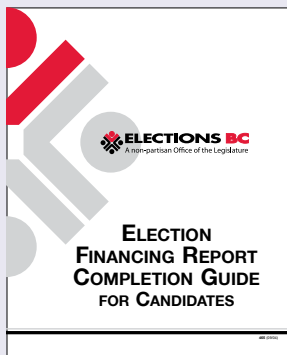




Electoral Finance Newsletter

Introduction

Congratulations and thanks to all of you that supported the 345 candidates in the 2009 General Election. Your participation is an important part of the democratic process.



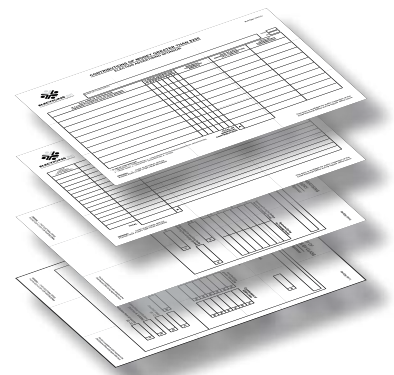
As each of your campaigns winds down, now comes the important task of reconciling political contributions, receipts for expenses and filing your election financing report. The election financing reports must be received in our office by 4:30 p.m. on Monday, August 10, 2009. This edition of the Elections BC Electoral Finance Newsletter will focus on common questions asked during the election, and issues we encounter when reviewing election financing reports.

If you have any questions which are not answered in this newsletter, please call or email us. EBC contact information is listed at the end of this newsletter.

New Forms and Guides

Elections BC has updated many of its forms and guides.

Most of our guides and forms have been updated as a result of changes to the *Election Act*. Electoral Finance staff worked hard to ensure you received copies of all the updated material. If you have not received an election financing report package or completion guide, please contact us immediately; contact information is at the end of this newsletter.



If you have guides or forms left over from a previous election, please recycle them as they may contain out-of-date information.

If you're interested in completing the forms on your computer, electronic form-fill versions of all Electoral Finance forms are available on our website. These forms do not perform any calculations, but you can complete, save and print all the required forms.

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Election Expense Disclosure

Things to remember when filing your election financing disclosure report.

Sometimes simple things can be missed when submitting your report. To make the process less stressful, please don't forget to:

- Ensure the report is signed by the financial agent on file with Elections BC. If the financial agent can't sign the report, it can be signed by the deputy financial agent if one has been appointed. We cannot accept a financial report unless the cover page has been signed by a registered individual.
- Keep a copy of the report. This will save valuable time if the report is lost in the mail or if we need to contact you for clarification.
- Submit all applicable pages.
- Ensure an auditor's report is submitted, if required. We can only accept your financial report if the auditor's report (if required) has been included at the time the financial report is submitted. If the report requires an auditor's report and it's not submitted, we can't accept the report as filed. Therefore it's important to allow your auditor enough time to complete their work before the filing deadline.
- Submit the report early. We understand that everyone procrastinates sometimes but we encourage you to file your report early to avoid last minute stress. The extra time could be needed if for some reason we are unable to accept your report at the time it is filed and we need to contact you to resolve an outstanding requirement. We have a team ready to review the reports so the sooner your report is filed, the sooner we can review it. Also, the reports are not made available for public viewing until after the filing deadline so you don't need to worry about your report being made public before other reports.



Does My Election Financing Report Need an Audit?

The *Election Act* requires all candidates, constituency associations and political parties to appoint an auditor at the time of registration; however not all reports need to be audited. Your report must be audited if:

- You incurred \$10,000 or more in election expenses (sum of boxes A, B, and C reported on form Sm-E), or
- You received \$10,000 or more in political contributions (box E on form Sm-C). This does not include transfers that you may have received.

If a report needs an audit, we cannot accept your report as filed unless it's accompanied by an auditor's report. After a report has been filed, the Chief Electoral Officer does have the authority to require an auditor's report even if the contributions and election expenses are under \$10,000.

Reporting Fundraising Functions

Fundraising function income is commonly misreported in financial reports because of the complex rules in both the *Election Act* and the *Income Tax Act*.

The most common question we get is whether a social function needs to be reported as a fundraising function (on form S-F). The answer: not all functions are fundraising functions.

General meetings, nomination meetings and conventions are generally not fundraising functions because they are not held for the purpose of raising funds. Therefore, these events do not need to be reported on a form S-F. However, the cost of the function and any political contributions or income received at such events must still be recorded and disclosed in your financial report.

For more information on how to report fundraising functions, please refer to our Guide for Financial Agents. Or if you have specific questions, contact Electoral Finance at Elections BC.

