



QUICK GUIDE TO FUND-RAISING ACTIVITIES

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Definition

Fund-raising activities are organized activities held **for the purpose of raising monies** for a political party, constituency association, candidate or leadership contestant registered under the *Act* by whom or on whose behalf the activity is held.

If a dinner dance is held for which there is no admission charge or the ticket price only covers the expenses incurred this cannot be considered a genuine fund-raising activity, even though a small profit may be realized from the sale of refreshments and other small items.

To be classified as a fund-raising activity, it must be clearly evident that the main purpose of the activity is to make a profit for the sponsoring organizations.

Where two or more constituency associations or candidates plan to hold a joint fund-raising activity, reference should be made to the joint fund-raising section and Guideline G31.

Duties of the CFO

The CFO must receive and deposit in the financial institution account on record with the Chief Electoral Officer the proceeds from all ticket sales and any other revenues. The CFO must make all payments; issue tax credit receipts for the contribution portion of all tickets sold and report the full details of each fund-raising activity to the Chief Electoral Officer in the annual or campaign return. Special committees running an activity must not by-pass the CFO. All expenses incurred in holding a genuine fund-raising activity during a campaign period are excluded from the total expense limit for that candidate.

Accurate accounting is essential. It facilitates the issue of subsidy cheques, reduces forfeitures of untraceable funds and reduces the risk of inadvertent contraventions of the *Act*.

The CFO is the person responsible for verifying that the duties of the organizers and ticket sellers, as detailed on the following pages, are carried out.

An Outline for the Organizers

1. Establish the "per person" charge for the activity.

The following must be taken into account:

- a) Where the charge is \$25 or less, it may be considered entirely to cover expenses, entirely a contribution or any combination of contribution and expense allocation.
- b) Where the charge is more than \$25, any amount up to \$25 may be considered not to be a contribution.
- c) All direct expenses related to the fund-raising event, calculated on a per person basis, must be deducted from the amount charged for the event to arrive at the net contribution for which a tax credit receipt must be issued.
- d) Whatever allocation is used for an activity, it should be applied consistently for that activity.
- e) When the contribution component of any charge exceeds \$25, the entire amount must be paid for by cheque, money order or credit card.
- f) Examples of ticket price allocation are given at the end of this section.

Note: Expenses incurred for fund-raising activities held in a campaign period do not count towards the campaign spending limit.

- 2. Have pre-numbered tickets printed for the activity. Designate one person to control ticket distribution to ticket sellers and supervise the return of unused tickets and proceeds from tickets sold.
- 3. Ensure that each ticket seller completes a list recording the ticket numbers sold and the full name and address of each ticket purchaser.
- 4. Turn over all cheques, money orders, credit card vouchers, cash and ticket sale lists to the CFO of the sponsoring organization for deposit in the financial institution account on record with the Chief Electoral Officer. Note that a contribution is considered accepted the date it is deposited by the CFO.
- 5. After the activity organizers have approved all invoices received for expenses, they must be turned over to the CFO for payment and recording.

Information for the Ticket Sellers

- 1. Accept only cheque, money order, or embossed credit card voucher signed by the purchaser in payment for tickets unless the contribution portion of the ticket is \$25 or less.

2. Ensure that the contribution portion of tickets sold to any one contributor does not exceed that contributor's limit. If a contributor has made other contributions to the organization sponsoring the activity, this amount must be added to the contribution portion of tickets purchased to determine the contributor's total contributions for the period.
3. Only Ontario residents are eligible to make contributions and may purchase tickets. Therefore, Federal MPs representing an electoral district in another province may not purchase tickets.
4. Only persons, corporations that are not registered charities, and, trade unions, as defined in the *Act*, may make contributions. Where tickets are purchased by **unincorporated** associations and partnerships, contributions must be recorded by allocating them to individuals within the organization, complete with their full name and address. This information must be given to the CFO in writing by the unincorporated association or partnership.
5. Tickets must not be sold to a federal party or the federal branch of a constituency association where any part of the ticket price is considered a contribution.
6. Anonymous contributions cannot be accepted. Every purchaser of a ticket must be clearly identified by name and address on the list of tickets sold.
7. Political tax credits for individuals may be refundable.
8. Give the CFO all funds collected and lists of tickets sold, the name and address of the purchaser as well as the method of payment, i.e. cash, personal cheque, business cheque, money order or credit card.

Contributions Other Than Money

A fund-raising activity involves the effort of a number of people who provide time, services and supplies. The *Act* specifies which goods and services are contributions for which tax credit receipts must be given.

1. Voluntary unpaid labour for a political party, constituency association or candidate does not constitute a contribution, nor do goods voluntarily produced by such labour. Therefore, no tax credit receipts should be issued.
2. Subject to (1.) above, the donated goods and services having a value of more than \$100 are considered to be contributions. If the goods and services are valued at \$100 or less, then the contributor has the option of declaring them not to be a contribution. However, all contributed goods

and services whether receipted or not must be reported both as income and as an expense.

- a) Food, beverages, lumber, printed flyers and the labour of trades people are examples of contributed goods and services. These would otherwise be purchased at retail prices.
 - b) The \$100 contribution figure is the sum total of all goods or services provided by a single contributor during a year, or in the case of an election, during a campaign period.
3. Value is defined in the *Act*. In general terms, it means the lowest retail price charged for similar goods at that time, in that area.
 4. When goods and services are received, obtain an invoice from the individual who supplied the goods or services and turn these invoices over to the CFO who will record the transaction and issue a tax credit receipt where applicable.
 5. Note that contributions of goods and services form part of the contributor's contribution limit.

