

Contributions and Fundraising Guide

POLITICAL ENTITIES

There are three types of political entities in Nova Scotia, and they **must be registered** with Elections Nova Scotia **to accept** donations and contributions.

- **Registered Party**

Nova Scotia's legislation defines a registered party as a group of individuals whose primary purpose is the fielding of candidates for election as members of the House of Assembly.

- **Electoral District Association (EDA)**

In each electoral district, registered parties may establish Electoral District Associations. An EDA is endorsed by the leader of the registered party to further the goals of the registered party.

- **Candidate**

It is important to understand the different meanings of "candidate." There are four different definitions of a candidate within the political environment in Nova Scotia.

1. Nomination (vying)

A person who is campaigning (vying) to become a candidate for an election under a registered political party.

2. Prospective Candidate

A person who self-declares or is declared by others with their consent to be a candidate.

3. Registered Candidate

A candidate whose registration form has been approved by the chief electoral officer, using Form 1-1.

4. Candidate (name on ballot)

After the writ is issued, an individual becomes "officially nominated" when the individual has filed Nomination Form 105 with the returning officer, and the returning office has approved their nomination.

Note: A candidate is deemed to be registered when they are officially nominated.

CONTRIBUTIONS

Who Can and Cannot Contribute

- Individuals who are residents of Nova Scotia.
- Except for a spouse, an individual cannot contribute funds that do not belong to them.
- An individual's contribution must not be reimbursed.
- Organizations **are not** allowed to contribute.
- Anonymous contributions **are not** allowed.

Note: If you receive an anonymous contribution, you must send the contribution to ENS, where it will be transferred to the minister of finance.

Contribution Limits

- \$100 physical cash from any contributor in a calendar year.
- \$25 for pass-the-hat. Attendees must be informed of the limit.
- \$5,000 maximum per calendar year, cumulative between the registered party, and its EDA and candidate.

Who Can Accept Contributions?

- Only the official agent, and any person assigned by the official agent to accept contributions on their behalf, using Form 8-2, can accept contributions. This form must be completed, and a copy sent to ENS with their financial reports.
- Detailed logs must be kept by each person accepting contributions.
- Candidates **are not** allowed to receive contributions.

Note: A candidate's campaign can only accept contributions from the time they are registered, or officially nominated (nomination paper approved by returning officer during an election) to the close of polls on election day.

Types of Contributions

- Monetary (cash, cheque, money order, bank draft, and e-transfer)
- A donation in kind is considered a contribution when the:
 - donation's value is more than \$50, and the cumulative value of the current donation, and previous donations have a total value exceeding \$50. *s. 166 (d)(vii)(A)(B) or the*
- contribution arises from a loan.

Note: Renouncing payment for goods or services that would be considered an election expense is not allowed.

FUNDRAISING ACTIVITIES AND POTENTIAL CONTRIBUTIONS

Common fundraising activities include, but are not limited to, pass-the-hat, sales, auctions, fundraising events, lotteries, or raffles. Fundraising activities may result in a contribution and therefore, the official agent has a legal requirement to record the contribution. The rules around fundraising events can be very complex. The official agent must understand the rules for valuing, recording, and reporting of contributions derived through fundraising events.

Pass-the-Hat

This activity is most often used as a fundraising tool at political meetings. A hat is passed from person-to-person, and they are requested to make a donation to a maximum of \$25. Do not confuse pass-the-hat with an anonymous contribution. Anonymous amounts solicited at events are illegal.

Lotteries and Raffles

These activities could include a 50/50 draw, a raffle for a gift basket, etc. If the items in the gift basket are donated, this donation is considered a donation in kind and must be recorded as a non-monetary contribution. For these participants purchasing tickets, the contribution portion would be the purchase cost of the tickets.

Examples:

1. Jill donated a gift basket to a raffle. The fair market value of this basket is \$200. Jill has made a donation in kind contribution of \$200.
2. An online raffle of 50/50 sold tickets for \$3 each or 4 for \$10. Greg bought 20 tickets, so he contributed \$50.

Sale or Auction

The sale or auction of goods, services or property sold on behalf of the political entity. A contribution could be made by an individual who is:

- making the purchase.
- donating goods or services.

Determining Net Profit of Goods and Services

- Purchasing Goods/Services
You may choose to purchase goods/services to be sold or auctioned. The net profit is the difference between the selling price and the cost of the goods/services.

- Donation of Goods/Services
You can accept goods/services from individuals who are eligible to contribute. The net profit is the difference between the sale proceeds and the fair market value of the donated goods/services.

Individual Making the Purchase

Determine if the sale or auction results in a contribution for the individual making the purchase. If the **net profit** is:

- more than \$50, the transaction is considered a contribution *s. 246(1)*.
- \$50 or less, the transaction is not considered a contribution *s.246(2)*.

