Chapter 15 — Multipurpose Organizations

This chapter describes the special reporting requirements for multipurpose organizations that make political expenditures in connection with state and local elections. Effective July 1, 2014, Government Code Section 84222 was added to the Political Reform Act (Act) to require multipurpose organizations making political expenditures to report the donors who are the sources of the funds used for political purposes.

As described in Chapter 1, generally any person or group that raises funds from others of $1,000 or more to make contributions or expenditures in California must register as a committee (“recipient committee”) and file campaign reports under the Act. (Government Code Section 82013(a).) These political committees report all the contributions they receive and all their expenditures. In contrast, a multipurpose organization that qualifies as a recipient committee under Government Code Section 84222 (but not independently under Section 82013), must report only its political expenditures and the sources of those funds.

A multipurpose organization that qualifies as a recipient committee will be considered either a general purpose committee or a primarily formed committee, depending on the organization’s political expenditures. For example, if an organization’s only political expenditure is a contribution of more than $50,000 made to a committee primarily formed to support a ballot measure, the organization will qualify as a primarily formed ballot measure committee and should use Campaign Disclosure Manual 3 for guidance. An organization whose political expenditures support or oppose several different candidates and/or ballot measures will likely qualify as a general purpose committee and should use this campaign disclosure manual for guidance.

Chapter 1 describes how a committee makes the determination as to whether it is a general purpose committee or a primarily formed committee. When making the determination as to which type of committee a multipurpose organization qualifies as, the organization includes only its payments made for contributions and independent expenditures in California.

A. What is a multipurpose organization?

A multipurpose organization typically receives donations or other payments (e.g., membership dues) for purposes other than making political expenditures in California. They nevertheless may, at times, use some of these funds to make political expenditures to support or oppose California state or local candidates or ballot measures.

For purposes of the Act, multipurpose organizations include:

- Nonprofit organizations with tax exempt status under 501(c)(3) to 501(c)(10) of the Internal Revenue Code
- Federal and out-of-state political action committees (PACs)
- Trade and professional associations
- Civic and religious organizations
- Fraternal societies
- Educational institutions
Quick Tip: For purposes of Government Code Section 84222, a political committee that registers and files campaign reports with the Internal Revenue Service (and not the Federal Election Commission or a specific state) has the same registration and filing requirements as an out-of-state PAC.

For purposes of the Act, multipurpose organizations do not include:

- Business entities
- Individuals
- Federal candidate controlled committees

**B. When does a multipurpose organization qualify as a recipient committee?**

The following multipurpose organizations that make contributions or expenditures to support or oppose state or local candidates or ballot measures in California must register as recipient committees and file campaign statements to disclose their political expenditures and the sources of funds used for those expenditures.

- Calendar Year Filers. Organizations that make contributions or expenditures in California totaling more than $50,000 in a period of 12 months or more than $100,000 in a period of four consecutive years
- Federal or out-of-state political committees that make contributions or expenditures in California totaling at least $1,000 in a calendar year
- Organizations that solicit and receive payments from donors totaling at least $1,000 for the purpose of making contributions or expenditures in California
- Organizations that accept payments from donors totaling at least $1,000 subject to a condition, agreement, or understanding with the donor that all or a portion of the payments may be used for making contributions or expenditures in California
- Organizations that have existing funds from a donor and a subsequent agreement or understanding is reached with the donor that all or a portion of the funds may be used to make contributions or expenditures totaling at least $1,000 in California

Quick Tip: Some multipurpose organizations will qualify as primarily formed committees instead of general purpose committees. Primarily formed committees have different reporting requirements, including specific disclaimers that must be included on advertisements. See Chapter 1 for additional information about how to determine whether the organization qualifies as a general purpose committee or a primarily formed committee. The end of this chapter contains several examples of different types of multipurpose organizations making political expenditures and the campaign reporting requirements for those organizations.

Quick Tip: If contributions will be made to state candidates or to committees that make contributions to state candidates, review Chapter 5 for information about contribution limits.
**Exception – Nondonor Funds:** A multipurpose organization that uses only “nondonor funds” (e.g., investment income, capital gains, income from providing goods or services) to make contributions or expenditures will not qualify as a recipient committee; however, the organization may qualify as a “major donor committee” or an “independent expenditure committee.” In particular, an organization that makes contributions of $10,000 or more from nondonor funds will qualify as a major donor committee. Similarly, an organization that makes independent expenditures of $1,000 or more from nondonor funds will qualify as an independent expenditure committee. These committees have different reporting requirements and the committee should refer to the applicable campaign disclosure manual. (See Campaign Disclosure Manuals 5 and 6).

