

**Election Finances
CFO Handbook for Leadership
Contestants**

2025

Note: This handbook is effective until December 31st, 2025.

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Disclaimer

This handbook provides guidance from Elections Ontario about how to comply with the *Election Finances Act*. To the extent that any conflict exists between this handbook and the *Election Finances Act*, the *Election Finances Act* prevails.

The most recently published handbook and forms for Leadership Contestants can be found online, by clicking this [link](#) or by scanning the quick response (QR) code below using the camera on a smartphone.



Further information

Elections Ontario’s staff is always available to provide assistance. Please contact the Compliance Division at:

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Online resources provided by Elections Ontario

The Elections Ontario website features tools that our stakeholders can use to view information on financial returns, contributions and filing data. The webpages feature information related to the following topics:

- Registered political parties, reserved party names, and third party advertiser information;
- CFO handbooks and forms;
- Financial returns and contributions;
- Graphics and charts utilities;

- A bulk download utility for contributions;
- Searchable database of political financing and party information;
- Eligible and paid quarterly allowances to political parties and constituency associations;
- Nomination and leadership contests and contestants; and
- Information for candidates.

The “[Graphics and Charts](#)” section provides stakeholders with utilities to represent the contribution data using a graphical interface. Political entities can use this to view contribution information from past events, and totals per year and per event by party and electoral district.

More information can be found on our [website](#).

Political Entity Portal (PEP)

The [Political Entity Portal \(PEP\)](#) is an optional online filing tool that political entities can use to file their financial statements. All active key stakeholders who are affiliated to a registered political entity have access to the portal pending a brief sign-up activity.

Some of its key features include:

- Ability to complete financial statements – from data entry, to audit and submission – all online;
- Access to historically filed financial returns and download capabilities;
- Update your personal contact information; and
- Attachments, comments, and return PDF.

Contact us at eFiling@elections.on.ca for more information on PEP.

Table of Contents

- Introduction..... 11**
- Definitions.....12**
 - Leadership Contestant 12
 - Leadership Contest Period 12
- Pre-Registration Activity.....13**
 - Holding a leadership contest 13
 - Financial activity prior to registration 13
 - Requirement to register 14
- Roles and Responsibilities15**
 - Chief Financial Officer (CFO) 15
 - Selecting and appointing a CFO..... 15
 - Responsibilities of the CFO for a registered leadership contestant of a party with an Elections Ontario-approved electronic database 15
 - Responsibilities of the CFO for a registered leadership contestant of a party without an Elections Ontario-approved electronic database 16
 - Auditor 17
 - Selecting and appointing an auditor 17
 - Responsibilities of the auditor 18
- Registration 19**
 - Contents of application and filing methods..... 19
 - Application form 19
 - Endorsement by political party 19
 - Application filing methods 19
 - Effective date of registration 20
 - Bank Account - name of account 20
 - Change in registration information..... 20
 - Written notice of changes 20
 - Change in CFO 21

Responsibility for notification.....	21
Withdrawal from contest.....	21
Contributions	22
Eligible contributions	22
Literature and communication used to solicit contributions	23
Sources of contributions.....	23
Eligible contributors	23
Contributions from trade unions, corporations, unincorporated associations, affiliated political organization and organizations are prohibited	23
Source of contributor’s funds.....	23
Ineligible contributions.....	24
Ineligible contributors.....	24
Anonymous contributions.....	24
Conditional contributions	24
Contribution limits.....	25
2025 Contribution Limits to Leadership Contestants	26
Forms of contributions.....	27
Monetary contributions	27
Non-monetary contributions.....	27
Cryptocurrency	27
Goods and services	28
Value of goods and services.....	29
Goods and services provided for less than fair market value	29
Payment of suppliers	29
Supporting documentation for goods and services.....	29
Administering contributions.....	29
Accepting contributions	30
Deposit of contributions	30
Persons authorized to accept contributions	30

Use of an Elections Ontario-approved electronic database for recording contributions and issuing tax receipts	31
Receipting of contributions	31
Return of contributions	31
Reporting of contributions	32
Public disclosure	32
Reporting on financial statements	32
Real-time disclosure of contributions.....	32
Real-Time disclosure escalation process.....	34
The requirements of the Election Finances Act.....	34
The Escalation Process	35
The Escalation Process in relation to Late Disclosure	35
The Escalation Process in relation to Unexplained Inaccurate Disclosure	36
Tax Receipts	37
Use of an Elections Ontario-approved electronic database for recording contributions and issuing tax receipts	37
Obtaining tax receipts	37
Issuing tax receipts	38
Who can issue tax receipts?.....	38
When to issue tax receipts?.....	38
Information on tax receipts	38
Cancellation of tax receipts	39
Process for lost contributor’s copy of tax receipts.....	39
Reporting and submitting tax receipts	39
Keeping tax receipts	40
Returning tax receipts	40
Tax Credits for Individuals	40
Elections Ontario-approved Electronic Database	42
Recording of contributions.....	42
Issuing tax receipts	43

Contribution reporting from the political party	43
Non-Contribution Income	44
Fund-raising events	44
Goods and services supplied	44
Voluntary labour	44
Transfers.....	45
Transfers between a political party and its leadership contestants	45
Prohibited transfers	45
Recording of transfers	45
Interest income.....	45
Other income.....	46
Political Events	47
Fund-raising events	47
What is not a fund-raising event?	47
Promoting a fund-raising event	47
Sale of tickets to events.....	47
Determining the contribution and fund-raising income portions of a ticket price	48
Sale of advertising space.....	49
Social events.....	49
Other activities	49
Auctions.....	49
Lotteries and games of chance	50
Loan and Guarantees	51
Borrowing source	51
Financial institutions and market rate	51
Timing of borrowing.....	52
Guarantees and collateral security	52
Loans as contributions	52

Time limit – loans and guarantees	53
Reporting of loans.....	53
Contest Period Expenses	54
Public Funding of Expenses	55
Audit subsidy.....	55
When is an audit required?	55
Financial Statements.....	57
When is an audit required?.....	57
Content and filing date.....	58
Deficit in a leadership contestant’s account.....	59
Surplus in a leadership contestant’s account.....	60
Financial statements format.....	60
Accounting methods to be followed.....	60
Communication with the auditor (if applicable)	61
Delivery of financial statements	61
Retention of records.....	61
Failure to file financial statements.....	62
Administrative Penalties	63
Applicable Administrative Penalties	63

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Introduction

This handbook describes the responsibilities of a leadership contestant and their chief financial officer (CFO) under the *Election Finances Act* (the Act), as well as the administrative penalties that may apply for failure to comply with the Act.

Definitions

This section explains the definition of a leadership contestant and the leadership contest period.

Leadership Contestant

This is a person seeking election as leader of a registered party at a leadership contest called by that party. [Act reference 1(1)]

Leadership Contest Period

The leadership contest period begins on the date of the official call for a leadership contest as set forth in the statement filed by a registered party under subsection 14(2) of the Act and terminating 14 months after the date of the leadership vote. [Act reference 1(1)]

Leadership Vote

The date on which polling takes place to elect a leader of a registered party at a leadership contest. [Act reference 1(1)]

Pre-Registration Activity

This section explains the requirements regarding holding a leadership contest and the activities prohibited prior to a leadership contestant registering under the *Election Finances Act*.

Holding a leadership contest

The Chief Electoral Officer (CEO) defines a leadership contest to be any procedure by which a registered political party elects a leader.

A registered political party that proposes to hold a leadership contest must file with Elections Ontario a statement setting out the date of the official call of the leadership contest and the date fixed for the leadership vote. [Act reference 14(2)]

If a party charges a fee to become a contestant, the payment of that fee is not treated as a contribution to the party. However, the rules governing contributions apply when a registered contestant is collecting funds to pay such fees. Internal party contest rules and fees are not regulated by Elections Ontario.

Financial activity prior to registration

Prior to the date of registration, the financial activity of a person exploring the feasibility of becoming a leadership contestant is not regulated.

- Prior to registration, monies raised for registration fees and deposits are not considered to be contributions to a potential leadership contestant. Therefore, a prospective leadership contestant may raise or use personal monies for the administrative costs of fees and deposits to the registered political party.
- When the feasibility of entering a contest is no longer being explored, an individual seeking election as the leader of a party must register with Elections Ontario prior to accepting contributions and incurring expenses. A person is deemed to be seeking election as leader of a registered party as soon as the person incurs expenses for goods or services in relation to a leadership contest or accepts contributions in relation to a leadership contest.

The financial activity of a registered leadership contestant is regulated from the date of registration and the rules governing contributions apply.

Requirement to register

When the post of leader of a registered party has become vacant, a person who is seeking election as leader of the registered party is required to register even if the party has not officially called the contest.

A person is deemed to be seeking election as leader of a registered party as soon as the person incurs expenses for goods or services in relation to a leadership contest or accepts contributions in relation to a leadership contest.

Roles and Responsibilities

This section explains the roles and responsibilities of a chief financial officer and an auditor for a leadership contestant.

Chief Financial Officer (CFO)

A chief financial officer (CFO) is a person appointed by a leadership contestant's campaign to record, report and keep financial information in accordance with the *Election Finances Act*. All leadership contestants' campaigns must appoint a CFO before registration.

