



Electoral Finance Newsletter

Annual financial reports

Congratulations! You've taken the first step to completing your organization's annual financial report. Enclosed are some tips to help you successfully file the 2011 report with Elections BC.

All registered political parties and constituency associations must file an annual financial report with Elections BC by Monday, April 2, 2012. The report must be received in our office by 4:30 p.m. on that day; a postmark is not acceptable as proof of delivery by the deadline.

The reporting period for the 2011 annual financial report is January 1, 2011 to December 31, 2011. However, organizations that were newly registered in 2011 should report all financial activity from the date on the Statement of Assets and Liabilities (form 486) filed in the application for registration. If you are unsure of the reporting period for your organization, please contact our office.

The reporting package sent by Elections BC to each registered financial agent includes all forms and guides necessary to complete an annual financial report. If you require more forms or guides, please contact our office or download them from our website (www.elections.bc.ca).

Before submitting an annual financial report, please remember to:

- Sign the cover page (form F-P(A) or F-CA(A)). This form must be signed by the financial agent or deputy financial agent registered with Elections BC.
- Ensure calculations and amounts are totalled and carried forward correctly from other forms.
- Complete and submit all applicable forms. As a minimum, this includes the cover page (form F-P(A) or F-CA(A)), the Statement of Assets and

Liabilities (form St-A&L) and the Statement of Income and Expenses (form St-I&E).

- Ensure the audit report, if applicable, is submitted with the annual financial report.
- Keep a copy of the annual financial report for your own records.

There are serious consequences for failing to file an annual financial report so it's important you submit the report before the filing deadline. You can submit the report by:

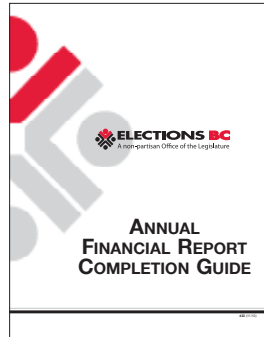
- Mailing it to our office at PO Box 9275 Stn Prov Govt, Victoria, BC V8W 9J6. Be sure to send the report early enough to ensure delivery by 4:30 p.m. April 2, 2012
- Dropping it off or sending it by courier to our Victoria office located at Suite 100- 1112 Fort Street, Victoria, BC V8V 3K8
- Scanning and emailing the report to electoral.finance@elections.bc.ca
- Faxing the report to our office toll-free at 1-866-466-0665 or in Victoria at 250-387-3578
- Delivering the report to any Service BC office

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“Out of balance” – What does this mean?

The balance check step referred to on page 9 of the Annual Financial Report Completion Guide will help ensure all financial transactions have been reported correctly in your annual financial report. To complete a balance check, the formula is as follows:



A The last reported accumulated surplus (deficit). This amount can be found in the 2010 annual financial report in box C on form St-A&L, or if the organization registered during 2011, in box C on the form 486 submitted with the application for registration.

(Plus) **B** The current period surplus (deficit) reported in box C on form St-I&E.

(Equals) **C** The current year’s accumulated surplus (deficit) reported in box C on form St-A&L.

If $A + B$ does not equal C then your report is out of balance. This may be an indication that transactions have been missed or reported incorrectly. It could also be a signal that calculations have been totalled or carried forward incorrectly.

If you have problems getting your report to balance or would like to confirm the opening accumulated surplus (deficit), please feel free to contact our office for assistance. Elections BC will contact you during our review process if you are unable to balance your report before it’s filed.

In order to expedite our review, if your annual financial report is out of balance, please also submit copies of bank statements and/or transaction ledgers for the reporting period, as this greatly assists us in completing our review. Bank statements and ledgers are kept confidential.

What is an “interest benefit”?

A loan is generally not a political contribution unless it is forgiven or written off. However, if a loan is provided at an interest rate which is lower than the prime interest rate, an interest benefit results which is a political contribution.