**MPO activity not exceeding $50,000/$100,000:** A multipurpose organization that makes contributions or independent expenditures that do not exceed $50,000 per 12 months or $100,000 per four years, and has not specifically solicited $1,000 or more for political activity, is not required to register as a recipient committee and disclose donors. However, the multipurpose organization must still disclose these contributions or independent expenditures if it qualifies as a “major donor” or “independent expenditure committee,” as described above. (Section 84222(b).)

Quick Tip: A multipurpose organization that uses only “nondonor funds” or whose spending does not exceed $50,000/12 mos. or $100,000/4 yrs from general funds to make contributions or independent expenditures will not qualify as a recipient committee; however, the organization may qualify as a “major donor committee” or an “independent expenditure committee.”

**C. What are the registration requirements?**

A multipurpose organization that meets any of the criteria described above must register as a California recipient committee by filing the Form 410 (Statement of Organization).

**When and Where to the Form 410**

The Form 410 (Statement of Organization) is filed with the Secretary of State; local committees must also file a copy with the local filing officer (i.e., city clerk or county elections office). Generally, the Form 410 must be filed within 10 days of qualifying as a committee; however, if a committee qualifies in the 16 days before an election, the Form 410 must be filed within 24 hours.

Quick Tip: Certain multipurpose organizations that make donations to other multipurpose organizations may be required to file the Form 410 within three business days. See “Expedited Filing for Multipurpose Organization Contributors” (Section F).

Quick Tip: Upon receipt of the Form 410, the Secretary of State’s office will assign a committee ID number, which must be included on all campaign reports.
Completing the Form 410

Chapter 2 should be reviewed for detailed instructions on completing the Form 410. The following additional rules apply to multipurpose organizations that qualify as general purpose recipient committees.

- **Committee Name and Description.** A multipurpose organization’s committee name must be the full legal name of the organization. In addition, one of the following descriptions must be included on specified reporting forms:
  - A nonprofit organization must include after its name in parentheses “nonprofit 501(c)( ),” specifying the type of nonprofit organization from 501(c)(3) to 501(c)(10).
  - A federal or out-of-state political committee must include after its name in parentheses “Fed PAC ID #” or the two letter state abbreviation such as “TX PAC ID #.”
  - Any other type of multipurpose organization must include after its name in parentheses “multipurpose organization” or “MPO.”

Quick Tip: These descriptions must be included at the end of the committee’s name on the Statement of Organization (Form 410) and all other campaign statements (i.e., Form 460); however, the description is not required to be included in the committee’s name on advertisements and communications.

- **Date Qualified as Committee.** The “date qualified” is the date the organization met the recipient committee thresholds as described above. For a calendar year filer that reactivates its recipient committee status in a subsequent calendar year, the “date qualified” is the date the committee qualified in the current calendar year. The amendment box should be marked and the committee identification number issued previously will be used.

- **Bank Account.** List the name and address of the financial institution where the organization’s bank account is located and the bank account number. If the organization has more than one bank account, only one account must be listed.

- **Type of Committee.** A multipurpose organization must identify itself as either a primarily formed committee or a general purpose committee. Complete the appropriate committee type section. See FPPC Regulation 18247.5 and page 3 of the Form 410 instructions for information about how to determine the committee type. In making this determination, the organization counts only its political contributions and expenditures made in California. If it is determined that the committee is a primarily formed committee, refer to Campaign Disclosure Manual 3.

Quick Tip: See Chapter 1 for information about how to determine if the organization qualifies as a state, county, or city general purpose committee.
• **Description of Organization’s Political Activities.** On page 3 of the Form 410 in the “Provide Brief Description of Activity” field, a multipurpose organization, other than a federal or out-of-state PAC, must describe its mission or most significant activities and describe its political activities. This requirement may be met by referencing where the organization’s IRS Return of Organization Exempt from Income Tax form may be accessed.

Quick Tip: Although the “Provide Brief Description of Activity” field is included in the General Purpose Committee section of the Form 410, a multipurpose organization that qualifies as a primarily formed committee must also complete the description field.