If the appointment ends for any reason, a new CFO must be appointed immediately and Elections Ontario informed in writing immediately. [Act references 33(2) and 33(3)]

Selecting and appointing a CFO

The obligations of a CFO are significant. Because of the skills required, it is recommended that the CFO have knowledge of accounting or bookkeeping.

A CFO cannot be the auditor of their own leadership contestant.

Submit the Leadership Contestant Registration and Change Notice Form (LC-1) to Elections Ontario when appointing a CFO.

Responsibilities of the CFO for a registered leadership contestant of a party with an Elections Ontario-approved electronic database

The CFO is legally responsible for:

- certifying any changes in registration information reported to Elections Ontario;
- ensuring that all contributions received by the contestant are recorded in the party's electronic database;
- keeping proper financial records of all income and expenditures, including deposit slips, invoices, etc.;
- ensuring that only eligible contributions are accepted, and corrective action is taken where ineligible contributions have been accepted;
- depositing all funds received in the financial institution on record with Elections Ontario;
- recording contributions consisting of goods and services at fair market value;

Elections Ontario – CFO Handbook for Leadership Contestants Roles and Responsibilities

- keeping a list of all contributions received, including name and address of contributors, and submitting the list to Elections Ontario with the financial statements;
- reporting, within 15 business days to Elections Ontario, deposited contributions totaling more than \$200 from a single source;
- processing all payments on time;
- filing the first and second leadership contest period financial statements with Elections Ontario by the deadline dates;
- ensuring that funds are borrowed only from eligible sources;
- keeping all financial records for a minimum of six years as recommended by the Canada Revenue Agency (CRA); and
- transferring all financial records to the incoming CFO when leaving the position.

Responsibilities of the CFO for a registered leadership contestant of a party without an Elections Ontario-approved electronic database

The CFO is legally responsible for:

- certifying any changes in registration information reported to Elections Ontario;
- keeping proper financial records of all income and expenditures, including deposit slips, invoices, etc.;
- ensuring that only eligible contributions are accepted, and corrective action is taken where ineligible contributions have been accepted;
- depositing all funds received in the financial institution on record with Elections Ontario;
- recording contributions consisting of goods and services at fair market value;
- keeping a list of all contributions received, including name and address of contributors, and submitting the list to Elections Ontario with the financial statements;
- issuing tax receipts for the purpose of acknowledging contributions after they have been accepted;

Elections Ontario – CFO Handbook for Leadership Contestants Roles and Responsibilities

- keeping all required copies of issued, cancelled, and unused tax receipts and cancellation notices;
- reporting, within 15 business days to Elections Ontario, deposited contributions totaling more than \$200 from a single source;
- filing the first and second leadership contest period financial statements with Elections Ontario by the deadline dates;
- processing all payments on time;
- ensuring that funds are borrowed only from eligible sources;
- keeping all financial records for a minimum of six years as recommended by the Canada Revenue Agency (CRA); and
- transferring all financial records to the incoming CFO when leaving the position.

Auditor

A registered leadership contestant is required to appoint an auditor within 30 days of receiving at least \$10,000 in contributions or incurring expenses of at least \$10,000, with respect to a leadership contest. [Act reference 40(1)]

An auditor is appointed by a leadership contestant’s campaign to provide an opinion on whether financial statements fairly present the information contained in the financial records.

Selecting and appointing an auditor

To audit a registered leadership contestant’s financial statements, an auditor must be a person or firm whose partners residing in Ontario are licensed under the *Public Accounting Act, 2004*. [Act reference 40(1.1)]

An auditor for a leadership contestant cannot be:

- a returning officer or deputy returning officer;
- an election clerk;
- a candidate or leadership contestant;
- a CFO of a registered party, candidate, or leadership contestant.

The partners or the firm with which such a person is associated are not ineligible to act as an auditor for a leadership contestant.

Elections Ontario – CFO Handbook for Leadership Contestants Roles and Responsibilities

The appointment of an auditor must be communicated in writing by submitting either the Appointment of Auditor and Change Notice Form (AUD-1), or the Leadership Contestant Registration and Change Notice Form (LC-1) to Elections Ontario.

Responsibilities of the auditor

The auditor must:

- meet with the CFO of the registered leadership contestant to discuss the audit process well before the filing date to determine cut-off and closing procedures and to agree on a date when the auditor will be given access to all records, documents, books, accounts and vouchers of the leadership contestant's campaign that may be necessary to issue the auditor's report;
- provide an opinion on all financial statements of the registered leadership contestant;
- provide an opinion on all supporting schedules of the financial statements of the registered leadership contestant;
- provide to the registered leadership contestant's campaign the auditor's invoice for the work performed. The CFO must file the invoice with the audited financial statements to Elections Ontario; and
- collect payment from the registered leadership contestant's campaign for the work performed, less any audit subsidy received directly from Elections Ontario.

Registration

This section explains the process and forms to register a leadership contestant, and update changes in registration information.

A leadership contestant must register with Elections Ontario in order to receive contributions and finance political activities in a contest period. The registration is required even if the registered party has not filed a statement with Elections Ontario setting out the date of the official call of the leadership contest and the date fixed for the leadership vote.

A person is deemed to be seeking election as leader of a registered party as soon as the person incurs expenses for goods and services, or accepts contributions in relation to the leadership contest. [Act references 14(2.1) and 14(2.2)]. A leadership contestant must appoint a CFO before registering with Elections Ontario.

Refer to the Roles and Responsibilities section (previously) which explains their duties.

Contents of application and filing methods

The following text explains completing and submitting a leadership contestant registration form.

Application form

The registration requirements are listed within the Leadership Contestant Registration and Change Notice Form (LC-1) and the Form Completion Guide. The Form LC-1 must be submitted at the time of application for registration. [Act reference 14(3)]

Endorsement by political party

The registered political party holding the leadership contest must certify the contestant's eligibility as part of the application for registration by signing the Leadership Contestant Registration and Change Notice Form (LC-1). [Act reference 14(3)]

Application filing methods

The completed and signed Leadership Contestant Registration and Change Notice Form (LC-1) can be sent to Elections Ontario by any delivery method so long as the application is complete. Examples of accepted delivery methods include mail, fax, email, or hand delivery.

Effective date of registration

Elections Ontario will register the leadership contestant upon approval of the registration application, providing the registration form is complete and signed. [Act reference 14(5)]

Elections Ontario will send written confirmation of registration to the leadership contestant and the political party holding the contest. Elections Ontario will provide training materials and other information for the operations of the registered leadership contestant's campaign.

Bank Account – name of account

The *Election Finances Act* does not specify the exact wording for the name of a bank account for an entity. Each registered entity must open a bank account to be used for all financial activity of the entity.

We recommend that the name on the account should be clearly identified as an account for that entity.

The Act does not specify the type of account that must be opened, but typically, it would be similar to an account for a non-profit organization.

Consult with your financial institution regarding their requirements for opening an account.

Change in registration information

The following text explains how to affect changes in registration information.

Written notice of changes

Whenever there is any change of registration information, a registered leadership contestant's campaign must provide written notice of the change to Elections Ontario immediately by filing a revised Leadership Contestant Registration and Change Notice Form (LC-1). The revised form must be signed by the CFO and leadership contestant.

A change in registration information includes a change to:

- the full name and address of the registered leadership contestant;
- the CFO of a registered leadership contestant;
- the auditor (if applicable) of a registered leadership contestant;
- the persons authorized by a registered leadership contestant to accept contributions;

Elections Ontario – CFO Handbook for Leadership Contestants Registration

- the address of the place or places in Ontario where records of a registered leadership contestant are kept and of the place in Ontario to which communications may be addressed;
- the name and address of every financial institution at which a bank account is held by a registered leadership contestant for holding contributions; and
- the signing officers responsible for each bank account.

[Act reference 14(3)]

Change in CFO

When there is a change in CFO, the registered leadership contestant's campaign must immediately appoint another CFO and file a revised Leadership Contestant Registration and Change Notice Form (LC-1) containing the name, address, and telephone number of the new CFO. [Act references 33(3)]

For a change in CFO, the revised form must be signed by the incoming CFO and leadership contestant.

In addition, where there is a change in CFO, the person accepting the appointment shall receive the financial records of the registered leadership contestant from the outgoing CFO.

If these documents are not provided, the new CFO must write to advise Elections Ontario of the steps taken to secure the documents.

Responsibility for notification

The responsibility for notifying Elections Ontario of changes in registration information lies with the registered leadership contestant. Elections Ontario will rely and act on information submitted by the leadership contestant and CFO last on record with Elections Ontario.

Withdrawal from contest

There is no facility under the *Election Finances Act* for a registered leadership contestant to withdraw from a contest. Once registered, a contestant remains so until the end of a contest period. As such, the contestant is subject to all of the requirements of the *Election Finances Act*, including contribution reporting and filing of financial statements.

Contributions

This section explains administering contributions: the sources, limits, types, and disclosure by a leadership contestant.

Contributions are money, goods, or services given to a registered leadership contestant's campaign for the purposes outlined in the *Election Finances Act*.

Contributions are one part of total income that is used in a registered leadership contestant's operations. There are restrictions as to the source and form of contributions. In addition, there are recording and reporting requirements for contributions. Contributions may only be made by individuals normally resident in Ontario using their own funds.

Contributions do not include any goods produced, or services performed, for any registered leadership contestant, by voluntary labour.

Contributions also do not include monies raised for registration fees and deposits.