An interest benefit is the difference between the lower interest rate and the prime rate. For example, if someone lends money to your organization and does not charge interest, the amount of interest that would be payable at the prime rate is an interest benefit.

To report an interest benefit, first start by reporting the details of the loan on form S-L1, Loans and Guarantees. This form will help you calculate the amount of the interest benefit.

Once calculated, the interest benefit must also be reported as a political contribution on form Sm-C (and forms S-A1 and S-A1-A, if applicable) and as interest expense on form St-I&E.

You can find the current and historical prime interest rates on our website at <http://www.elections.bc.ca/docs/fin/407.pdf>.

For more information about how to calculate interest, including the amount of interest benefit, please refer to pages 32 and 33 in the Annual Financial Report Completion Guide, or contact our office.



Keeping good financial records

It's important to keep good financial records that accurately account for financial activity throughout the calendar year. If an organization changes its financial agent, good financial records are essential to ensure a smooth transition.

Keeping good financial records doesn't have to be difficult, and includes simple tasks such as:

- retaining or requesting receipts for expenditures
- taking note of what is included in lump sum deposits or withdrawals
- keeping a paper or electronic ledger or list of all income and expenses using the categories listed on the forms provided by Elections BC. Ledgers should also record political contributions of goods and services, as these transactions will not appear on bank statements

Electronic ledgers can be set up using Excel, or similar workbook applications. However, the key to making an electronic ledger work is to ensure the ledger is complete and all financial transactions are recorded. The easiest way to do this is to reconcile the ledger with monthly bank statements.

Keeping good financial records throughout the year will make the completion of the annual financial report easier and ensure that transactions are not missed.

Does your annual financial report need an audit?

Annual financial reports must be audited if the organization received \$10,000 or more in political contributions during the calendar year. This doesn't include transfers between a registered political party and its registered constituency associations, candidates or leadership contestants.

If a report requires an audit, Elections BC cannot accept the report as filed unless it's accompanied with an auditor's report. Therefore, if you require an audit, please ensure you have allowed enough time before the filing deadline for your auditor to complete their work.

Registration information updates

Have the executive members of your constituency association or political party recently changed? Is there a new financial agent or auditor? Have you moved to a new address? If so, your organization may need to file a registration update with Elections BC.

The *Election Act* requires all registered political parties and constituency associations to notify Elections BC in writing within 60 days of any changes to registration information. This includes changes to the principal officers, financial agent, auditor, contact person, etc. Registration updates must be filed on Elections BC forms, which are available on our website (www.elections.bc.ca) or can be requested from our office.

It's important to keep the financial agent information current since we cannot accept your organization's annual financial report if it's signed by someone other than the financial agent or deputy financial registered with Elections BC.

Remember, the Chief Electoral Officer may suspend registration if you don't file registration updates within 60 days of the change occurring, so it's important to keep information current.

If you have any questions or would like to confirm the current registration information for your organization, please do not hesitate to contact our office.



What happens after I file my annual financial report?

When Elections BC receives your annual financial report, the first step is an initial review to ensure the report meets the specific filing requirements so we can accept the report. For example:

- Is it signed by the correct individual?
- Are all the required forms included?
- Is the audit report included, if applicable?

If a report does not meet the filing requirements, our office will contact you to try to resolve the issues before the filing deadline.

After the initial review, reports are entered into our Financial Reports and Political Contributions (FRPC) system so that the report and political contribution information can be published on the Elections BC website. Regardless of when a report is filed, all reports are published at the same time. This usually occurs during the week after the filing deadline.

Next, all financial reports are reviewed to ensure compliance with the *Election Act*. If any issues are identified during the compliance review, Electoral Finance staff will follow up with the financial agent. Therefore, it's beneficial for you to keep a copy of the financial report for your reference.

Once the compliance review is complete, a letter is sent to the financial agent with copies of any amended forms for them to keep for their records. The amended report is then scanned and published in the FRPC system.