Filing Election Financing Reports



ELECTIONS BC PREPARES TO SEND OUT ELECTION FINANCING DISCLOSURE REPORT GUIDE PACKAGES.

An election financing report must be filed for every candidate. All registered political parties and registered constituency associations that were represented by a candidate must also file election financing reports.

The reports must be submitted on the forms provided by Elections BC. All candidates, constituency associations and political parties should have received the required reporting forms and completion guides in the mail. If you did not receive this information, or require additional forms, the required forms and guides are available on our website (www.elections.bc.ca).

All election financing reports must be received by our office by 4:30 p.m. on Monday, August 10, 2009. A postmark is not acceptable. There are serious consequences for failing to file an election financing report, so it's important to file your report on time.

There are many different options available for filing your report:

- Drop the report off at our Victoria office.
- Deliver, mail or courier the report to our office. Be sure to send it in time to ensure delivery before the deadline.
- Email or fax the report to our office.
- Deliver the report to any Service BC Government Agent's office.

Income Tax Receipts

As a reminder, Elections BC does not provide blank income tax receipts for candidates, constituency associations or political parties. All receipts must meet the requirements of the *Income Tax Act* and Regulations, otherwise they will be invalid for tax credit purposes. For examples of acceptable receipts, please refer to our Guide for Financial Agents.

Candidates can only issue income tax receipts for political contributions of money received after they received their certificate of candidacy and before the writ for the election was returned. Any political contributions received by candidates outside this period are not tax receiptable.

For fundraising functions, an income tax receipt can only be issued for the price of a fundraising function ticket less the per person cost of the event.

Income tax receipts can never be issued for contributions of goods or services. Income tax receipts can also not be given for political contributions resulting from a deemed interest benefit resulting from a loan given at a preferential interest rate.



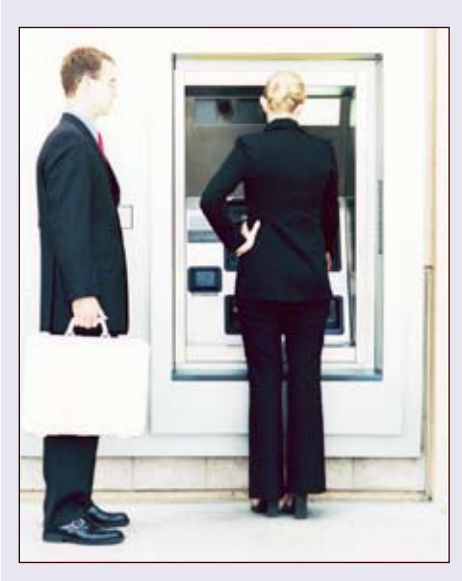
Prohibited Contributions

The following organizations are prohibited from making political contributions:

- Charitable organizations
- Unregistered political parties, constituency associations or riding associations
- A political party or electoral district association registered under the *Canada Elections Act*

If you have received any prohibited contributions, the financial agent must return the contribution or an amount equal to the value of the contribution, to the contributor or send the amount to the Chief Electoral Officer.

What are “Transfers”?



Transfers are non-reciprocal exchanges of money, goods or services between a registered political party, its registered constituency associations, candidates and any leadership contestants, or between candidates and/or constituency associations within the same party.

Section 180(6) of the *Election Act* specifically excludes transfers from the definition of political contributions. For example, if a registered political party gives money, goods or services to any of its registered constituency associations, candidates or leadership contestants (without receiving any compensation), that transaction is a transfer, not a political contribution.

Another example is a registered political party providing their candidates with campaign supplies such as signs, brochures or buttons. If the candidate doesn't pay the party for the supplies, they are a transfer given by the party and a transfer received by the candidate.

But if the goods were sold to the campaign, the transaction is reciprocal and should not be reported as a transfer. Instead, record and report it in the same way as any other expense and income transaction.

Transfers of goods and services should be recorded at fair market value.

Transactions occurring within the same registered entity are not transfers and do not need to be reported to Elections BC. For example, the movement of funds from one party bank account to another bank account held by the same registered political party.

When Elections BC reviews your financial report, one of our steps is to ensure all the reported transfers reconcile and that both sides (given and received) are reported. If a transfer doesn't reconcile, we will contact you to obtain clarification and may need to amend your financial report.

Contact Elections BC

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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: electionsbc@elections.bc.ca

Website: www.elections.bc.ca



Election Financing Reports and Annual Financial Reports

Please remember that all transactions reported in the constituency association and political party election financing reports must also be reported in the annual financial reports. The 2009 annual financial reports are due March 31, 2010.