In any calendar year all the goods and services contributed by a person and having an aggregate value of \$100 or less, may not be considered as a contribution, at the option of the person providing the goods or services. Refer to Section Goods and services under Non-monetary contributions.

A registered leadership contestant may make contributions, to be used for the contestant's own leadership campaign, and out of the contestant's own funds. These funds must not exceed \$50,000 in total during a leadership contest period, combined with any period during which the contestant is registered.

For the purposes of contributions, voluntary labour is defined as any service provided free of charge by a person outside their working hours, but does not include such a service provided by a person who is self-employed and the service is one that is normally charged for by that person.

Eligible contributions

Only contributions solicited for the purposes of the *Election Finances Act* will be considered to be a contribution. Contributions may only be made by individuals residing in Ontario using their own funds. [Act reference 19(1)]

For guidance on contributions received from fund-raising events, refer to the section on political events.

Literature and communication used to solicit contributions

All literature and communication used to solicit contributions by or on behalf of a registered leadership contestant's campaign must clearly identify the leadership contestant receiving the contribution.

Sources of contributions

The following text explains sources of political contributions.

Eligible contributors

Contributions may only be made to a registered leadership contestant's campaign during the leadership contest period by a person who is normally resident in Ontario, including a person serving in the armed forces, diplomatic service, or similar type of employment abroad if that person's normal home is in Ontario. [Act references 16(1) and 29(1)]

A registered leadership contestant's own funds used for their campaign are deemed to be a contribution to the campaign. A statement of expenses paid by a registered leadership contestant using their own funds must be provided to the CFO with accompanying supporting documentation within three months after the date of the leadership vote. [Act reference 14(7)]

An affiliated political organization is not permitted to contribute to a registered leadership contestant.

No leadership contestant registered under the Act shall accept a contribution made in contravention of the above.

Contributions from trade unions, corporations, unincorporated associations, affiliated political organization and organizations are prohibited

Under the Act, any trade union, corporations, unincorporated association or organization are not permitted to make a contribution to a registered leadership contestant.

Source of contributor's funds

No registered leadership contestant's campaign or person acting on its behalf may solicit or knowingly accept any contribution that is not made in the contributor's own funds. [Act reference 19(2)]

Example:

If a person purchases a ticket or multiple tickets to a fundraising event, that person must pay for the ticket(s) from their own funds and not be reimbursed for that payment. That person is deemed to be the contributor. The maximum contribution limit applies.

Ineligible contributions

The following text explains ineligible contributors, and anonymous and conditional contributions.

Ineligible contributors

No registered leadership contestant's campaign may directly or indirectly knowingly accept contributions from an ineligible contributor. [Act reference 29(1)]

Ineligible contributors to a registered leadership contestant's campaign include, but are not limited to:

- any source outside Ontario;
- registered charities;
- any person normally resident outside Ontario;
- any corporation or trade union;
- members of the House of Commons living in Ontario but representing an electoral district outside Ontario;
- federal constituency associations; and
- political parties or constituency associations from other provinces.

Anonymous contributions

A registered leadership contestant's campaign must not accept anonymous contributions.

A registered leadership contestant's campaign must return anonymous contributions to the contributor. If the contributor cannot be identified, the funds must be paid to Elections Ontario. [Act reference 17(2)]

Conditional contributions

A registered leadership contestant's campaign may accept directed contributions so long as they are for the general or specific purposes of the leadership contestant's campaign.

Examples:

- A contributor gives \$100 with the direction that it be used to place an advertisement in a newspaper; this is an acceptable contribution.
- A contributor gives funds to cover fees for meetings, seminars, workshops, or conferences that are sponsored by the leadership contestant's campaign and held in Ontario; this is an acceptable contribution.

However, a registered leadership contestant's campaign must not solicit or accept directed contributions that would contravene the *Election Finances Act*.

Examples:

- If a potential contributor instructs that funds equivalent to the contribution be ultimately transferred to a registered political party such that the contribution limit of the political party would be exceeded, this is considered a directed contribution contrary to the *Election Finances Act* and must not be accepted.
- If a potential contributor instructs that funds solicited are to be used for purposes outside of the *Election Finances Act* (for example, Save the Whales) or purposes specifically prohibited (for example, leadership contests), these are considered directed contributions contrary to the *Election Finances Act* and must not be accepted.

A registered leadership contestant's campaign must also not accept conditional contributions. A conditional contribution is where the contributor, as a condition of making the contribution, requires the recipient to give the contributor a material benefit.

Example:

A contributor cannot donate \$200 on the condition that the recipient purchase a bicycle using those funds to give to the contributor.

Contribution limits

In 2025, a person can make contributions of up to \$3,400 to each registered leadership contestant. In 2026, this will be increased to \$3,425. [Act reference 18(1.4)]

A registered leadership contestant may make contributions up to \$50,000 in total to be used during leadership contest period combined with any period during which the contestant is required to be registered under subsection

14(2.1). This contribution is to be used for the contestant’s own leadership campaign, and should be out of the leadership contestant’s own funds. [Act reference 18(5)]

2025 Contribution Limits to Leadership Contestants

Source	Period	Contribution Limit	Recipients Included in the Limit
Individual contributor using own funds	Calendar year	\$3,400	Individual leadership campaigns
Leadership contestant using own funds	Registration period	\$50,000	Limited to one’s own campaign

Examples:

- An individual contributor may contribute up to the maximum contribution limit in each calendar year that the leadership contest period extends into. For example, the ABC Party calls a leadership contest on January 2, 2025 with the date of the vote on March 11, 2025, the leadership contest period will be January 2, 2025 (the date that the contest was called) and ends May 11, 2026 (14 months after the date of the vote). The leadership contest period spans two calendar years: 2025 and 2026. Thus an individual contributor can contribute \$3,400 to a leadership contestant’s campaign in 2025 and an additional \$3,425 to that leadership contestant’s campaign in 2026.
- A leadership contestant may contribute an amount up to \$50,000 to their own campaign during their campaign’s registration period. For example, the ABC Party calls a leadership contest on January 2, 2025 with the date of the vote on March 11, 2025, the leadership contest period will be January 2, 2025 (the date that the contest was called) and ends May 11, 2026 (14 months after the date of the vote). Rahul Lee registers as a leadership contestant on February 25, 2025, therefore his registration period will be February 25, 2025 to May 11, 2026. During his registration period, Rahul can contribute \$50,000 to his own leadership campaign.

Elections Ontario – CFO Handbook for Leadership Contestants Contributions

In any calendar year all the goods and services contributed by a person and having an aggregate value of \$100 or less, may not be considered as a contribution, at the option of the person providing the goods or services.

No registered leadership contestant or person acting on its behalf may knowingly accept any contributions in excess of the limits imposed by the Act. [Act reference 28]

Forms of contributions

The following text explains the two forms of contributions: monetary and non-monetary.

Monetary contributions

A monetary contribution to a registered leadership contestant's campaign of up to \$25 may be given in cash. Any monetary contribution of more than \$25 shall not be contributed through cash. Such contributions must be made by any modern financial practice where the contributor and their account information can be confirmed. Such practices include payment by cheque, credit card, E-transfer, money order signed by the contributor, debit card, or online payment (e.g. PayPal). [Act reference 16(2)]

Crowdfunding, or crowdsourcing, through the internet for contributions is also permitted, provided that the proceeds are accompanied by information that allows the CFO to trace and track contributions from individual donors. If for any reason a CFO cannot facilitate the collection of this information for crowd-funded proceeds, then it should not accept contributions through these means. Contributions must be from eligible contributors, using their own funds, and within the contribution limits.

Where there is a processing fee, the full amount sent by a contributor is the contribution amount and the processing fee is an expense.

Non-monetary contributions

The following text explains non-monetary contributions: cryptocurrency and goods and services.

Cryptocurrency

Contributions in the form of cryptocurrencies are considered to be non-monetary contributions.

Contributions of cryptocurrency are permitted, provided that they are accompanied by information that allows the CFO to trace and track the individual donor. Contributions must be from eligible contributors, using their own funds, and within the contribution limits.

Elections Ontario – CFO Handbook for Leadership Contestants Contributions

The amount of contribution to be recorded is the commercial value of the cryptocurrency in Canadian dollars at the time that it was received, based on the actual exchange rate or the rate on a major exchange platform. The amount of the contribution should be recorded as a contribution of goods and services, with an offsetting Other Assets account on the Statement of Assets and Liabilities. Any transaction fees incurred should be recorded as an expense.

Goods and services

All goods or services provided by a supplier are considered a contribution with an offsetting expense if their total value is more than \$100. If the total value is \$100 or less, it is also considered a contribution unless the donor specifies otherwise. Goods or services not considered a contribution are recorded as other income with an offsetting expense. [Act reference 21(2)]

Whenever goods or services have been provided, whether or not considered to be a contribution for the purposes of the *Election Finances Act*, an expense in the equivalent fair market value is considered to have been incurred.

An exception, where goods and services are not considered to be a contribution, is when goods and services are produced by voluntary labour.

Examples:

- Rahul brought pizza totaling \$30 to the leadership contestant's meeting held in August 2025. Since the fair market value of the pizza is less than \$100, the CFO of Daniel, who is a leadership contestant, must ask Rahul if he would like to treat the donation of pizza as a contribution, for which Rahul would be issued a tax receipt for goods and services. Rahul does not want the pizza to be considered a contribution.

Rahul also shows up at another meeting in September 2025 with pizza totaling \$40 for which he also does not treat as a contribution.