Individual Making the Donation

Donated goods and services are considered donations in kind and depending on the value of the donation, including the total value of previous donations, the donation may be considered a donation in kind contribution. The donation is exempt and not considered an in-kind contribution if:

- fair market value of the donation is \$50 or less, and the individual has not already made previous donations in kind with a total value exceeding \$50.

Examples:

1. Jane donated goods valued at \$35 in June, \$30 in July, and \$45 in August, and nothing more in the calendar year. In this example, Jane has made a total annual donation in kind contribution of \$45.

The first and second donations are exempt because they are under \$50 each, but the second donation takes the total donation over the \$50 threshold. Therefore, the third donation is not exempt even though it is under \$50.

2. John donated goods valued at \$45 in June, and nothing more for the calendar year. In this example, John's donated goods are exempt and not considered a contribution.
3. Sarah donated goods valued at \$25 in May, \$25 in June, and nothing more for the calendar year. In this example, Sara's donated goods are exempt and not considered a contribution.
4. Mike donated goods valued at \$55 in May, \$60 in June and nothing more for the calendar year. In this example, Mike has made a total annual donation in kind contribution of \$115.

Fundraising Events

Types of Events

Some of the more common events are, but not limited to:

- Dinners
- Golf tournaments
- Barbecues

Who May Purchase Tickets to Fundraising Events?

Only individuals who are residents of Nova Scotia may purchase tickets to fundraising events. These expenses must not be paid or reimbursed by any organization, and you cannot accept payments made on corporate credit cards.

Determining an Individual's Benefit for a Fundraising Event

For fundraising events, the benefit is the ticket price or fee paid by the individual, less the cost per person of the event.

To determine the cost per person, the official agent must keep track of all costs associated with the event and divide the total cost by the number of participants.

The costs of an event may include rentals, food, beverages, decorations, advertising, ticket printing, entertainment, and any other costs attributable to an event.

Example:

The ticket price for a lobster dinner is \$40 and a total of 75 tickets are sold.

The official agent keeps track of all the costs of the event and the total cost was \$1,125.

The cost per person of \$15 is determined by dividing the total cost of \$1,125 by 75 participants.

The benefit per person is \$25, which is the price per ticket of \$40 less the cost per person of \$15.

Multiple Tickets Purchased by an Individual

If an individual purchases multiple tickets, then the benefit per person would be multiplied by the number of tickets purchased.

Determining if a Benefit for a Fundraising Event is Considered a Contribution

A fundraising event with a benefit to an individual of:

- \$50 or more **is considered** a contribution.
- Less than \$50 is:
 - **considered a contribution** if the official agent of a registered party, EDA, or candidate **elects to record** the amount as a contribution *s.246(4)*.
 - **not considered a contribution** if the official agent chooses not to record the amount as a contribution *s. 166(d)(v)*.

Note: When an official agent elects to record a benefit of less than \$50 as a contribution, the official agent shall do the same for all individuals who participated in the event and must add it to all other contributions made by the same individual *s. 246 (5)(6)*.

RECORD KEEPING

The official agent is required to maintain a complete record of all contributions in a single ledger (one place). A ledger can be an electronic document (spreadsheet, word-processing, or accounting program), and must include:

- Date of contribution
- Full name of contributor
- Civic address
- Amount of contribution
- Name of who received the contribution (official agent or an assigned person as indicated on Form 8-2)

It is important that the official agent obtain and maintain a list of attendees for all fundraising events, and contributions received.

Fundraising information may be requested by ENS, should the Chief Electoral Officer deem the information to be necessary as part of their review.

REPORTING CONTRIBUTIONS

Fundraising Events

Form 5, Statement of Fundraising Revenue and Expenses

This form is used for reporting fundraising events requiring tax receipts.

There are two pages to this form.

- Page 1 is used for recording revenue, expenses and calculating the benefit (net proceeds) per ticket.

- Page 2 is used for recording all individuals receiving a benefit, including their total benefit. The amount may differ for each person's report on Page 2, depending on the number of tickets purchased and the class of the ticket.

Form 5 must be submitted to ENS for approval by the Chief Electoral Officer:

- 120 days following a fundraising event for EDA or registered party,
- 30 days following an event for a candidate or
- March 31, whichever comes earlier.

Restrictions for Form 5

- Electoral District Association
An EDA cannot file Form 5 directly with ENS. The official agent of the EDA must complete the form and send it to their registered party who will then submit the form on the EDA's behalf.
- Candidate
A Form 5 will only be approved for tax receipts providing the fundraising event falls within the time frame that candidate contributions are eligible for tax receipts (see tax receipts).

Form 5-1, Summary of Fundraising Functions

The official agent must record all fundraising information on Form 5-1, including those activities where funds received are not considered contributions and all events reported on Form 5.

For each fundraising activity (pass-the-hat, lotteries, raffles, sales, auctions, fundraising events, etc.), record:

- Date of the event
- Description of the event
- Number of attendees
- Gross revenue
- Total expenses
- Net revenue

Monetary Contributions

The official agent must disclose the full name and residential address (cannot use a PO Box) of each contributor that **has cumulative contributions** of \$200 or more.