• **Calendar Year Filer (“CY” designation).** A multipurpose organization that qualifies as a recipient committee because its political payments are more than $50,000 in a period of 12 months or more than $100,000 in a four consecutive calendar year period automatically terminates at the end of the calendar year in which it qualified. The organization must indicate its calendar year status by adding “CY” at the end of the description of the organization’s political activities. An organization may elect to remain registered as a committee instead of terminating automatically by stating its intent to remain open on its initial Form 410 or on an amended Form 410 filed prior to the end of the calendar year.

• **Annual Committee Fees.** A multipurpose organization that qualifies as a recipient committee must pay the $50 annual filing fee required of all recipient committees. See page 1 of the Form 410 instructions for additional information.

**Exception – Sponsor Reporting on PAC Reports:** A membership organization that is the sponsor of a recipient committee is not required to register as a separate committee so long as the organization does not receive payments of $10,000 or more in a calendar year from a single source. Such organizations may report contributions and expenditures on their sponsored committee’s campaign statement as described below. See Chapter 1 for additional information about sponsored committees.

**Example:** The National Alliance of Widget Manufacturers used funds from its general membership dues account to make a single contribution of $100,000 to a committee primarily formed to oppose a state ballot measure. The Alliance does not plan to make any other contributions or expenditures in California this calendar year. The Alliance qualifies as a primarily formed ballot measure committee and must file the Form 410. Even though the organization is a primarily formed committee, it must also complete the Brief Description of Activity field in the General Purpose Committee section and indicate that it is a committee that will automatically terminate at the end of the calendar year by including “CY” after the brief description of the organization’s activities. If it elects to remain open instead of automatically terminating at the end of the calendar year, it may state its intent to remain open on its initial Form 410 or an amended Form 410 filed prior to the end of the calendar year. The organization must also file the applicable campaign reports, meet the specified filing deadlines, and include the required disclaimers on advertisements.
D. What campaign statements are required?

Generally, a multipurpose organization that qualifies as a recipient committee will have the same filing requirements as other recipient committees. The most commonly filed forms are briefly described below; however, depending on a committee’s activity, additional reports may be required. Check the FPPC filing schedule for the upcoming election for specific reporting periods and deadlines.

Form 460

The Form 460 is the main campaign disclosure report and provides the public with an overview of the organization’s activity, including contributions and expenditures, during a specified period. The Form 460 is filed semi-annually and, depending on the organization’s activity, may also be required as a pre-election statement. See Chapter 12 for general information about completing the Form 460. Donor disclosure rules and other special reporting requirements for multipurpose organizations are described below. See Chapter 13 to determine when and where to file the Form 460.

24-Hour Contribution Reports (Form 497)

During the 90 days before an election, if the organization makes contributions of $1,000 or more to a candidate, ballot measure committee, or political party committee, it must file the Form 497 within 24 hours. See Chapter 10 for additional information about the Form 497, including when and where to file.

Independent Expenditure Reports

During the 90 days before an election, if the organization makes independent expenditures of $1,000 or more to support or oppose a candidate or ballot measure, it must file the Form 496 (24-hour Independent Expenditure Report) within 24 hours. Review the information below to determine which donors must be disclosed as contributors on a campaign statement, including the Form 496. In addition, the organization must file Forms 462 (Verification of Independent Expenditures) and 465 (Supplemental Independent Expenditure Report). See Chapter 11 for additional information about independent expenditure reports, including when and where to file.

E. Identifying Contributors on Campaign Statements

Pursuant to Government Code Section 82222 and Regulation 18422, donors to the multipurpose organization are disclosed as contributors on a campaign statement as follows:

1. **Donors Giving for Political Purposes – Itemize at $100.** State the full amount given and identifying information for all donors who made payments to the organization specifically for political purposes in California. In addition, donors who knew that all or a portion of their payments may be used for political purposes in California and donors who reached a subsequent agreement or understanding with the committee that all or a portion of their payments may be used for political purposes in California must also be listed. These donors must be itemized if their payments total $100 or more in a calendar year.
2. **LIFO Donors – Itemize at $1,000.** Report donors using a “last in, first out” accounting method to identify donors when the funds described above do not cover the entire amount of the contribution or independent expenditure made by the organization. Identify donors to the general fund in reverse chronological order beginning with the most recent donor. Donor identification starts with the date the political expenditure was made. Each donor’s payment is included on the Form 460; however, *only donors of $1,000 or more in a calendar year must be itemized.* Continue this method until a sufficient number of donors have been identified as contributors to account for the contribution or independent expenditure.