In October 2025, Rahul purchases office supplies totaling \$40 for the leadership contestant. Rahul has now provided goods totaling \$110 for the leadership contestant. The CFO for Daniel must now inform Rahul that his donations of pizza and office supplies has exceeded the \$100 threshold and the total \$110 must now be considered a contribution of goods and services and a tax receipt for \$110 will be issued to Rahul.

- Suyin is a bookkeeper who provides bookkeeping services to Brigitte, who is a leadership contestant in 2025. The fair market value

Elections Ontario – CFO Handbook for Leadership Contestants Contributions

of her services is \$400 for the year. Since the fair market value exceeds \$100 for that year, the CFO for Brigitte must consider Suyin's bookkeeping services as a contribution of goods and services and a tax receipt for \$400 will be issued to Suyin.

Value of goods and services

The value of goods and services is considered to be the fair market value for similar goods and services at the time they are provided.

If the contributor is in the business of supplying such goods and services, fair market value is the lowest amount charged by the contributor for an equivalent amount of goods and services at the time and in the same market area.

Where the contributor is not in the business of supplying such goods and services, fair market value is the lowest amount charged at the time by any other person providing similar goods on a commercial retail basis or similar services on a commercial basis in the same market area. [Act reference 21(1)]

If the goods and services contributed has an aggregate fair market value of \$100 or less, the contributor has the option to not have it considered as a contribution.

Goods and services provided for less than fair market value

Where goods and services are provided for a price less than fair market value, including goods and services that are not paid for or where there is an agreement not to accept payment, the difference between the price and fair market value must be considered a contribution. [Act reference 21(3)]

However, the rules regarding the eligibility of contributors still applies.

Payment of suppliers

All suppliers must be paid promptly within the normal credit terms as provided by the supplier. Any delay in payment may also be considered an ineligible contribution or an ineligible loan.

Supporting documentation for goods and services

All contributions of goods and services must be supported by an invoice, statement of account, or receipt from the supplier of the goods and services.

Administering contributions

The following text explains accepting, returning, and receipting contributions.

Accepting contributions

Deposit of contributions

A leadership contestant's campaign may accept contributions only if it is registered with Elections Ontario.

Contributions will be considered accepted:

- if paid by cash, cheque, E-transfer, cryptocurrency (e.g. Bitcoin), money order, or debit card, at the time the contributions are deposited in the financial institution on record with Elections Ontario; or
- if paid by credit card, online payment (e.g. PayPal) or any other manner that associates the contributor's name and account with the payment, on the date of the transaction.

All money collected by or on behalf of a registered leadership contestant's campaign must be deposited. [Act reference 16(3)]

Contributions received in an envelope postmarked prior to the end of a reporting period, or received on the last day of a reporting period that cannot be deposited because the financial institution is closed, must be recorded as an outstanding bank account deposit on the last day of the reporting period. Each outstanding deposit must be deposited on the next available banking day.

Persons authorized to accept contributions

Only the CFO or other authorized persons noted on the Leadership Contestant Registration and Change Notice Form (LC-1) filed with Elections Ontario may accept contributions. While the *Election Finances Act* permits other authorized persons on record to accept contributions, it is the CFO's responsibility to ensure that only eligible contributions are accepted and appropriately recorded.

A registered leadership contestant must not personally accept contributions. [Act reference 32]

Any contributions collected by others, for example, by means of a door-to-door canvass, must be turned over immediately to the CFO or other persons on record with Elections Ontario, along with a list of the names and addresses of the contributors and the amounts of their individual contributions.

Use of an Elections Ontario-approved electronic database for recording contributions and issuing tax receipts

If the registered political party endorsing a registered leadership contestant is required or has chosen to use an electronic database for recording contributions and issuing tax receipts, refer to the Electronic Database section which details requirements for recording and reporting contributions for the leadership contestant. The political party will also have its own requirements for the electronic database which the leadership contestant must be aware of.

The CFO of registered leadership contestants shall not issue receipts for contributions. Instead, the CFO of the registered party is responsible for ensuring that receipts are issued to the contributor.

Receipting of contributions

All contributions accepted by a registered leadership contestant must have a receipt issued by the CFO. Refer to the Tax Receipts section for further details on receipting of contributions.

Return of contributions

A CFO may learn that a contribution has been made or accepted in contravention of any provisions of the *Election Finances Act*. These contraventions may include, but are not limited to:

- contributions from unidentifiable or anonymous sources;
- contributions from ineligible sources;
- contributions in excess of the limits provided in the *Election Finances Act*;
- cash contributions in excess of \$25;
- contributions of funds not belonging to the contributor;
- contributions of funds from a federal political party or its organizations; or
- contributions of funds from a municipal candidate's campaign.

In these cases, the CFO must return to the contributor an amount equal to the sum contributed within 30 days. [Act reference 17(1)]

Any such contribution not returned to the contributor or any anonymous contribution accepted by a registered leadership contestant must not be used for any purpose and must be paid to Elections Ontario. [Act reference 17(2)]

Since any money returned is not used for a political purpose, the contributor is not entitled to a tax receipt for the portion of the contribution returned. Therefore, any issued tax receipt must be cancelled. Refer to the Tax Receipts section for further details on cancelling tax receipts.

Reporting of contributions

The following text explains the requirement to disclose contributions with filed financial statements and through the real-time disclosure of contributions.

Public disclosure

It is recommended that contributors donating more than \$200 be notified that their names and addresses will be recorded and submitted with the financial statements, and that their names and amounts will be published by Elections Ontario on the Elections Ontario website. [Act reference 2(1)]

Reporting on financial statements

Recorded information regarding contributors and contributions during a contest period greater than \$200 must be reported as part of the contributions schedule of the leadership contest period financial statements to be filed with Elections Ontario.

In addition, a list of all contributions accepted during the leadership contest period must be reported with the financial statements.

Two sets of leadership contest period financial statements must be filed as follows:

- The first statement must be filed within six (6) months after the date of the leadership vote and includes the period from the date of the official call for the leadership contest to two months after the date of the leadership vote; and
- The second statement must be filed within twenty (20) months after the date of the leadership vote and includes the twelve-month period that begins two months after the date of the leadership vote.

[Act reference 42(4)]

Real-time disclosure of contributions

In addition to financial statement reporting, the CFO must report contributor information for any total monetary contributions that in aggregate exceed \$200 from a single source within a reporting period to Elections Ontario within 15 business days of deposit. The 15-day count does not include Saturdays, Sundays, and public holidays as defined in the *Employment*

Elections Ontario – CFO Handbook for Leadership Contestants Contributions

Standards Act. The current public holidays are New Year’s Day, Family Day, Good Friday, Victoria Day, Canada Day, Labour Day, Thanksgiving Day, Christmas Day and Boxing Day. [Act references 34.1(3) and 34.1(5)]

Example:

A contribution subject to disclosure is deposited on a Monday; the reporting of that contribution is due by the third following Monday, assuming there are no public holidays during the period.

A CFO can complete a Submission Authorization by Chief Financial Officer – Disclosure of Contributions (DC-1) which allows designates to prepare and submit the real-time disclosure files to Elections Ontario on behalf of the CFO. However, the CFO must still take full responsibility for all information submitted by a designate.

The contributor information to be disclosed in the report must include:

- political entity identifier as assigned by Elections Ontario;
- leadership contestant CFO name;
- contribution year;
- contribution period identifier;
- contributor last name;
- contributor first name;
- acceptance/deposit date;
- contribution amount;
- aggregated amount of monetary contributions by the contributor;
and
- contributor ID (only applies to parties using Elections Ontario approved electronic databases).

The disclosure report must be filed in either pipe (|) delimited text (*.txt) or comma separated values (*.csv) formats as prescribed by Elections Ontario. The file must be named as: “<Contribution Year>_RTD_<Party ID>_MMDDYYYYHHMM” [month, day, year, hour, minute].

The file should be electronically submitted to the dedicated Elections Ontario email address (eFinContributions@elections.on.ca).

Elections Ontario – CFO Handbook for Leadership Contestants Contributions

Within two (2) business days after the contribution report is filed, Elections Ontario must ensure that the report or the information it contains is published on the Elections Ontario website for public transparency. [Act reference 34.1(4)]

If a CFO is made aware that information submitted as part of the real-time disclosure reports is incorrect or represents ineligible contributions, the information can be amended by signing and submitting an Amendment Certification by Chief Financial Officer – Disclosure of Contributions Form (DC-1A) to Elections Ontario.

If a person knowingly contravenes the reporting requirements contained in subsection 34.1, this may be an offence under the *Election Finances Act*. [Act reference 46.1]

Real-Time disclosure escalation process

Elections Ontario’s publication of its regulated stakeholders’ disclosure of political contributions plays an important role in the democratic process and also in the provision of up to date and accurate information to all who have an interest in accessing it. The *Election Finances Act* places a duty on Elections Ontario to publish this information, and on regulated stakeholders to provide it in a timely manner.

On December 1, 2016, Elections Ontario introduced stricter enforcement measures to raise stakeholder compliance standards and to foster a culture of compliance. This will ensure that up to date and accurate information on political contributions to Ontario’s political parties and party leadership contestants is consistently available to all.

