign expenses totalling \$5,000 or more (note that transfers to affiliated political entities are not leadership campaign expenses). The financial agent is responsible for ensuring that this report is completed and submitted to Elections Canada within six months after contest day.

After the financial agent has completed the leadership contestant's return, the auditor verifies that the information in the return accurately presents the information in the financial records kept by the financial agent during the campaign. The *Auditor's Report* contains the auditor's opinion as to whether the completed *Leadership Contestant's Campaign Return* presents this information.

It is very important for the financial agent to give the auditor enough time to properly audit the *Leadership Contestant's Campaign Return* before the deadline. Therefore it is advised to give the complete leadership contestant's return to the auditor well before the deadline for submission, which is six months after contest day.

Note: The *Canada Elections Act* does not provide for a subsidy for the auditor's fee.

4.3 Submission to Elections Canada

The leadership contestant's return may be completed and submitted in a number of ways.

Completed how	How to submit	Where to send documents
Paper forms	<ol style="list-style-type: none"> 1. Sign the paper copy of the reports. 2. Send the reports by courier, mail, fax or e-mail (in PDF format) to Elections Canada. 3. Send the originals of all supporting documentation to Elections Canada by courier or mail. 	<p>E-mail: efr-rfe@elections.ca</p> <p>Mail: Elections Canada 30 Victoria Street Gatineau, Quebec K1A 0M6</p>
EFR	<ol style="list-style-type: none"> 1. EFR creates a submission file of the return. 2. Send the submission file as an attachment in an e-mail to Elections Canada. 3. Print the pages requiring signatures and send them by courier, mail, fax or e-mail (in PDF format) to Elections Canada. 4. Send the originals of all supporting documentation to Elections Canada by courier or mail. 	<p>Fax: Political Financing 1-888-523-9333 (toll-free) 1-819-939-1803</p>
<p>Notes:</p> <ul style="list-style-type: none"> • Always keep copies for your records. • For details about EFR submissions, please consult the <i>EFR User Guide</i>, available in the EFR software. 		

With the submission, please remember to give your name, role (financial agent) and political affiliation. It is recommended to keep a copy of all documents submitted to Elections Canada. Documents filed with Elections Canada have to be signed.

Filing deadline and extensions

The *Canada Elections Act* specifies deadlines for submitting reports. The financial agent or the leadership contestant must seek authorization from Elections Canada or a judge to file after the deadline.

It is important to note that the mandatory documents must be submitted by the filing deadline. If only a few invoices or receipts are missing, it is recommended to submit the mandatory documents on time and send the missing documentation later.

If the financial agent or the leadership contestant cannot submit a report by the deadline, the financial agent or the leadership contestant may apply to Elections Canada for authorization to submit the document within an extended period. The request has to be received by Elections Canada within two weeks after the report's deadline.

The following table explains which documents are eligible for extension under the *Canada Elections Act*.

Leadership contestant reports – extension requests			
Document to submit	Extension from Elections Canada	Additional extension from Elections Canada	Extension from a judge
<i>Leadership Contestant's Interim Campaign Return</i>	No	No	No
<i>Leadership Contestant's Campaign Return</i>	Yes	No	Yes
Updated <i>Leadership Contestant's Campaign Return</i> after a final payment of a claim or loan within 36 months after contest day	Yes	No	Yes
<i>Leadership Contestant's Statement of Unpaid Claims and Loans 18 or 36 Months After the End of the Leadership Contest</i>	Yes	No	Yes
Updated <i>Leadership Contestant's Campaign Return</i> after payment of a claim or loan later than 36 months after contest day	Yes	No	Yes
Corrected or revised <i>Leadership Contestant's Campaign Return</i> requested by the leadership contestant or the financial agent	Yes	Yes	No
Corrected or revised <i>Leadership Contestant's Campaign Return</i> requested by Elections Canada	No	No	No

The *Request for Extension of Filing Deadline* form should be used to apply for an extension. Elections Canada will grant an extension unless the financial agent's failure to provide the document was deliberate or was the result of a failure to exercise due diligence.