*Note:* During the 90 days before an election, calendar year filers must identify contributors using the LIFO accounting method no later than three business days following the expenditure. At all other times, contributors must be identified within 10 business days.

**Quick Tip:** When disclosing a donor identified through LIFO as a contributor on a campaign statement, the date the political expenditure was made is the date used for the contribution received, so it may be helpful to note on the statement that the contributor was identified using LIFO.

3. **Organization Itself.** If these two classes of contributors do not account for the full balance of the group’s political expenditures, the organization will identify itself as a contributor of the remaining balance.

When itemizing a contribution, report the name, street address, city, state and zip code of the contributor. If the contributor is an individual, also include the individual’s occupation and the name of his or her employer. If the contributor is self-employed, provide the name of his or her business. If the contributor is not employed, enter “none.” If the occupation and employer information cannot be obtained, the report must provide an explanation of the organization’s attempts to obtain the information.

**Exceptions:**

Organizations need not identify the following payments received as “contributions”:

- **Restricted Funds.** A donation from a donor that prohibits the use of the donation for political purposes or designates or restricts the donation for purposes other than contributions or expenditures.

- **Foundation Funds.** A grant from a private foundation as defined by Internal Revenue Code section 509(a) that does not constitute a taxable expenditure under Internal Revenue Code section 4945(d)(1) or (d)(2).

- **Funds received prior to July 1, 2014.** A donation to the general funds made before the new legislation took effect, if the funds were not given or approved by the donor to be used on a candidate or ballot measure in California.

**F. Special Reporting Requirements**
Calendar Year Filers

Contributions made and expenditures made in a prior calendar year are not required to be included on the reports filed for the calendar year in which an organization qualifies as a committee by making contributions or expenditures of more than $50,000 in a period of 12 months or more than $100,000 in a period of four consecutive calendar years.

Federal PACs Reporting Contributions Received

A federal PAC that is filing campaign reports with the Federal Election Commission (FEC) is not required to re-itemize contributors on Schedule A (Monetary Contributions Received) of the Form 460. A federal PAC should report its contributions received as follows:

- **Schedule A:** In the name of contributor field, make a statement that the contributors are itemized on the federal report and include the federal committee’s name and identification number. For example, “Contributors Listed on the FEC report of ABC Corporation Political Action Committee, FEC ID# 010101010.”

- **Schedule A Summary:** Enter zero (0) on Line 1 (itemized contributions) and enter the total receipts from the FEC report on Line 2 (unitemized contributions).

- **Form 460 Summary Page:** The amount from Line 3 of the Schedule A Summary is carried over to Lines 1 and 5 of the overall Summary Page.

Federal PACs Reporting Expenditures Made

A federal PAC is required to itemize its California expenditures on Schedule E of the Form 460; however, it is not required to itemize contributions made and expenditures made to influence federal or out-of-state elections. A federal PAC should report its expenditures made as follows:

- **Itemized Expenditures:** Itemize contributions and expenditures made in California and enter the total amount on Line 1 (itemized expenditures) of the Schedule E Summary. Expenditures made for contributions and independent expenditures in California are also itemized on Schedule D.

- **Unitemized expenditures:** Enter the total amount of non-California expenditures on Line 2 (unitemized expenditures) of the Schedule E Summary. Add an entry in the “name and address” field explaining that the non-California expenditures are included in the Schedule E Summary. For example, “The total amount of payments made for non-California contributions and expenditures is listed below on Line 2 of the Schedule E Summary.”

- **Form 460 Summary Page:** The amount from Line 4 of the Schedule E Summary Page is carried over to Lines 6 and 11 of the overall Summary Page.

Quick Tip: Expenditures made for contributions and independent expenditures in California are itemized on Schedules D and E of the Form 460.
Quick Tip: The totals from Line 3 of the Schedule A Summary and Line 4 of the Schedule E Summary are carried over to the overall Summary Page.