The requirements of the Election Finances Act

Subsection 34.1(3) of the *Election Finances Act* requires that:

“Within 15 days after the contribution is deposited in accordance with subsection 16 (3), the chief financial officer of the political party or leadership contestant shall file with the Chief Electoral Officer a report about the contribution”.*

*The aforementioned subsection 16(3) of the Act relates to the requirement that all money accepted by or on behalf of a political party, constituency association, candidate or leadership contestant registered under the Act shall be paid into the appropriate depository on record with Elections Ontario.

Section 46.1 of the Act sets out the penalties upon conviction for an infraction of subsection 34.1(3) as follows:

Elections Ontario – CFO Handbook for Leadership Contestants
Contributions

“If the chief financial officer of a party or leadership contestant registered under this Act knowingly contravenes subsection 34.1 (3),

a) the chief financial officer is guilty of an offence and on conviction is liable to a fine of not more than \$5,000; and

b) the party or leadership contestant is also guilty of an offence and on conviction is liable to a fine of not more than double the amount of the contribution with respect to which no report was filed”.

The Escalation Process

Elections Ontario accepts that chief financial officers are of varying levels of experience and that there will be occasions when it may be appropriate for minor instances of non-compliance to be dealt with less formally. For that reason, a level of tolerance has been built into our escalation process. Our process consists of a two-part framework, which covers both late filing and unexplained inaccurate filing, as detailed below.

It is important to note that all instances of non-compliance will be assessed with regards to the time delay in disclosure and also in relation to the monetary value of undisclosed contributions. It is possible that the first or second instance of non-compliance may be of sufficient gravity to cause immediate escalation to the ultimate level of the process.

The Escalation Process in relation to Late Disclosure

<p>1. First instance of non-compliance*</p>	<p>Elections Ontario will request an explanation and remind the CFO of the legal requirement to comply with the Act.</p>
<p>2. Second instance of non-compliance (in the same reporting period)*</p>	<p>Elections Ontario will issue a request for explanation, pointing out that this is the second instance of non-compliance and that subsequent infractions may result in consideration for reporting the matter to the Ministry of the Attorney General as an apparent contravention.</p>
<p>3. Third instance of non-compliance (in the same reporting period)*</p>	<p>Elections Ontario will request a submission as to why the CFO and party or contestant should not be reported to the Ministry of the Attorney General for an apparent contravention of the Act. Any submission subsequently provided and details of the previous instances of non-compliance will be considered by Elections Ontario.</p>

Elections Ontario – CFO Handbook for Leadership Contestants Contributions

* All instances of non-compliance will be assessed with regards to the time delay in disclosure and also in relation to the monetary value of undisclosed contributions, and consideration for reporting to the Ministry of the Attorney General may take place at any stage.

The Escalation Process in relation to Unexplained Inaccurate Disclosure

1. Questionable disclosure identified on review of financial statements*	Elections Ontario will request a written explanation for any discrepancy with a 30-day response deadline.
2. 30 days elapse – CFO does not respond to initial letter*	A second letter will be sent, pointing out that failure to respond with an explanation may result in consideration for reporting the matter to the Ministry of the Attorney General as an apparent contravention. This letter will have a 30-day response deadline.
3. 30 days elapse – CFO does not respond to final letter*	Elections Ontario will request a submission as to why the CFO and party or contestant should not be reported to the Ministry of the Attorney General for an apparent contravention of the Act. Any submission subsequently provided and details of the previous instances of non-compliance will be considered by Elections Ontario.

* All instances of questionable disclosure will be assessed with regards to the monetary value of contributions erroneously reported, and consideration for reporting to the Ministry of the Attorney General may take place at any stage.

Tax Receipts

This section explains obtaining and processing tax receipts for contributions to a leadership contestant.

In the case of leadership contestants affiliated with political parties that are not using an Elections Ontario-approved electronic database, only tax receipt forms provided by Elections Ontario may be used for tax purposes. These must be obtained from Elections Ontario. The Elections Ontario copy of issued tax receipts, all copies of cancelled and voided tax receipts, and all original unused tax receipts must be submitted to Elections Ontario with the leadership contest reporting period financial statements (Form CR-5).

A tax receipt must be issued for every eligible contribution to a registered leadership contestant's campaign.

The CFO of a registered leadership contestant is responsible for issuing proper tax receipts for all eligible contributions.

Use of an Elections Ontario-approved electronic database for recording contributions and issuing tax receipts

If the registered political party endorsing a registered leadership contestant is required or has chosen to use an electronic database for recording contributions and issuing tax receipts, refer to the Electronic Database section which details requirements for issuing electronic tax receipts for the leadership contestant's campaign. The political party will also have its own requirements for the electronic database which the leadership contestant's campaign must be aware of.

Obtaining tax receipts

Elections Ontario will supply blank tax receipts to the CFO of a registered leadership contestant upon request. Only the CFO or authorized persons on record with Elections Ontario may request blank tax receipts.

The request must be in writing and include the following information:

- the number of receipts requested;
- the format of receipts requested (there are two different formats of receipts available):
 - handwritten three-part receipts; or
 - printable receipts (Elections Ontario does not provide any software or templates for printing receipts); and

Elections Ontario – CFO Handbook for Leadership Contestants Tax Receipts

- address and telephone number of where the receipts shall be sent (a signature is required upon delivery by courier).

Issuing tax receipts

The following text explains issuing tax receipts.

Who can issue tax receipts?

Only CFOs or persons authorized to accept contributions on record with Elections Ontario can issue and sign tax receipt forms. [Act reference 33(4)(c)]

When to issue tax receipts?

Tax receipts may be issued only once the contribution has been accepted. It is recommended that contributed funds clear the bank prior to issuing a tax receipt.

Tax receipts must be issued promptly and submitted with the leadership contest reporting period financial statements (Form CR-5).

Information on tax receipts

A sample tax receipt appears as follows, with descriptions of the fields below:

The image shows a sample tax receipt form from Elections Ontario. The form is pink and white with a large "SPECIMEN" watermark. It includes the following fields and text:

- Header:** "ELECTIONS ONTARIO" and "OFFICIAL RECEIPT / RÉCÉPISSÉ OFFICIEL".
- Amount received / Montant reçu:** A field with a dollar sign and a decimal point, currently showing "XXXXXX".
- Date accepted / Date de l'acceptation:** A table with columns for Day, Month, and Year.
- Date issued / Date de l'émission:** A table with columns for Day, Month, and Year.
- From / De:** Radio button options for "Individual / particulier", "Meritary / méritaire", and "Goods/Services/Advertising articles/services publicités".
- Full Name - Individual / Mailing address / Nom complet du particulier / Adresse postale:** A large text area for the donor's information.
- Signature of Chief Financial Officer / Signature du directeur des finances:** A line for the CFO's signature.
- Footer:** "CONTRIBUTOR'S COPY / COPIE DU DONATEUR" and "06/2017".

The following information is to be included on all tax receipts issued:

- date of acceptance of contribution (date of deposit or transaction);
- date of issuance of tax receipt (date of writing or printing receipt);
- amount of contribution (a dollar sign (\$) must appear immediately to the left of the first digit);

Elections Ontario – CFO Handbook for Leadership Contestants Tax Receipts

- form of contribution (monetary or goods and services);
- full name and address of contributor;
- name of issuing registered leadership contestant; and
- signature of CFO or authorized person.

Electronic signatures are acceptable on tax receipts. The CFO must accept full personal responsibility for all documents that have either an electronic or manual signature.

Cancellation of tax receipts

Any tax receipt issued and sent for an ineligible contribution must be cancelled after learning of its ineligibility by:

- retrieving the contributor's copy of the original receipt for cancellation; or
- issuing a cancellation notice to the contributor within 30 days to cancel the original receipt.

If the original receipt cannot be retrieved for cancellation and a cancellation notice cannot be issued, the amount of the contribution must be remitted to Elections Ontario.

Voided tax receipts include unissued receipts completed with errors, jammed in printers, or formatted incorrectly. Any voided tax receipt must not be destroyed but be kept by the registered leadership contestant's campaign to be submitted to Elections Ontario.

Process for lost contributor's copy of tax receipts

If a contributor's copy of an issued tax receipt is lost, the CFO may provide the contributor with a photocopy of the CFO's original tax receipt. The photocopy will have the words "Certified True Copy" on it and a new signature by the CFO.

Reporting and submitting tax receipts

As part of the financial statements, the CFO of a registered leadership contestant must submit the following to Elections Ontario:

- for all valid issued tax receipts, Elections Ontario's copy of the tax receipts;

Tax Receipts

- for cancelled tax receipts where the contributor’s copies were recovered, the contributor’s and Elections Ontario’s copy of the tax receipts, both marked “cancelled”;
- for cancelled tax receipts where cancellation notices were issued, Elections Ontario’s copy of the tax receipts and a copy of the tax receipt cancellation notice;
- for voided tax receipts, the contributor’s and Elections Ontario’s copy of the tax receipts; and
- a reconciliation of the change in number of tax receipts during the period, including the receipt numbers.

All copies of tax receipts and cancellation notices for submission to Elections Ontario must be submitted only with the campaign period financial statements unless requested otherwise. All unused tax receipts remaining at the end of a campaign period must also be returned to Elections Ontario with the campaign period financial statements.

Keeping tax receipts

The registered leadership contestant’s CFO is responsible to Elections Ontario for each supply of tax receipts.

Tax receipt forms are valuable documents. They are to be stored in a secure place and proper records kept by the CFO. It is strongly recommended that tax receipts be held by the CFO.