Documents not eligible for extension

Corrections or revisions requested by Elections Canada are not eligible for extensions and must be filed within the specified period. However, the financial agent or the leadership contestant can apply to a judge to be relieved of the obligation of complying with the request.

Court extension

If Elections Canada refuses to authorize an extension or the financial agent or the leadership contestant is unable to file the required documents within the extended period, the leadership contestant or the financial agent may apply to a judge for an extension. Note that court extensions are not available for corrected or revised returns.

For more details on filing an amended return, see Section 5.2, **Filing an amended leadership contestant's return**.

CHAPTER 5

Closing the Leadership Contestant's Campaign

This chapter covers the following topics:

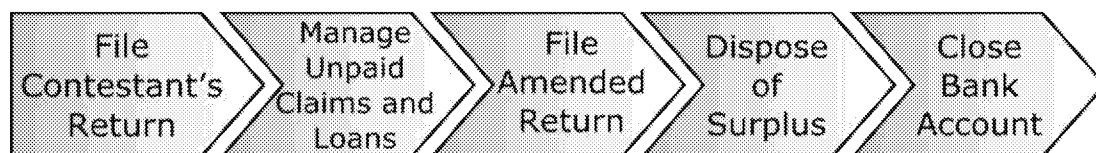
- 5.1** *Managing unpaid claims and loans*
- 5.2** *Filing an amended leadership contestant's return*
- 5.3** *Disposing of surplus*
- 5.4** *Closing the campaign bank account*

Introduction

Once the leadership contestant's reporting requirements are met, it is time to close the leadership contestant's campaign. This chapter explains what has to take place before the financial agent can close the campaign bank account and subsequently the leadership contestant's campaign.

The financial agent has to manage unpaid claims and loans, and dispose of any surplus in accordance with the rules and timelines of the *Canada Elections Act*. In addition, the financial agent has to inform Elections Canada about these transactions by updating the contestant's return to reflect the payment of unpaid claims or loans, and by submitting an amended leadership contestant's return or a statement of surplus.

Once unpaid claims, loans, other financial obligations and any surplus have been dealt with, the financial agent can close the campaign bank account and send the final bank statement to Elections Canada.



5.1 Managing unpaid claims and loans

If the leadership contestant's campaign has unpaid claims or loans, updates are required on the status of payments.

Note: Loans, including overdrafts and lines of credit, obtained specifically to pay for expenses incurred outside the contest period are not subject to the controls on loans in the *Canada Elections Act*. They are not to be deposited in the campaign bank account, are not reported, and do not form part of the campaign surplus.

Update after final payment of claim or loan within 36 months after contest day

If a claim or loan is paid in full after the filing of the return and within 36 months after contest day, the financial agent must send an updated contestant's return to Elections Canada within 30 days after the final payment was made.

Leadership Contestant's Statement of Unpaid Claims and Loans 18 or 36 Months After the End of the Leadership Contest

The *Leadership Contestant's Statement of Unpaid Claims and Loans 18 or 36 Months After the End of the Leadership Contest* is required if the campaign has unpaid claims and loans.

- The first update is due 19 months after contest day, and covers unpaid claims and loans as of 18 months after contest day.
- The second update is due 37 months after contest day and covers unpaid claims and loans as of 36 months after contest day.

Note: Elections Canada's authorization is not required to pay a claim or loan within 36 months after the contest day.

Update after final payment of claim or loan more than 36 months after contest day

If a claim or loan is still unpaid 36 months after contest day, the financial agent has to seek authorization from Elections Canada or a judge before paying it. After paying a claim or loan, the financial agent must send an updated contestant's return to Elections Canada within 30 days after the payment was made.

5.2 Filing an amended leadership contestant's return

An amended *Leadership Contestant's Campaign Return* has to be filed with Elections Canada to:

- correct errors or omissions, or
- report new transactions

Corrections or revisions requested by Elections Canada

In certain circumstances there is a need to make corrections or revisions in the leadership contestant's return.

On reviewing the leadership contestant's return, Elections Canada may request the leadership contestant or his or her financial agent to correct the return within a specified period.

Corrections or revisions requested by the leadership contestant or the financial agent

The leadership contestant or the financial agent may become aware of a need to make a correction or revision to a return that has been filed. In that case, the leadership contestant or the financial agent has to submit a written request for authorization to file an amended return.

