

Election Finance Guide

Contributions

What is a contribution?

A contribution is a donation of money, property, services (including advertising) and goods held in inventory to be used during the campaign period. This does not include the use of a vehicle that is provided free of charge, if it is owned by an individual and is not ordinarily used for business or commercial purposes.

The value of a non-monetary contribution is based on its fair market value (how much the goods or services would be worth if they were bought/sold).

Contributions do not include volunteer labour or goods produced by volunteer labour; however, the value of any goods or services provided by a person who normally charges for those goods or services is considered a contribution.

Sections 238 through 249 of the Act provide specific direction on contributions

Types of Contributions

Monetary

- cash donations from individuals or organizations

Non-monetary

- donation of goods
- use of a property (such as office space)
- donation of services
- goods held in inventory
- profits from the sale of tickets to a campaign event

Receiving Contributions

Who can make a contribution

Only residents of the Northwest Territories are eligible to make contributions to a campaign. This includes:

- individuals who are currently resident in the NWT
- a corporation that has an office or conducts business in the NWT
- an association or organization that operates in the NWT

Who can receive contributions

Contributions can only be received by the Official Agent, or a person who has been authorized in writing by the Official Agent to accept contributions.

When contributions can be accepted

Contributions can only be accepted once the campaign period begins. The campaign period begins as soon as a nomination contestant's nomination paper is accepted by an authorized election officer, and ends on polling day.

No contributions may be accepted during the pre-election period.

The Official Agent of any Candidate who runs a campaign deficit may continue to collect contributions for up to 60 days after polling day in order to reduce that deficit. This must not delay the submission of the Candidate's Financial Report.

Limits and restrictions

The maximum total amount that any eligible individual, corporation, association, or organization can contribute to a Candidate's campaign is \$1,500.

The only exception to the \$1,500 limit is for the value of non-monetary contributions of transportation services or the use of office premises.

Any non-eligible contributions that have been accepted must be returned to the contributor as soon as possible.

If an Official Agent receives a contribution that exceeds the limit, they must either:

- return the amount to the donor that exceeds the limit as soon as possible, or
- provide the amount that exceeds the limit to the Chief Electoral Officer if the donor cannot be identified

Recording Contributions

Campaign contributions are recorded in Section Four of the **Candidate's Financial Report** (form 2120).

Monetary Contributions

For monetary contributions exceeding \$100, the Official Agent must record the full name and address of each contributor. Monetary contributions must be recorded in Section Four – Part 1 of the Candidate's Financial Report.

If a Candidate uses their own funds to promote their candidacy during an election period, and is not reimbursed by their Official Agent from contributions received, that amount is considered a contribution and must be recorded.

All contributions, for which an official receipt is issued, regardless of the amount, must be recorded with the full name and address of each contributor and tax receipt number.

Anonymous Contributions

Recording anonymous contributions:

List each individual contribution in the main table Section Four - Part 1 or 2 (whichever Part is applicable) of the Candidate's Financial Report, entering "Anonymous" in the "From" column and leaving the address and official receipt columns blank. The total amount of Anonymous contributions may not exceed \$1,500 in total.

Monetary Contributions Received After the Campaign Period

Contributions received to reduce a campaign deficit during the 60 day period after polling day must be recorded in Section Four – Part 2 of the Candidate’s Financial Report.

Non-Monetary Contributions

Non-monetary contributions must be recorded at their fair market value. This is the amount that donated goods or services would be the amount a knowledgeable willing seller and would pay in an unrestricted market. Non-monetary contributions must be recorded in Section Four – Part 3 and as an expense in Section Five – Part 2 of the Candidate’s Financial Report.

Official Receipt Books

A **Monetary Contributions Official Receipt** book (form 2110) is available from the Returning Officer once a nomination contestant’s Nomination Paper is accepted and they are officially declared a Candidate. Monetary Contributions Official Receipt books will only be given to Candidates and Official Agents.

There is no limit to the number of receipt books a Candidate or Official Agent can obtain from the Returning Officer; however, all receipt books must be returned and reconciled with the Candidate’s Financial Report (receipts are recorded in Section Seven).

Issuing Receipts

Only an Official Agent can issue an official receipt. An Official Agent CANNOT authorize any other person, including a Candidate, to issue official receipts.

There are three copies of each receipt. The contributor receives the white copy, the Official Agent retains the yellow copy, and the pink copy remains in the book.

Eligible Contributions

Only monetary contributions to a campaign are eligible for an official receipt up to a maximum value of \$1,500. There is no minimum contribution required for issuing an official receipt.

Anonymous contributions and non-monetary contributions are NOT eligible for official receipts.

If a Candidate uses their own funds to promote their candidacy during an election period and is not reimbursed from contributions, the Candidate may receive an official receipt for a maximum of \$1,500.

Recording Receipts

If an official receipt is issued for a contribution, the receipt number must be recorded in the appropriate Section Four - Part 1 or Part 2 table of the Candidate’s Financial Report and reconciled in Section Seven.