An outgoing CFO must either provide the unused supply of tax receipt forms to the incoming CFO or return the supply to Elections Ontario.

Returning tax receipts

The unused supply of tax receipt forms of a registered leadership contestant’s campaign at the end of a campaign period must be returned to Elections Ontario on filing of the campaign period financial statements.

Tax Credits for Individuals

Individuals must include a tax receipt with their tax returns in order to claim the tax credit.

The tax credit discussed in this section is only for political contributions to registered Ontario political parties, constituency associations, leadership contestants and candidates. The tax credit is separate from the tax benefits available for contributions to federal political parties or charitable organizations.

Elections Ontario - CFO Handbook for Leadership Contestants
Tax Receipts

If you need assistance, consult your tax adviser or the Canada Revenue Agency (CRA).

Elections Ontario-approved Electronic Database

This section is to assist registered leadership contestants endorsed by political parties that may be required to, or choose to, use an electronic database for recording contributions and issuing tax receipts. [Act reference 25.1(1)]

This section is only applicable to the following political parties:

- Freedom Party of Ontario
- Green Party of Ontario;
- New Blue Party of Ontario;
- New Democratic Party of Ontario;
- Ontario Liberal Party;
- Ontario Libertarian Party;
- Ontario Party; and
- Progressive Conservative Party of Ontario.

If the registered political party endorsing a registered leadership contestant is using an electronic database, the leadership contestant's campaign must also use the electronic database for recording contributions and issuing tax receipts. The only exception is where the political party has chosen to opt in early with use of the electronic database and has selected to not have its leadership contestant comply.

Recording of contributions

The CFO of a registered leadership contestant is responsible for ensuring all contributions received by the leadership contestant are recorded in the registered political party's electronic database. This may be done by:

- having direct access to the registered political party's electronic database to record the contribution; or
- sending supporting documentation of the contribution to the registered political party to allow the political party to record the contribution in the political party's electronic database.

[Act reference 25.1(4)]

If the CFO of a registered leadership contestant inputs the contribution information directly into the political party's electronic database, all

contribution information and supporting documentation must be sent regularly to the registered political party or immediately upon the registered political party's request.

Issuing tax receipts

The CFO of the registered political party is responsible for issuing tax receipts for contributions recorded in the electronic database for the political party, its constituency associations, and its leadership contestants. [Act reference 25.1(5)]

However, it is recommended that CFOs of leadership contestants using the registered political party's electronic database understand the processes and internal controls set up by the political party for the review and approval of contribution information in the electronic database before issuing tax receipts.

The CFOs of leadership contestants using an electronic database must not issue tax receipts for contributions. [Act reference 25.1(6)]

Contribution reporting from the political party

In order for CFOs of registered leadership contestants to complete the required financial statements and for audit purposes, the registered political party is required to provide contribution reporting to the CFO of a registered leadership contestant.

The CFO of a registered leadership contestant should receive contribution reporting from the political party:

- on a regular basis; or
- as requested by the CFO of the leadership contestant.

The registered political party will determine the frequency of the reporting by consulting with the leadership contestant to meet their reporting and record-keeping needs.

Based on the contribution reporting provided by the registered political party, the CFO of the leadership contestant must ensure all contributions received by the leadership contestant's campaign have been recorded in the political party's electronic database.

Non-Contribution Income

This section explains other forms of income that are not considered to be contributions.

In Ontario, other forms of income may be received by a registered leadership contestant's campaign and not considered to be a contribution. These include the non-contribution portion of proceeds from fund-raising, goods and services not considered a contribution, transfers, interest income, and other income.

Fund-raising events

Refer to the Political Events section for rules and requirements on fund-raising events.

Goods and services supplied

Goods and services provided to a registered leadership contestant's campaign must be treated as a contribution unless the total value of all goods and services provided by the supplier in a contest period is \$100 or less, and the supplier indicates that the value is not to be considered a contribution. Goods and services not considered a contribution must be recorded as other income and reported to Elections Ontario as part of the financial statements. [Act reference 21(2)]

Voluntary labour

Under the Act, "voluntary labour" is defined as any service provided free of charge by a person outside their working hours, but does not include such a service provided by a self-employed person if that service is normally charged for by that person. Any goods or services provided to any leadership contestant by voluntary labour is not considered as contribution under the Act.

Volunteer labour is work done on an individual's own time for a function for which they do not ordinarily get paid.

If the contributor is in the business of supplying such goods and services this cannot be voluntary labour and would be considered a contribution. The fair market value of the services provided must be shown as a contribution at fair market value. Fair market value is the lowest amount charged by the contributor for an equivalent amount of goods and services at the time and in the same market area.

Transfers

The following text explains allowable and prohibited transfers applicable to a leadership contestant.

Transfers between a political party and its leadership contestants

A registered leadership contestant's campaign may transfer funds, goods, or services to and from its registered political party and other registered leadership contestants' campaigns. These transactions will not be considered contributions.

Prohibited transfers

A registered leadership contestant's campaign must not directly or indirectly transfer funds to a political party, leadership or nomination contestant not registered with Elections Ontario.

A registered leadership contestant's campaign must not directly or indirectly transfer funds to or from a registered constituency association or candidate.

A registered leadership contestant's campaign must not directly or indirectly transfer or contribute funds to any federal political party, constituency association or candidate in a federal election under the *Canada Election Act*.

A registered leadership contestant's campaign must not directly or indirectly transfer or contribute funds to any candidate in a municipal election under the *Municipal Elections Act 1996*.

Recording of transfers

The registered political party or leadership contestant making the transfer must indicate to the recipient that the transaction is to be treated as a transfer. This will ensure consistent treatment for reporting to Elections Ontario as part of the financial statements.

The source and amount of funds, goods, or services transferred must be recorded by the registered leadership contestant's CFO. Where goods and services are received, the transaction in the recipient's records must reflect the fair market value of the goods and services as a transfer received with the same amount recorded as an expense.

Interest income

Interest income is any interest earned on deposits or investments. Interest income must be recorded and reported to Elections Ontario as part of the financial statements.

Other income

Other income includes income not classified elsewhere, such as recoveries, goods and services not considered contributions, and gains on disposals of investments or fixed assets.

Political Events

This section explains the two types of political events and other activities.

There are two types of political events:

- Fund-raising events
- Social events

Fund-raising events

A “fund-raising event” means an event held for the purpose of raising funds for the party, constituency association, nomination contestant, candidate or leadership contestant registered under the Act by whom or on whose behalf the event is held, and where a charge by the sale of tickets or otherwise is made for attendance. Fund-raising events include activities such as dinners, dances, sporting events, shows, etc. for which an admission charge is paid. [Act reference 23(1)]

What is not a fund-raising event?

Social events such as dinners, dances, sporting events, shows, etc. that are held on a cost-recovery basis are not considered genuine fund-raising events. Gross income and expenses from these events must be recorded and reported as social events on the financial statements.

Promoting a fund-raising event

The name of the political entity registered under the Act on whose behalf the fund-raising event is held must be clearly displayed on all materials distributed for that event. This includes any solicitation for contributions.

Sale of tickets to events

The following are recommended for organizing ticket sales:

- have pre-numbered tickets printed for the event;
- assign one person to control ticket distribution to ticket sellers and supervise the return of unused tickets and proceeds from tickets sold; and
- ensure that each ticket seller completes a list recording the ticket numbers sold and the full name and address of each ticket purchaser and method of payment.

Determining the contribution and fund-raising income portions of a ticket price

Revenue from ticket sales must be split between contributions and fund-raising income (amounts not treated as contributions) and be reported accordingly on the statement of income and expenses.

The amount considered a contribution will be the ticket price less the per-person direct costs and the remaining revenue must be considered fund-raising income. Direct costs include expenses such as meals, complimentary liquor, taxes, and tips. Costs related to distribution of invitations, advertising, decorations, room rent, and equipment are not considered direct costs.

Examples:

- A fund-raising ticket is sold for \$100 and the per-person direct cost for the activity is \$30; the contribution portion is \$70.
- The entry fee charged for a fund-raising golf tournament is \$300. The direct costs are green fees, caddy fees, golf equipment and cart rentals, food, beverages, taxes, and tips which total \$200; therefore, the contribution portion is \$100.

The CFO has the option of considering an additional amount of up to \$30 per ticket above the direct costs to not to be a contribution. The CFO may choose to do this to determine the contribution portion of a ticket before knowing the exact amount of direct costs, or to round up the amount of direct costs to a dollar increment that simplifies recording and receipting of tickets. Note that using this method will reduce the contribution amount eligible for a tax receipt. [Act reference 23(2.1)]

Example:

A ticket for a dance is sold for \$100 per person and the per-person direct costs are \$20; therefore, the CFO has the discretion in advance to set the contribution portion to be between \$50 and \$80.

If a purchaser of a ticket does not attend the fund-raising event, a contribution is still considered to have been given and a tax receipt must be issued to the purchaser for the net amount after direct costs.

Only eligible contributors may purchase tickets to a fund-raising event and the purchases may be considered to be contributions. Persons ineligible to contribute may still attend a fund-raising event by purchasing a ticket at the cost of the direct expenses but no contribution can be made.

Sale of advertising space

Any amount paid for advertising at a fund-raising event must be considered a contribution. [Act reference 23(4)]

Example:

At a golf tournament, a sponsor (a person and not a corporation or trade union) may have paid for signs on the golf course or attached to golf carts. The full amount that the sponsor pays to the political entity for the signs displayed must be considered a contribution.