Out-of-State PACs Reporting Contributions Received

An out-of-state PAC uses the “last in, first out” (LIFO) accounting method to identify contributions in an amount equal to the PAC’s California expenditures. An out-of-state PAC should report its contributions received as follows:

- **Itemized contributions received**: Itemize contributors of $100 or more in an amount equal to the PAC’s California expenditures and enter the total on Line 1 (itemized contributions) of the Schedule A Summary.
- **Unitemized contributions received**: Enter the total amount of non-California payments received on Line 2 (unitemized contributions) of the Schedule A Summary. Add an entry in the “name and address” field explaining that the non-California payments received are included in the Schedule A Summary. For example, “The total amount of payments received that were not used for California contributions or expenditures is listed below on Line 2 of the Schedule A Summary.”
- **Form 460 Summary Page**: The amount from Line 3 of the Schedule A Summary is carried over to Lines 1 and 5 of the overall Summary Page.

Out-of-State PACs Reporting Expenditures Made

An out-of-state PAC is required to itemize its California expenditures on Schedule E of the Form 460; however, it is not required to itemize contributions made and expenditures made to influence federal or out-of-state elections. An out-of-state PAC should report its expenditures made as follows:

- **Itemized expenditures**: Itemize contributions and expenditures made in California and enter the total amount on Line 1 (itemized expenditures) of the Schedule E Summary. Expenditures made for contributions and independent expenditures in California are also itemized on Schedule D.
- **Unitemized expenditures**: Enter the total of non-California expenditures on Line 2 (unitemized expenditures) of the Schedule E Summary. Add an entry in the “name and address” field explaining that the non-California expenditures are included in the Schedule E Summary. For example, “The total amount of payments made for non-California contributions and expenditures is listed below on Line 2 of the Schedule E Summary.”
- **Form 460 Summary Page**: The amount from Line 4 of the Schedule E Summary Page is carried over to Lines 6 and 11 of the overall Summary Page.

Quick Tip: A political committee that registers and files campaign reports (i.e., IRS Form 8872) with the Internal Revenue Service reports its contributions and expenditures in the same manner as an out-of-state PAC.
Sponsored Committees

A membership organization that is the sponsor of a recipient committee may report its contributions and expenditures made from general funds on its committee’s campaign statement so long as the organization does not receive payments of $10,000 or more in a calendar year from a single source. The sponsor uses the “last in, first out” (LIFO) accounting method and must itemize contributors that have donated $1,000 or more to the general fund since July 1, 2014. If these contributors do not account for the full balance of the organization’s expenditures, the organization must identify itself as a contributor of the remaining balance.

Quick Tip: See Chapter 12 for additional rules related to a sponsor reporting its contributions and expenditures on its committee’s campaign statement.

G. Notifying Major Donors

When a multipurpose organization uses the LIFO accounting method to identify donors, the organization is required to notify those donors that they may have filing obligations in the following situations:

- **Contributors of $5,000 or more.** If a contributor of $5,000 or more is identified using the LIFO accounting method, the organization must send a *major donor notice* to the contributor *within two weeks* informing them that they may be required to file campaign statements.

- **Contributors of $10,000 or more in the 90 days before an election.** Within 90 days of an election, if a contributor of $10,000 or more is identified using the LIFO accounting method, the organization must send a *major donor notice* to the contributor *within one week* informing them that they may be required to file campaign statements.

- **Expedited notice for contributors of more than $50,000.** If a contributor of more than $50,000 is identified using the LIFO accounting method, and the contributor is also a multipurpose organization, the recipient organization must send a *nonprofit filer notice* to the contributing organization stating that it may be required to register and file expedited campaign statements disclosing its donors (see “Expedited Filing” below). The notice must be provided *within 24 hours* during the 90-day period before an election and *within ten business days* outside of the 90-day period.

Quick Tip: See Chapter 4 for additional information about the requirement to notify contributors of potential filing obligations. A sample notice is also included.

Quick Tip: See the example related to expedited notice and expedited filing at the end of this chapter.

H. Expedited Filing for Multipurpose Organization Contributors

A multipurpose organization identified as a contributor by LIFO accounting that also qualifies as a recipient committee must register and file campaign statements of its own. The organization
qualifies as a committee on the date it knows or has reason to know that it met the qualification thresholds by receiving notice from the recipient organization or being otherwise put on notice. The contributing organization must file a Statement of Organization (Form 410) and initial campaign statements within three business days following its committee qualification during the 90-day period before an election, and within 10 business days outside of the 90-day period.