Returning Unused Receipts

All Monetary Contributions Official Receipt books received from the Returning Officer, or a designated election officer, must be returned to the OCEO with the Candidate’s Financial Report.

Fundraising

Types of Fundraising Activities

A Candidate can raise funds for their campaign by holding an event specifically to collect contributions. Such events may include meetings, dances, dinners, or other functions.

There are two ways to collect contributions through fundraising activities:

1. Selling tickets to an event, and
2. Receiving donations at an event.

Contributions from ticket sales

The amount raised through selling tickets is determined by the cost of the ticket minus the fair market value of that which the ticket entitles the bearer to obtain. For example, if 50 individuals purchase a ticket for \$100 and receive goods and/or services with a fair market value of \$60 per person the amount raised would equal \$2,000. That is, $(\$100 - \$60) \times 50 \text{ people} = \$2,000$

Contributions from donations

Individuals attending a fundraising activity may make a monetary contribution during the event. The rules that apply to receiving and recording monetary contributions are also applicable to contributions received at fundraising events.

It is important to remember that anonymous contributions collected at a fundraising event count toward the \$1,500 limit for anonymous contributions during a campaign.

Restrictions on fundraising

It is illegal to raise funds or collect contributions through:

- a lottery or raffle
- a game of chance (gambling)
- the sale of alcohol

Recording Fundraising Contributions

In order to report the contributions received at a function for which tickets are sold, the Official Agent is required to record the following information in Section Four – Part 4 of the Candidate's Financial Report:

- Price of each ticket
- Number of tickets sold
- Gross revenue of ticket sales
- Gross expense (Fair Market Value) of the function

Any monetary contributions collected at a fundraising event (that is, funds collected that are not part of ticket sales) must be recorded in Section Four – Part 1 of the Candidate's Financial Report.

The total amount of monetary contributions received at a fundraising event for which official receipts were issued, as well as the number of official receipts issued, must be recorded in Section Four – Part 4 of the Candidate's Financial Report.

See page 3 for information on recording anonymous contributions. Anonymous contributions received at a fundraising event must also be recorded as a consolidated amount in Section Four – Part 4 of the Candidate’s Financial Report.

Sections 243 and 247 of the Act explain how to receive and record contributions received through fundraising events

Expenses

Eligible Expenses

Election expenses refer to any amount paid, liability incurred, or the fair market value of any non-monetary contribution accepted to promote or oppose a Candidate’s campaign.

All property or services used to promote or oppose the election of a Candidate during the campaign period must be reported as an election expense.

Why do non-monetary contributions also count as election expenses?

Contributions are used to pay for campaign expenses. Contributions and expenses must cancel each other out when the Candidate’s Financial Report is completed.

To understand non-monetary contributions as expenses, compare the contribution to a gift card: the donor contributes the value of goods or services “in-kind” and the campaign then “spends” that in-kind value on the goods or services provided.

Expenses vary depending on how a Candidate chooses to run their campaign. For example, a Candidate running in a multi-community electoral district may incur travel and accommodation expenses while a Candidate in a single-community district may not.

Acceptable election expenses may include, but are not limited to:

Office Expenses

- postage
- office supplies
- rent
- staff
- utilities

Goods & Services

- advertising
- catering
- childcare
- graphic design
- signage

Travel

- accommodation
- fuel
- meals
- plane tickets
- vehicle rental

Contact the Finance Officer at Elections NWT if you have any questions about what qualifies as an eligible election expense.

Limits and Restrictions

Spending limit

The maximum amount that can be spent on a single election campaign is \$30,000.

This amount includes any money spent before, during, and after the campaign period. The value of non-monetary contributions is also included in this amount.

Volunteer labour, and goods produced by volunteer labour, are not included when calculating the \$30,000 maximum, unless the volunteer usually charges a fee for the services they are providing.

When you can incur expenses

Prospective Candidates may incur expenses before their nomination paper has been accepted however, if this amount is not reimbursed by the Official Agent from contributions received to promote the candidate's election the amount must be recorded as an expense in Section Five – Part 1 and as a Non-monetary Contribution in Section Four – Part 3 of the candidate's Financial Report.

Remember: a person may not promote themselves as a Candidate or collect contributions during the pre-election period (that is, before their nomination paper has been accepted).

Expenditures made by a prospective Candidate in the pre-election period can be reimbursed by their Official Agent once their nomination paper has been accepted and only if they provide receipts.

Expenses incurred during the pre-election period count toward the \$30,000 maximum spending limit.

Authorizing and Paying Expenses

All expenses must be paid from contributions received during the campaign period.

Candidates may contribute their own funds to cover any expenses that exceed the amount of contributions received. These funds must be recorded in Section Four – Part 1 of the Candidate's Financial Report. All expenses must stay within the \$30,000 limit.

Official Agents

Only the Official Agent may incur election expenses during the campaign period.

An Official Agent may provide another person written authorization to incur minor expenses such as stationary, postage, or other petty expenses. In their written authorization, the Official Agent must set out the maximum amount that person is authorized to spend.

Candidates

During the campaign period, a Candidate may pay for petty expenses or for travel and accommodation costs and be reimbursed by their Official Agent for these expenses.