Social events

Social events are activities where the purpose is not to raise funds. Such activities may include the sale of hot dogs to the community in a local park or a pizza party for members of a political entity.

Any amount charged at a social event is minimal and is just enough to cover the expenses of the activity. The gross (total) amount collected from social events must be separately recorded and reported as part of the financial statements.

Other activities

The following text explains auctions, and lotteries and games of chance in relation to a political entity.

Auctions

Auctions may be a major source of revenue, but conducting an auction requires careful control of the goods contributed or purchased for sale, and the price of the goods bought by individuals attending the auction. Only eligible contributors (individuals using their own funds) may contribute items to the auction. A list must be kept of the name and address of suppliers and purchasers of items auctioned and the description and fair market value of each item.

Goods and services donated for an auction are considered to be a contribution. If the total value of goods and services provided by a donor is \$100 or less, the donor has the option of declaring them not to be a contribution.

Any amount paid for goods or services, other than advertising services, offered for sale during an event that is more than fair market value, must be considered a contribution. [Act reference 23(3)]

Example:

An auction is held to raise funds. Daniel donates a painting valued at \$130 that is bought by Rahul at the auction for \$350. Contributions recorded by the political entity are:

- from Daniel for \$130, as a goods and services contribution for the donation of the painting; and
- from Rahul for \$220, as a monetary contribution for the purchase of the painting, the contribution amount being the difference between the fair market value of the painting and the price for which it was purchased.

If an item is sold for less than its fair market value, there is no contribution by the purchaser of the item and the amount paid must be recorded as fund-raising income. The individual donating the item must still be considered to have made a contribution at fair market value regardless of the sale value.

Lotteries and games of chance

The Criminal Code of Canada makes lotteries, games of chance (including poker nights and 50/50 draws) illegal unless sponsored by charities. Political organizations are prohibited from holding lotteries or games of chance.

For further information, contact the Alcohol and Gaming Commission of Ontario at 416-326-8700 or toll-free in Ontario at 1-800-522-2876.

Loan and Guarantees

This section explains loans and guarantees secured for a leadership contestant's campaign.

A registered leadership contestant's campaign may borrow funds to assist in its operations. However, there are restrictions on the source of loans, guarantees, and collateral security.

Borrowing source

A registered leadership contestant's campaign may borrow funds only from:

- a financial institution; or
- a registered political party or constituency association in Ontario.

[Act reference 35(1)]

Financial institution means,

- a) a bank or authorized foreign bank within the meaning of section 2 of the *Bank Act* (Canada),
- b) a corporation registered under the *Loan and Trust Corporations Act*,
- c) a credit union within the meaning of the *Credit Unions and Caisses Populaires Act, 2020*, or
- d) a retail association as defined under the *Cooperative Credit Associations Act* (Canada).

Any delay in paying suppliers or other liabilities may be deemed to be a loan from an ineligible source by Elections Ontario.

Example:

Suppliers' accounts must be paid within the credit terms normally imposed by the supplier or otherwise be considered a loan from an ineligible source.

Leadership contestants and members of their contest teams are not eligible to make loans.

No registered leadership contestant's campaign may receive support in the form of a loan except as provided above. [Act reference 35(3)]

Financial institutions and market rate

No financial institution that may make a loan under this section may make the loan at a rate of interest below the applicable market rate charged by the

financial institution for an equivalent amount at or about the time and in the market area where the loan is provided. [Act reference 35(6)]

Timing of borrowing

A registered leadership contestant’s campaign may borrow for the leadership contest only after they are registered with Elections Ontario.

Guarantees and collateral security

A registered leadership contestant’s campaign may receive support in the form of a guarantee or collateral security only from:

- an entity entitled to make a loan; or
- a person entitled to make a contribution.

[Act reference 35(4)]

No person or entity other than those provided above may guarantee or provide collateral security for a loan to a registered leadership contestant’s campaign. [Act reference 35(6)]

A guarantee is considered a contribution for the purposes of this Act, and contribution requirements and limits apply. But a guarantee is not receiptable until it is paid. Therefore, the limit on a guarantee for a new loan is \$3,400, which is applied to the guarantor’s annual contribution limit.

The table below provides an overview of how guarantees are capped in a similar way to contributions:

Example #	Value of Guarantee	Guarantee Limit	# of Guarantors required
1	\$3,400	\$3,400	1
2	\$34,000	\$3,400	10
3	\$340,000	\$3,400	100

Loans as contributions

A financial institution must not waive the right to recover the loan, and a loan must not be made at an interest rate lower than the applicable market rate. [Act reference 35(7)]

If the borrower defaults on a loan, the financial obligation of the registered leadership contestant’s campaign is transferred to the guarantor. Terms of repayment shall be reported to Elections Ontario.

Time limit – loans and guarantees

Every leadership contestant that receives a loan must repay the loan in full no more than two years from the day that the leader is selected. [Act reference 35(9)]

No person shall guarantee the loan for a period longer than the applicable period of two years from the day that the leader is selected. [Act reference 35(10)]

Reporting of loans

Information regarding any borrowings must be reported to Elections Ontario as part of the financial statement.

Reporting must include:

- the name and address of the financial institution;
- the terms of the loan including the amount borrowed;
- the name and address of each guarantor and the amount guaranteed; and
- the amount outstanding at the end of the reporting period.

[Act reference 35(2)]

Contest Period Expenses

This section explains leadership contest period expenses.

All expenses are to be recorded and reported on the relevant financial statements.

All goods or services provided, whether or not they are considered to be a contribution for the purposes of the *Election Finances Act*, are considered to be expenses incurred at fair market value.

Records of all expenditures must be kept. A list of all contest period expenses paid and outstanding must be reported to Elections Ontario with the contest period financial statements.

Public Funding of Expenses

This section explains the publicly funded audit subsidy related to a leadership contestant.

Elections Ontario provides public funding in the form of a subsidy for audit fees (if applicable) incurred by a registered leadership contestant's campaign.

Audit subsidy

If an audit is required, Elections Ontario will subsidize the cost of auditors' services for the examination and reporting on the financial statements by paying a subsidy to the auditor of a registered leadership contestant. The amount of the subsidy is up to \$2,000 for a registered leadership contestant. [Act reference 40(7)]

When is an audit required?

There are two reporting periods in a leadership contest. The \$10,000 threshold for audit is a cumulative threshold and should not be treated separately for each reporting period.

An audit is required if contributions of at least \$10,000 are received or expenses of at least \$10,000 are incurred.

Examples:

- The first reporting period financial statements of the Leadership Contestant "A", reported \$5,000 in contribution income and \$3,000 in incurred expenses. Audited financial statements are not required for the first reporting period, since the threshold is not met.

If the second reporting period financial statements reported \$4,000 in contribution income and \$2,000 in incurred expenses, audited financial statements are not required for the second reporting period, since the cumulative threshold is not met. Cumulative contribution income will be \$9,000 (\$5,000 + \$4,000) and the cumulative incurred expenses will be \$5,000 (\$3,000 + \$2,000).

- The first reporting period financial statements of the Leadership Contestant "B", reported \$11,000 in contribution income and \$8,000 in incurred expenses. Audited financial statements are required for the first reporting period, since the threshold is met.

If the second reporting period financial statements reported \$7,000 in contribution income and \$2,000 in incurred expenses, then audited financial statements are required for the second reporting

Elections Ontario – CFO Handbook for Leadership Contestants

Public Funding of Expenses

period, since the cumulative threshold is met. Cumulative contribution income will be \$18,000 (\$11,000 + \$7,000) and the cumulative incurred expenses will be \$10,000 (\$8,000 + \$2,000).

- The first reporting period financial statements of the Leadership Contestant “C” reported \$6,000 in contribution income and \$3,000 in incurred expenses. Audited financial statements are not required for the first reporting period, since the threshold is not met.

If the second reporting period financial statements reported \$5,000 in contribution income and \$2,000 in incurred expenses, then audited financial statements are required for the second reporting period only, since the cumulative threshold is met. Cumulative contribution income will be \$11,000 (\$6,000 + \$5,000) and the cumulative incurred expenses will be \$5,000 (\$3,000 + \$2,000). Re-filing an audited financial statement for the first reporting period is not required.

To receive the audit subsidy, a CFO must include with the audited financial statements a copy of the auditor’s invoice. If an audit is not required by the Act, Elections Ontario will not subsidize the cost of the audit.

The audit subsidy will be paid directly to the auditor, with the registered leadership contestant’s campaign responsible for the remaining portion of the invoice.

Financial Statements

This section explains the requirement for and filing of financial statements for a registered leadership contestant and the consequences for the failure to file, as well as the treatment of a surplus or deficit in a leadership contestant's account.

Every registered leadership contestant's campaign must file two leadership contest period financial statements. The accounting policies and procedures used for the financial statements are prescribed by Elections Ontario for compliance with the *Election Finances Act*. The Act also requires Elections Ontario to examine and review all financial statements submitted. The review process is considered complete when our office sends the CFO an approval letter for each filed financial statement.

When is an audit required?

There are two reporting periods in a leadership contest. The \$10,000 threshold for audit is a cumulative threshold and should not be treated separately for each reporting period.

An audit is required if contributions of at least \$10,000 are received or expenses of at least \$10,000 are incurred.