An amended return must be submitted within 30 days after the correction or revision was authorized.

Submitting a full return is not necessary. Only the new or corrected data has to be submitted to Elections Canada, along with a declaration signed by the leadership contestant or the financial agent.

For more on filing an amended contestant's return, see Section 4.3, **Submission to Elections Canada**.

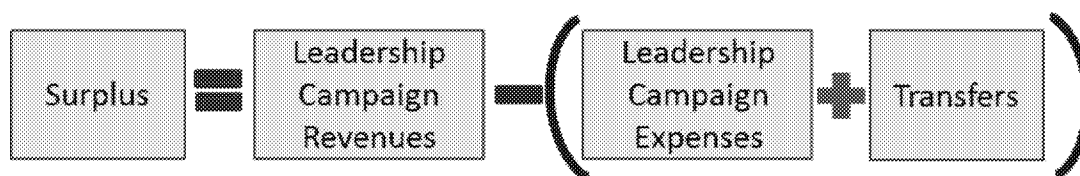
5.3 Disposing of surplus

After all financial obligations have been completed, the campaign must dispose of any surplus of funds in accordance with the *Canada Elections Act*. The amount of the surplus should equal the money left in the campaign bank account after all the financial obligations have been met.

Note: Campaign funds may only be used to pay leadership campaign expenses and disbursements, such as loan repayments and transfers to affiliated political entities. This means that using campaign funds to pay expenses incurred outside the contest period constitutes an improper use of the funds and could lead to an offence for failure to dispose of the campaign surplus in accordance with the requirements of the *Canada Elections Act*.

Definition

The surplus amount of leadership campaign funds is the amount by which the contestant's leadership campaign revenues exceed the total of leadership campaign expenses paid and transfers made by the contestant's campaign.



Leadership campaign revenues include:

- monetary contributions made to the leadership contestant
- any other amount that was received by the leadership contestant for his or her leadership campaign, including bank interest and refunds from suppliers

For the purposes of surplus calculation, expenses include all leadership campaign expenses that were paid using campaign funds:

- leadership campaign expenses
- the contestant's personal expenses

Transfers made by the leadership contestant's campaign include:

- any funds that the leadership contestant's campaign transfers to the registered party or to a registered association of the party

Notice of estimated surplus sent by Elections Canada

After the review of the leadership contestant's return, in some cases it is determined that the leadership contestant has a surplus of campaign funds. Elections Canada sends a notice about the estimated amount of the surplus to the leadership contestant's financial agent.

The financial agent has to dispose of the surplus within 60 days of receiving the notice.

If financial agent is aware of a surplus

If the financial agent is aware of a surplus of campaign funds but has not yet received a notice from Elections Canada, the financial agent has to dispose of the surplus within 60 days after filing the *Leadership Contestant's Campaign Return*.

How to dispose of a surplus

Surplus leadership campaign funds have to be transferred to:

- the registered party
- a registered association of the party

Leadership Contestant's Statement of Surplus / Amended Campaign Return

The financial agent has to submit the *Leadership Contestant's Statement of Surplus / Amended Campaign Return* form within seven days after disposing of the surplus. The statement notifies Elections Canada of the amount and date of disposal of the surplus, and to whom the surplus was transferred.

In some cases, amendments are also made to the original contestant's return to report financial transactions that occurred since the date the return was submitted. In these cases, any new financial transactions reported in the *Leadership Contestant's Statement of Surplus / Amended Campaign Return* will be treated as a request to correct or revise the *Leadership Contestant's Campaign Return*. Elections Canada will update the return accordingly.

Section 5.2, **Filing and amended leadership contestant's return**, discusses the reasons for submitting amendments to the contestant's return.

Note: Elections Canada publishes the notice referring to the disposal of the surplus on its website.

5.4 Closing the campaign bank account

Once all unpaid claims and loans, other financial obligations and any surplus have been dealt with in accordance with the *Canada Elections Act*, the financial agent has to close the campaign bank account.

The financial agent has to send the final statement of the bank account to Elections Canada.