A Candidate must provide their Official Agent with receipts or proof of payment in order to be reimbursed for any election-related expense. Any reimbursement must come from contributions received.

Recording Expenses

It is important to keep records of all election expenses as these must be reported in Section Five of the Candidate's Financial Report.

Any payment for election expenses that exceeds \$50.00 must be supported by a receipt or invoice.

If an individual who provides goods or services does not normally issue receipts, then the Official Agent must prepare a document and have that individual sign it to confirm they received payment.

The document should include:

- the date of the transaction
- the name of the provider
- a list of goods and/or services provided
- the amount paid to the provider

Sections 250 through 255 of the Act provide detailed information on election expenses

Financial Reporting

The Candidate's Financial Report

An election campaign does not end when the results are announced at the end of polling day.

The submission of a complete and accurate Candidate's Financial Report marks the official end of every Candidate's campaign.

Completing the Candidate's Financial Report is one of the key responsibilities of the Official Agent. This report is required by law and is to be submitted to the Chief Electoral Officer **within 60 days of polling day**.

The *Elections and Plebiscites Act* requires that proper records of all election financial transactions be maintained. The Official Agent must record and report all monetary and non-monetary contributions, and all election expenses.

Once submitted, the Candidate's Financial Report becomes a public document.

The \$200 nomination deposit will be returned to Candidates whose Official Agents have filed a complete and accurate Candidate's Financial Report within the 60-day deadline.

Surpluses and Deficits

Some Candidates will find themselves with extra funds at the end of their campaign while others may not have enough to pay the balance of their election expenses.

Election surpluses

Within 60 days after polling day, any contributions that were received but not spent on the campaign must be:

- given to a charitable organization of the Candidate's choosing; or
- given to the Chief Electoral Officer to be deposited into the GNWT's Consolidated Revenue Fund

Candidates must report any surplus funds and indicate their chosen option for disposal of these funds in Section Six of the Candidate's Financial Report.

A candidate who gives surplus contributions to a charitable organization may not gain any benefit under the *Income Tax Act*.

Election deficits

Election campaigns sometimes cost more than anticipated. Candidates have two options for reducing a campaign deficit:

1. Official Agents may continue to collect contributions for 60 days after polling day.
2. Candidates can contribute their own funds to pay the balance of the expenses.

It is important to remember that Candidate's Financial Reports are due within 60 days of polling day, so it is best to plan ahead to avoid having to raise contributions within this period.

If the Official Agent is unable to collect enough contributions to eliminate the deficit, funds must be provided by the Candidate to cover any unpaid expenses. This information must be reported in Section Six of the Candidate's Financial Report.

Paying Bills

Candidates and Official Agents are responsible for paying election expenses in full.

Elections NWT **does not** provide funding to cover any campaign deficits or outstanding debts incurred by a Candidate or Official Agent.

Deadlines and Extensions

Occasionally, an Official Agent may have difficulty procuring the required supporting documentation for the Candidate's Financial Report within the 60 day limit.

If an Official Agent is unable to obtain supporting documentation within the time limit, or the documentation arrives too late to complete the Report on time, the Official Agent for a Candidate that was not elected may apply to have the deadline extended for an additional 60 days. **Extensions are not guaranteed.**

The Official Agent for a Candidate who has been elected to the Legislative Assembly is eligible to apply to the Chief Electoral Officer for a 15 day extension. If more time is required, elected members must apply to a judge of the Supreme Court for an authorized excuse for late filing. **Extensions are not guaranteed.**

An application for any type of extension must be made to the Chief Electoral Officer before the expiry of the original 60 day deadline. Extensions are considered on a case-by-case basis.

Failure to Report

If a **complete and accurate** Candidate's Financial Report is not received by the Chief Electoral Officer within 60 days of polling day, and an extension is not granted, the Candidate will receive notice of a \$500 penalty payable to the Chief Electoral Officer within 30 days of receiving the notice. An additional \$50 per day (up to a maximum of \$1000) will also be applied for each day the Report is overdue.

Failure to submit a **Candidate's Financial Report** is a **major election offence**, which can incur penalties of up to \$5,000, imprisonment of up to one year, or both.

Official Agents are encouraged to submit the Candidate's Financial Report in advance of the 60 day deadline to allow time for any errors or omissions to be addressed.

Elected Candidates

Successful Candidates (those certified by a Returning Officer as duly elected) must submit their **Candidate's Financial Report** in order to sit as a member of the Legislative Assembly.

An elected Candidate cannot sit or vote as a member of the Legislative Assembly if their Candidate's Financial Report and supporting documentation are:

- not delivered to the Chief Electoral Officer within 60 days after polling day (unless an extension has been granted), or
- delivered to the Chief Electoral Officer but are inaccurate and/or incomplete.

Additional Information:

If you have further questions or require additional assistance, you can contact the Finance Officer at Elections NWT by phone or email:

Phone: 867.767-9100 Toll Free: 1-844-767-9100

Email: finance@electionsnwt.ca