Examples:

- The first reporting period financial statements of the Leadership Contestant "A", reported \$5,000 in contribution income and \$3,000 in incurred expenses. Audited financial statements are not required for the first reporting period, since the threshold is not met.

If the second reporting period financial statements reported \$4,000 in contribution income and \$2,000 in incurred expenses, audited financial statements are not required for the second reporting period, since the cumulative threshold is not met. Cumulative contribution income will be \$9,000 (\$5,000 + \$4,000) and the cumulative incurred expenses will be \$5,000 (\$3,000 + \$2,000).

- The first reporting period financial statements of the Leadership Contestant "B", reported \$11,000 in contribution income and \$8,000 in incurred expenses. Audited financial statements are required for the first reporting period, since the threshold is met.

If the second reporting period financial statements reported \$7,000 in contribution income and \$2,000 in incurred expenses, then audited financial statements are required for the second reporting

Elections Ontario – CFO Handbook for Leadership Contestants Financial Statements

period, since the cumulative threshold is met. Cumulative contribution income will be \$18,000 (\$11,000 + \$7,000) and the cumulative incurred expenses will be \$10,000 (\$8,000 + \$2,000).

- The first reporting period financial statements of the Leadership Contestant “C” reported \$6,000 in contribution income and \$3,000 in incurred expenses. Audited financial statements are not required for the first reporting period, since the threshold is not met.

If the second reporting period financial statements reported \$5,000 in contribution income and \$2,000 in incurred expenses, then audited financial statements are required for the second reporting period only, since the cumulative threshold is met. Cumulative contribution income will be \$11,000 (\$6,000 + \$5,000) and the cumulative incurred expenses will be \$5,000 (\$3,000 + \$2,000). Re-filing an audited financial statement for the first reporting period is not required.

To appoint an auditor, complete the Appointment of Auditor and Change Notice Form (AUD-1).

Content and filing date

A leadership contest reporting period financial statement (Form CR-5) and supporting documentation must be filed with Elections Ontario by the registered leadership contestant’s CFO, with Elections Ontario as follows:

- The first statement must be filed within six (6) months after the date of the leadership vote and includes the period from the date of the official call, or the date of registration, whichever is earlier, for the leadership contest to two months after the date of the leadership vote; and
- The second statement must be filed within twenty (20) months after the date of the leadership vote and includes the twelve-month period that begins two months after the date of the leadership vote.

[Act reference 42(4)]

The leadership contest reporting period financial statement includes the following:

- registered leadership contestant information;
- certification by the leadership contestant and CFO of the information reported in the financial statement;

Elections Ontario – CFO Handbook for Leadership Contestants Financial Statements

- signed auditor’s report on the financial statement and a copy of the auditor’s invoice (if applicable);
- statement of income and expenses;
- notes to the financial statement and schedules of accounting policies and procedures used;
- signed auditor’s report on the supporting schedules of the financial statement (if applicable);
- supporting schedules for the following:
 - o borrowings and overdrafts;
 - o contributions and tax receipt form reconciliation;
 - o fund-raising events;
 - o social events;
 - o transfers;
 - o contest reporting period expenses, which consists of a list of suppliers where expenditures exceed \$200;
 - o list of accounts payable;
 - o statement of disposition of surplus or deficit; and
 - o a list of all contributions accepted during the reporting period.

[Act reference 42(1)]

The supporting schedules are an integral part of the financial statement. It is important that each schedule agrees with the primary statement.

Refer to the Form Completion Guide for directions on how to complete this financial statement.

Deficit in a leadership contestant’s account

If a registered leadership contestant’s campaign shows a deficit on its second statement of contest reporting period income and expenses, the leadership contestant’s campaign must attach a separate schedule with the financial statements listing unpaid debts, including unpaid financial institution borrowings making up the deficit.

Where the registered political party or another registered leadership contestant is to pay the deficit, a letter must be forwarded with the schedule

signed by the leadership contestant or a party official which clearly confirms this undertaking.

If there is any variance in the amount of the deficit reported and the payment made by either another registered leadership contestant's campaign or the registered political party in full settlement of the debt, Elections Ontario must be informed of full details.

Money used to discharge the campaign deficits of leadership contestants, other than money received from other registered leadership contestants or from the registered political party, will be treated as a contribution and the contribution restrictions set out in the *Election Finances Act* apply.

Surplus in a leadership contestant's account

If a registered leadership contestant's campaign shows a surplus on its second statement of contest reporting period income and expenses, the leadership contestant's campaign must immediately pay the amount of the surplus to the registered political party that held the leadership contest. [Act reference 42(5)]

Financial statements format

A registered leadership contestant's campaign may keep computerized records of the information required by the statutory disclosure provisions and generate the statements from computers.

Computer-generated statements must contain all the required information in a format substantially similar to Elections Ontario's forms.

Accounting methods to be followed

The accounting methods set out below are prescribed by Elections Ontario for use in preparation of all financial statements:

- Cash basis for contributions
 - Contributions are considered accepted when deposited and cleared through the bank.
- Accrual basis
 - The accrual basis of accounting must be used so that expenses are recorded when they are incurred.
 - The accrual basis of accounting takes into account:
 - expenses incurred but not paid or for which bills have not yet been received (accounts payable);

Elections Ontario – CFO Handbook for Leadership Contestants Financial Statements

- income on investments that has been earned but not yet received;
 - contributions received in the mail after the end of the period in envelopes postmarked in the reporting period; and
 - transfer payments not yet received but in transit.
- Furniture and other equipment:
 - o Furniture, fixtures, printing equipment, etc. must be charged to expenses when purchased.

All figures contained in financial statements may be rounded to the nearest dollar.

Communication with the auditor (if applicable)

The auditor must report on whether the financial statements and supporting schedules fairly present the information contained in the financial records. As a result, it is necessary that the CFO and auditor meet to discuss the audit and filing process. It is recommended that the two meet before the period-end date to determine cut-off and closing procedures and to agree on a date when the auditor will be given access to all records, documents, books, accounts, and vouchers of the leadership contestant's campaign that may be necessary to issue the auditor's reports. [Act reference 40(4)]

Delivery of financial statements

Elections Ontario will accept financial statements by any delivery method so long as the filing is complete. Examples of accepted delivery methods include mail, fax, email, or hand delivery. Mailed financial statements that are postmarked or courier receipted on or before the filing date will be accepted as on time so long as they are complete.

The Political Entity Portal (PEP) is an optional online filing tool that leadership contestants can use to file their financial statements. All active key stakeholders who are affiliated to a registered constituency association have access to the portal pending a brief sign-up activity. Contact us at eFiling@elections.on.ca for more information on PEP.

Retention of records

The financial records must be kept for a minimum of six (6) years as recommended by the Canada Revenue Agency (CRA).

The financial records must be retained at the place where records are kept on file with Elections Ontario.

Failure to file financial statements

Where the CFO of a registered leadership contestant, fails to file any part of the leadership contest reporting period financial statements, the contestant will be ineligible to run in any election up to and including the next general election, until the financial statements are properly filed. [Act reference 43(1)]

Where the CFO of a registered leadership contestant who is elected as a member of the Assembly fails to file any part of the leadership contest reporting period financial statements, the member may also be forced to vacate their seat by the Assembly. [Act reference 43(2)]

If a person fails to file financial statements, this is an offence under the *Election Finances Act*. Under section 46 of the *Election Finances Act*, the chief financial officer may be subject, upon conviction, to a fine of up to \$5,000 and the leadership contestant may be subject, upon conviction, to a fine of \$50 for each day the default continues.

Administrative Penalties

This section explains penalties administered by the Chief Electoral Officer for certain contraventions of the Act.

The *Election Finances Act* was amended with the introduction of administrative monetary penalties on April 19, 2021. The payment of administrative penalties may be ordered by the Chief Electoral Officer for certain contraventions of the Act. [Act reference 45.1]

The Chief Electoral Officer is obligated by s. 2(1)(g) of the *Election Finances Act* to report to the Attorney General any apparent contravention of that Act. Payment of an administrative penalty by an entity or individual does not release the Chief Electoral Officer from this reporting obligation, and the default giving rise to the administrative penalty may be considered by the Ministry of the Attorney General for prosecution should the default continue.

If an administrative penalty applies to any area covered by this handbook the maximum amount of the penalty, which is specified by the Act, will be shown.

The application of administrative penalties and the amount of the penalty, subject to the legislated maximum, is entirely at the discretion of the Chief Electoral Officer. The Act sets out criteria that the Chief Electoral Officer must consider when deciding on an administrative penalty.

A person or entity who is served with an order to pay an administrative penalty may appeal the Chief Electoral Officer's decision by filing an application with the Superior Court of Justice within 30 days from the date the order was served.

If a person or entity who is required to pay an administrative penalty fails to comply with the requirement, the Chief Electoral Officer may file the order that requires payment with a local registrar of the Superior Court of Justice and the order may be enforced as if it were an order of the court.

Applicable Administrative Penalties

The following administrative penalties are applicable to leadership contestants.

- **Acceptance of contributions by or for an unregistered leadership contestant.**
Maximum penalty is \$1,500 for individuals and \$5,000 for corporations or other entities.
- **Acceptance of contributions by an unauthorized individual.**

Elections Ontario - CFO Handbook for Leadership Contestants
Administrative Penalties

Maximum penalty is \$1,500 for individuals and \$5,000 for corporations or other entities.