Did you know?

All annual financial report forms can be completed on our website in PDF format. Since all financial reports filed with Elections BC are available for public viewing, you may prefer to type the information rather than handwrite it.

To view, complete, and print these forms, your computer must be equipped with Adobe Reader (version 5.0 or higher). These forms do not perform any calculations, totals, or carry forward any information to other forms. You must enter all the information as if you are using paper forms and a pen. The forms can then be saved, printed and submitted.

Do you know what form S-A1-A is?

Form S-A1-A, Party, Constituency Association & Candidate Combined Political Contributions Greater Than \$250 is only required by registered political parties in their annual financial reports.

This form includes combined contributions from contributors who, during the calendar year, made one or more political contributions to the registered political party, registered constituency association or candidate for the party that have a total value of greater than \$250.

In order for the party's financial agent to have the information to complete the S-A1-A, the *Election Act* requires every registered constituency association to provide the details of **all** political contributions accepted during the calendar year to the party's financial agent by **February 15** of the following year. This includes political contributions of money and goods or services, such as deemed interest benefits on loans received at preferential interest rates.

Please make sure you send the required political contribution information to your party on time.

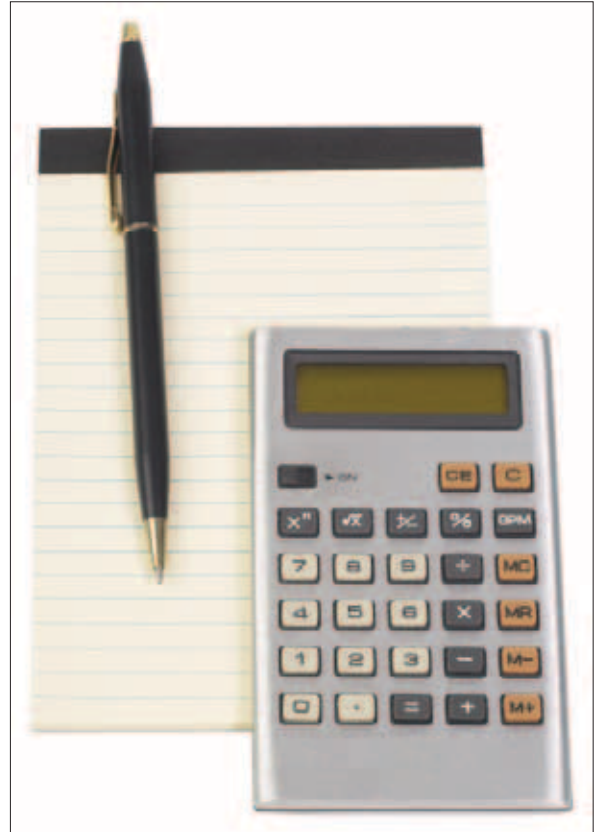
Financial agent training

To assist you to understand the reporting requirements under the *Election Act*, Elections BC offers financial agent training sessions before the report filing deadline. These sessions are generally held in the evenings or on weekends.

If you are interested in attending a training session, please send an email to: electoral.finance@elections.bc.ca. Your feedback will help determine the time and location of any sessions.

Please note that sessions may be cancelled if there is limited interest, so please respond early if you're interested in attending.

Once training dates and locations have been determined, a notice will be sent to all registered financial agents and will also be posted on our website (www.elections.bc.ca). Please check our website regularly for more information.



Need more information?

If you have any questions that are not answered in our guides, or need clarification on how to record and report a specific transaction, please contact us.

We are more than happy to help you.

Contact Elections BC

Mailing Address: PO Box 9275 Stn Prov Govt

Victoria BC V8W 9J6

Phone: 250-387-5305

Toll-free: 1-800-661-8683

Fax: 250-387-3578

Toll-free Fax: 1-866-466-0665

Email: electoral.finance@elections.bc.ca

Website: www.elections.bc.ca