Sale of Advertising

Subsection 23(5) states "Any amount paid for advertising services offered for sale in connection with a fund-raising activity shall be considered to be a contribution for the purposes of this *Act*."

Sometimes at fund-raising events, there is a sale of advertising. For example, at a golf tournament, a sponsor may have paid for signs on the golf course or attached to golf carts. Another example would be the sale of advertising or sponsor recognition in programs for fund-raising banquets or receptions. Any amounts paid to the constituency, candidate or party for such advertising space must be considered a contribution and must not, when aggregated with other contributions for the same contributor, exceed the contribution limit. Such amounts must also be acknowledged by tax credit receipts.

Joint Fund-Raising Activities

A joint fund-raising activity is one in which several political organizations registered with the Chief Electoral Officer are involved in planning and running an activity.

While a federal political party organization or a municipal candidate may wish to be involved, there are strict limitations on the flow of funds between provincial political organizations and the federal party and a complete prohibition of any funds flowing between provincially registered organizations and municipal

candidates. Special guidance should be sought from the Chief Electoral Officer on these matters. They are also discussed in Guideline G31.07.

Holding a joint fund-raiser requires careful co-ordination to ensure control. To accomplish this, the organizers of the activity should follow these instructions:

1. Appoint the CFO of one of the registered political organizations as CFO for the activity. The CFO is required to open a financial institution account for the joint fund-raiser and register it with the Chief Electoral Officer. All proceeds must be deposited in this account and all expenses paid from it.
2. Contribution limits must be adhered to. See page 7 for details. However, if for example, a contributor wishes to purchase 15 tickets priced at \$200 each, for a total contribution of \$3,000 this is acceptable providing it is receipted in the correct manner. No more than \$1,120 may be receipted by each organization sponsoring the fund-raiser. If three organizations are involved then the CFO for the fund-raiser may act on behalf of each organization and issue a tax credit receipt in the name of each organization for 1/3 portion of the total contribution. If, however, only two organizations were sponsoring this fund-raiser, only eleven tickets could be purchased by any one contributor. More than that would involve an over-contribution. As this can be a complex issue, please call the Chief Electoral Officer if further guidance is required.
3. Ticket sellers must promptly turn over the proceeds of ticket sales and other sundry revenue to the appointed CFO.
4. After all expenses for the fund-raiser have been paid, the CFO must prepare a statement of income, expenses and profit allocation. The CFO must forward a copy of this financial statement to each of the registered political organizations involved, along with a cheque for their share of the proceeds of that fund-raiser.
5. A copy of this statement must be appended to the return each organization files with the Chief Electoral Officer for the relevant period. It is the responsibility of the CFO to ensure that the accounting for the fund-raiser is correct.

Contribution Limits

The following are the maximum amounts that an individual, corporation that is not a registered charity, or trade union may contribute to a registered party, constituency association and candidate during the periods shown. In arriving at the maximum, the contribution portion of a fund-raising activity must be included.

- (a) In a non-election year up to:

\$8,400 to a party,

AND

\$1,120 to a constituency association, not exceeding \$5,600 to any number of constituency associations.

- (b) In an election year, following the call of the election, in addition to the contributions in (a) up to:

a further \$8,400 to a party,

AND

\$1,120 to a candidate's campaign subsequent to the candidate's registration with the Chief Electoral Officer, not exceeding \$5,600 to any number of candidates.

The foregoing limits apply to any one political party. Equivalent amounts may be contributed to other registered parties.

Note: The *Act* does not set a limit on the amount that may be contributed to a leadership campaign. Furthermore, such contributions are not eligible for individual or corporate tax credits.

Miscellaneous Revenue

Revenue from parking and the sale of refreshments or other items at a fund-raising activity must be reported as income. Remember that lotteries, draws and other types of games of chance are not allowed under the *Criminal Code of Canada*. See Guideline G40.

Auctions

Auctions can 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 people attending the auction. A list must be kept of the name and address of suppliers of items to be auctioned and the value of each item. Where the fair market value of the item is greater than \$100 a tax credit receipt must be issued to the contributor. Where an item is sold for an amount greater than its fair market value, a tax credit receipt must be issued to the purchaser for the difference between the fair market value and the purchase price. Where an item is sold for less than its fair market value no tax credit receipt can be issued to the purchaser. See Guideline G31.04.

Disclosure of Sponsors

The name of the registered candidate, constituency association or party sponsoring a fund-raising activity must be clearly displayed on all material distributed for that activity. This includes any solicitation for contributions.

EXAMPLES OF TICKET PRICE ALLOCATION BETWEEN CONTRIBUTION & EXPENSE				
PER PERSON TICKET PRICE	PER PERSON EXPENSES	OPTIONAL ADDITIONAL DEDUCTION	NET CONTRIBUTION FOR WHICH A TAX CREDIT RECEIPT MUST BE ISSUED	
			MAXIMUM	MINIMUM
\$	\$	\$	\$	\$
10	5	5	5	NIL
20	5	15	15	NIL
25	5	20	20	NIL
40	5	25	35	10
50	5	25	45	20
75	50	25	25	NIL
100	50	25	50	25
250	50	25	200	175
500	50	25	450	425