I. Recordkeeping

A multipurpose organization must maintain all records necessary to ensure its compliance with the registration and reporting requirements of Government Code Section 84222 and FPPC Regulation 18422.

J. Committee Termination

Calendar Year Filers

A multipurpose organization that qualifies as a recipient committee because its political expenditures were more than $50,000 in a period of 12 months or more than $100,000 in four consecutive calendar years automatically terminates on December 31 of the year in which it qualified. A year-end semi-annual statement is not required unless the organization has undisclosed contributions or expenditures to report, in which case termination occurs automatically upon filing the semi-annual statement due by January 31. An organization may elect to remain registered as a committee instead of terminating automatically by stating its intention to remain registered on its initial Form 410 or on an amended Form 410 filed prior to the end of the calendar year.

Other Multipurpose Organizations

Any other multipurpose organization that qualifies as a recipient committee terminates in the same manner as other recipient committees. A final Form 460 must be filed and a Form 410 termination statement must also be filed. See Chapter 2 for additional information, including the requirements that must be met in order for a committee to terminate.

Examples:

♦ PTA Contribution. The Golden Rule Association provides educational services and receives its funds exclusively from teachers. The teachers do not designate their funds for political expenditures, and give amounts varying from $50 to $2,500/year. In a period of 12 months, the association made a single contribution of $85,000 to a state ballot measure committee (30 days before a June primary election) and made a payment of $5,000 to a firm for campaign reporting services and preparation of campaign advertisements. The association qualifies as a recipient committee and must file a Statement of Organization (Form 410) within 10 days. Within 24 hours of making the $85,000 contribution, the Form 497 must be filed. Within three business days, the association must use the “last in, first out” (LIFO) accounting method to identify donors up to the $90,000 in political expenditures. An amendment to the Form 497 must be filed to identify contributors of $1,000 or more within three days after the LIFO is completed, unless the contributors were already listed on the original Form 497 or there
are no contributors of $1,000 or more to identify. Campaign statements (Form 460) are filed according to the filing schedule for primarily formed ballot measure committees. The association’s reporting obligations will terminate automatically at the end of the calendar year unless the association elects to stay registered. All forms are filed with the Secretary of State, and with the exception of the Form 410, the forms must be filed electronically.

♦ **Union with Sponsored Committee.** A union has a sponsored committee. One year, the union makes two contributions, $25,000 and $30,000, to a ballot measure committee from the union’s general dues account. The union is not required to register as a separate committee; it may report the contributions on its sponsored committee’s report. The sponsored committee’s report must identify the donors that account for the $55,000 in political expenditures using the “last in, first out” (LIFO) accounting method. If any member made payments totaling $1,000 or more, the member’s name, address, occupation and employer must be disclosed. Alternatively, the union may establish a separate recipient committee and file a Statement of Organization (Form 410) and file its own campaign reports.

♦ **MPO Solicits Donations for Political Purposes.** Citizens for Public Libraries is a multipurpose organization. One year, the organization sent a mailer to its members asking for $200 for the sole purpose of supporting library bond measures. Once $1,000 was received, the organization qualified as a recipient committee, and was required to file a Statement of Organization (Form 410), and begin filing recipient committee campaign reports disclosing the full amount of each contribution. If the organization’s political expenditures do not exceed the amount of the contributions raised for the bond measures, donors to the organization’s general fund are not identified on a campaign statement.

♦ **Chamber of Commerce Contribution.** A trade association of city businesses raises money for charitable events in the community. One year, the association makes a $45,000 contribution to a committee formed to support a city ballot measure. The association had not raised the money for political purposes and did not reach an agreement with donors that their payments may be used for political purposes. Therefore, the association does not qualify as a recipient committee required to report donors; however, it qualifies as a major donor committee and must file the Form 461 to report the contribution. If the contribution was made in the 90 days before the election, the Form 497 must also be filed.