Cumulative contributions of \$200 or more are disclosed as one line item per individual, in alphabetical order by last name. The summary of all cumulative contributions that are less than \$200 must be added together and recorded under Total Summary of Contributions less than \$200.

Transfers received from a registered party, or an EDA are not to be recorded as contributions. The receiving entity records the contribution.

Monetary contributions are reported on:

- Form 2-3A for candidates.
- Form 3-3A for registered parties.
- Form 4-3A for electoral district associations.

Cumulative contributions of:

- \$200 or more, must be disclosed as a single line entry for every individual that has cumulative contributions of \$200 or more.
- \$199 or less for individuals must be reported as a single line entry for all contributions less than \$200, meaning these contributions are not disclosed with the individual's name.

Note: You can find more information on adding total individual monetary and donation in kind contribution under disclosure of contributions on the ENS website.

Examples:

1. Jane contributed \$50, and then another \$150. Jane's total contribution equals \$200 and must be disclosed as one line entry for Jane's total contribution of \$200. Jane's \$50 contribution must not be included with the summary of contributions less than \$200.
2. Jack, Michelle, and John each contributed \$100, where their individual cumulative contributions were less than \$200 each, they are recorded as one total of \$300 under summary of contributions less than \$200.

Donations In Kind Contributions

All donations in kind contributions valued at \$200 or more are required to be reported on:

- Form 2-3B for candidates.
- Form 3-3B for registered parties.
- Form 4-3B for electoral district associations.

Note: You can find more information on adding total individual monetary and donation in kind contribution under disclosure of contributions on the ENS website.

Disclosure of Contributions on the ENS Website

For transparency and privacy, only the contributor's first name, last name, and community will be published on the ENS website for cumulative contributions of \$200 or more.

Adding Total Individual Monetary and Donation in Kind Contribution

Combined donation in kind contributions and monetary contributions of \$200 or more require disclosure.

Example:

Jane made a monetary contribution of \$175, and a donation in kind contribution valued at \$75. Even though individually the two types of contributions are under \$200, their combined total requires disclosure.

Therefore the:

- \$175 contribution must be recorded on Form 2-3A.
- \$75 donation in kind contribution must be recorded on Form 2-3B.

ENS would combine both contributions for a total disclosure of \$250.

TAX RECEIPTS

Only the official agent of an officially nominated candidate and the official agent of a registered party can issue tax receipts for eligible contributions.

Monetary Contributions

- **Registered Party**
The official agent of a registered party may issue a tax receipt for cumulative contributions received from an individual for the calendar year.
- **Electoral District Association**
Monetary contributions received directly by the EDA **are not** eligible for tax receipts.
- **Candidate** (name on ballot)
An official agent of a candidate may only issue tax receipts for eligible monetary contributions (including contributions from fundraising events pre-approved by chief electoral officer) for:

- Candidates **registered before the writ** who become officially nominated (Form 105 approved by returning officer) and only those contributions that are made from the date of the writ to the close of polls on election day.
- Candidates **registered/nominated after the writ** and only those contributions that are made from the date the official nomination (approved Form 105) to the close of polls on election day.

Note: Contributions received after election day by mail.

A contribution sent by mail can only be accepted by the official agent if the mail was postmarked no later than election day. If mail is postmarked with a date after election day, then the contribution must be returned.

Fundraising Events

- **Registered Party**

A registered party may issue tax receipts for approved fundraising events (Form 5), for both the party and their electoral district associations.

Note: Unlike monetary contributions, funds received directly by the EDA that are associated with an approved fundraising event are eligible for a tax receipt issued by the party.

- **Candidate** (name on ballot)

The official agent of a candidate may issue tax receipts for approved fundraising events (Form 5) during the same qualifying period as monetary contributions.

Restrictions

The following do not qualify for a tax receipt:

- Pass-the-hat
- Donations in kind
- Sale or auction
- Lotteries or raffles
- Contributions arising from loans
- Contributions received before the call of an election for registered candidates.
- Contributions received from the date of the writ up to and including the day before the candidate's nomination paper was approved (Form 105), if the candidate **was not** registered before the call of the election.
- Contributions received for a registered candidate who does not have an approved nomination (Form 105).



GIFTS TO CONTRIBUTORS

A registered party, electoral district association, or candidate may give a gift of nominal value to a contributor. The gift is not considered a benefit to the contributor **if the fair market value** of the gift is:

- no more than ten percent of the contribution, and
 - not provided in the form of cash or a gift certificate.
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This guide should be used in conjunction with the *Elections Act*, which is the legislation that sets forth the legal rules governing the financing of provincial elections in Nova Scotia. In the event of a conflict or inconsistency between the guide, the *Elections Act* prevails.