♦ **Environmental Organization Qualifies as Committee.** Go Green is a multipurpose organization; its monthly dues payments range from $500 to $2,000 per member. In a non-election year, the organization made several contributions to state legislators totaling $80,000 from its membership account. The organization must register as a committee once the contributions total more than $50,000. The organization’s political fundraising efforts raised $20,000 in donor payments of $400 each. On the campaign statement, each donor that made a $400 contribution specifically for political purposes must be itemized. In order to account for the additional $60,000, the organization must identify donors to its membership account using the “last in, first out” (LIFO) accounting method. A total of 100 donors were identified using LIFO to
account for the $60,000, but only donors whose payments totaled $1,000 or more in a calendar year must be itemized on the campaign statement (Form 460).

♦ **Federal PAC.** A federal political action committee that files disclosure reports with the FEC made a single contribution in the amount of $40,000 to a state ballot measure committee. The contribution was made four months before the election. The federal political action committee qualifies as a recipient committee and must file a Statement of Organization (Form 410) and a campaign statement (Form 460). The committee is not required to itemize contributors on the Form 460; it may instead disclose the total amount of contributions received on Line 3 of the Schedule A Summary, make a statement on the report that its contributors are listed on its federal report, and include the federal committee’s name and identification number. California expenditures must be itemized on the appropriate schedules (i.e., Schedules D, E, and F). All other expenditures are reported as a lump sum total.

♦ **Nondonor Funds.** A professional organization provides a variety of services to its members, including insurance services that result in income to the organization. The organization makes political expenditures from the income producing account (nondonor funds), not from its membership dues account. Therefore, the organization does not qualify as a recipient committee. The organization is required to file reports as a “major donor” or “independent expenditure” committee if it makes, in a single calendar year, $10,000 in contributions or $1,000 in independent expenditures. On the Form 461, in a memo entry or in the “Description of Payment” field, the organization must briefly describe the source of nondonor funds used (e.g., interest income).

♦ **Nonprofit Organization Making Independent Expenditures.** Ten days before the June election, a nonprofit organization received $10,000 from donors for a specific political campaign. Five days prior to the election, the organization makes a single independent expenditure of $60,000 using the $10,000 received specifically for political purposes and $50,000 from the organization’s general membership dues account. The organization must file a Form 496 (Independent Expenditure Report) within 24 hours. Contributors of $100 or more who donated specifically for the campaign must be itemized on the Form 496. Within three business days, the organization must use the “last in, first out” (LIFO) accounting method to identify donors up to the $50,000 in political expenditures made from the general fund. If contributors of $1,000 or more are identified, an amended Form 496 must be filed to disclose those contributors unless they were reported on the initial Form 496. The organization must also file campaign statements as required by the relevant filing schedule until the committee is terminated.

♦ **Nonprofit Association Using Funds Received from Another Nonprofit.** A national nonprofit association made a $5,000,000 contribution from its general treasury to a state ballot measure committee thirty days before the election. The national association must register as a recipient committee in California and file appropriate campaign statements. If the national association using the “last in, first out” (LIFO) accounting method identifies contributors of more
than $50,000 that are also nonprofit organizations, the national association must send a “nonprofit filer notice” to that nonprofit organization within 24 hours.

Each nonprofit organization that receives the notice must determine the source of the original payment to the national association. If the source, for instance, was funds from the nonprofit organization’s general membership dues, the nonprofit organization must file a Statement of Organization (Form 410) and a Recipient Committee Campaign Statement (Form 460) identifying its donors within three business days. If the nonprofit organization makes additional expenditures in California, those expenditures must also be reported.

**Note:** The national association must send the “major donor notification” to each nonprofit organization identified by the LIFO accounting method as a donor of $5,000 or more within two weeks. A nonprofit organization identified as a donor of $10,000 or more must be notified within one week.

### Answering Your Questions

**A. Our union raised $5,000 to be used exclusively for member communications in support of a ballot measure. Are we required to register as a recipient committee?**

No, since member communications, as described in Chapter 8, are not considered to be contributions or independent expenditures, funds raised exclusively to be used for member communications do not trigger the requirement to register as a recipient committee.

**B. Our trade association has never before made a political expenditure; however, this year the association made a single $45,000 contribution to a committee primarily formed to support a county ballot measure. Is our association required to register as a recipient committee?**

No, since the contribution was not more than $50,000, the association does not qualify as a recipient committee so long as the funds were not raised for political purposes and there was no agreement with the donors that their payments may be used for political purposes. The association does, however, qualify as a major donor committee and must file the applicable campaign reports and meet the specified filing deadlines.

**C. Our organization provides a variety of services to its members, including insurance coverage which results in income to the organization. The organization makes its political expenditures from the income producing account (nondonor funds), not from its membership dues account. Is our organization required to register as a recipient committee?**

No. Since nondonor funds are used, the organization does not qualify as a recipient committee. If the organization makes contributions of $10,000 or more or independent expenditures of $1,000 or more in a single calendar year, the organization will qualify as a
D. Our association receives its funds exclusively from its members. The members do not designate their funds for political purposes. This year, the association made a $55,000 contribution to a committee primarily formed to support a county ballot measure. The association will not make additional political expenditures this calendar year. Is our association required to register as a recipient committee?

Yes. The association must file the Form 410 and since its only contribution was to a county ballot measure committee, it must register as a county primarily formed ballot measure committee. In Part 4, the committee will note it is a calendar year filer (“CY”) and describe the organization’s mission or significant activities (a reference to its IRS tax form is permissible). The association must also file all applicable campaign reports and meet the specified filing deadlines. Unless the association elects to remain registered as a recipient committee, the committee will automatically terminate at the end of the calendar year.

E. Our federal political action committee (PAC) made a $40,000 contribution to a state ballot measure. Since the contribution was not more than $50,000, is the PAC required to register as a California recipient committee?

Yes, a federal PAC that makes contributions or expenditures in California totaling $1,000 or more in a calendar year must file the Form 410 and register as a California recipient committee.

F. Our union has a sponsored political action committee (PAC). This year the union made two contributions, $25,000 and $30,000, to a state ballot measure committee from the union’s general dues account. We are going to report the contributions on our sponsored committee’s report. When we identify members through the “last in, first out” (LIFO) accounting method for the $55,000 in political expenditures, are we required to itemize members whose payments total $100 or more?

No, when identifying sources of political expenditures using the “last in, first out” (LIFO) accounting method, you must only itemize members whose payments total $1,000 or more in a calendar year. The sponsored PAC, however, must itemize payments that total $100 or more in a calendar year when those payments are received specifically by the PAC.

G. Our federal political action committee (PAC) qualified as a California recipient committee. We file campaign reports with the Federal Election Commission (FEC) disclosing all contributions received and expenditures made. Are we required to re-itemize contributors on the Form 460?

No. A federal PAC that is filing campaign reports with the FEC is not required to re-itemize contributors on the Form 460, but the committee must disclose the total amount of contributions received, make a statement that its contributors are listed on its federal report,
and include the federal committee’s name and identification number. The PAC must itemize its California expenditures on Schedules D and E of the Form 460 and provide a lump sum total of all other expenditures with a description such as, “contributions made to Federal and non-California candidates and committees.”

H. Our association qualified as a recipient committee (calendar year filer) in May by making a contribution of $65,000 to a ballot measure committee from the association’s general funds. We reported the contribution made to the ballot measure committee and the donors identified as contributors by the “last in, first out” (LIFO) accounting method on the semi-annual Form 460 filed on July 31, covering the period of January 1 through June 30. If we make no further political expenditures this year and we did not elect to remain a registered committee, are we required to file a semi-annual Form 460 for the period of July 1 through December 31?

No. A year-end semi-annual statement is not required so long as the association does not have undisclosed contributions or expenditures to report. Your committee status will automatically terminate on December 31.

Authority
The following Government Code sections and Title 2 Regulations provide authority for the information in this chapter:

Government Code Sections
81004 Reports and Statements; Perjury; Verification.
81004.5 Reports and Statements; Amendments.
81007 Mailing of Report or Statement.
82013 Committee.
82015 Contribution.
82027.5 General Purpose Committee.
82047.5 Primarily Formed Committee.
82048.7 Sponsored Committee.
84101 Statement of Organization; Filing.
84101.5 Annual Fees.
84102 Statement of Organization; Contents.
84103 Statement of Organization; Amendment.
84106 Sponsored Committee; Identification.
84214 Termination.
84215 Campaign Reports and Statements; Where to File.
84222 Multipurpose Organizations.

Title 2 Regulations
18215 Contribution.
18247.5 Primarily Formed and General Purpose Committees.
18402 Committee Name.
18404 Termination of Candidate’s and Committees’ Filing Requirements.
18410 Statement of Organization.
Sponsored Committees.
Multipurpose Organization Political Activity Transparency.