

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 \$2,000 or more to make 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 this campaign disclosure manual 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 Campaign Disclosure Manual 4 for guidance.

Chapter 1 describes how a committee makes the determination as to whether it is a primarily formed committee or a general purpose 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

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

- Business entities
- Individuals
- Federal candidate controlled committees

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.

Additionally, effective January 1, 2017, a publicly funded nonprofit organization that meets particular thresholds in making campaign contributions or expenditures, must register and report generally in the same manner as a multipurpose organization under the Act. (Government Code Section 84222.5.)

A “publicly funded nonprofit organization” is a nonprofit organization (other than an organization with Section 501(c)(3) tax-exempt status under the Internal Revenue Code) for which public resources from one or more local agencies account for more than 20% of the organization’s annual gross revenue in the current fiscal year or either of the previous two fiscal years.

Please contact the FPPC to obtain a copy of the Fact Sheet on Publicly Funded Nonprofits: Accounting and Reporting Political Activity for information specific to these entities.

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 calendar years
- **Federal or out-of-state political committees** that make contributions or expenditures in California totaling at least \$2,000 in a calendar year
- **Organizations that solicit and receive payments from donors** totaling at least \$2,000 in a calendar year for the purpose of making contributions or expenditures in California
- **Organizations that accept payments from donors** totaling at least \$2,000 in a calendar year 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 \$2,000 in a calendar year in California

Exception – Nondonor Funds: A multipurpose organization that uses only “nondonor funds” (e.g., investment income, interest income, capital gains, income from providing goods or services) to make contributions or expenditures will not qualify as a recipient committee;

Quick Tip!

Some multipurpose organizations will qualify as general purpose committees instead of primarily formed committees. See Chapter 1 for additional information about how to determine whether the organization qualifies as a primarily formed committee or a general purpose 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.

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 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 \$2,000 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).)

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 File 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.

Completing the Form 410

Chapter 1 should be reviewed for detailed instructions on completing the Form 410. The following additional rules apply to multipurpose organizations that qualify as ballot measure committees.

Quick Tip!

A multipurpose organization that uses only “nondonor funds” or whose spending does not exceed \$50,000/12 months or \$100,000/4 years 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.”

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 H).

- **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.”

- **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 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

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.

Quick Tip!

See Chapter 1 for information about how to determine if the organization qualifies as a primarily formed or general purpose ballot measure committee.

expenditures made in California. If it is determined that the committee is a general purpose committee, refer to Campaign Disclosure Manual 4.

- **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. **Note:** 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 ballot measure 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 the Form 410 instructions for additional information.

Ex 13.1 - 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 and meet the specified filing deadlines.

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.

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 preelection statement. See Chapter 9 for general information about completing the Form 460. Donor disclosure rules and other special reporting requirements for multipurpose organizations are described below. See Chapter 10 to determine when and where to file the Form 460.

24-Hour/10-Day Contribution Reports (Form 497)

During the 90 days before an election, or on the date of the 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 8 for additional information about the Form 497, including when and where to file.

24-Hour/10-Day Independent Expenditure Reports (Form 496)

During the 90 days before an election, or on the date of the 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/10-Day 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 Form 462 (Verification of Independent Expenditures). See Chapter 11 for additional information about independent expenditure reports.

E. Identifying Donors 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” (LIFO) 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 as far back as necessary until a sufficient number of donors have been identified as contributors to account for the contribution or independent expenditure.

Quick Tip!

Although contributors must be identified using LIFO within three or 10 days, the organization does not have to disclose the contributors until its next regular campaign statement (i.e., Form 460) is due. The contributors are not required to be disclosed on the Form 497.

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. If the organization identifies a contributor of more than \$50,000 that is also a multipurpose organization, the 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 Sections G and H below.)

- 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).

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.

- **Funds received prior to July 1, 2014.** A donation to the general funds made before the 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

A multipurpose organization that 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, does not include on the reports it files for the year in which it qualifies as a committee, contributions or expenditures the organization made in a prior calendar year. (Section 84222(e)(3).) For example, the organization's campaign report filed in 2019, the year in which it qualifies as a committee, will not contain contributions or expenditures the organization made in 2018 or 2017. However, this provision does not limit an organization identifying donors by LIFO to those who gave in the current calendar year. Using LIFO, the organization may work through its donor list as far back as necessary to account for its political expenditures.

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. Specifically, the description must include all activities undertaken for the purpose of directly or indirectly supporting or opposing state or local candidates for elective office or for qualifying, supporting or opposing a state or local ballot measure. This requirement may be met by referencing where the organization's IRS Return of Organization Exempt from Income Tax form may be accessed. (Gov. Code Section 84222(e)(1)(A); Regulation 18422(b)(2).)

Nondonor Funds

A multipurpose organization that makes contributions or expenditures using nondonor funds must describe the source of those nondonor funds on the organization's campaign report or statement, including both the type of nondonor funds used (as defined in Section 84222(c)(5)(B), and the source of the nondonor funds, such as the name of the entity where an income producing investment is held, or the type of goods sold. (Regulation 18422(c)(4).)

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." If it is not possible to put this information on Schedule A, it may be included in a memo field instead.
- **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:

- **California Expenditures:** Itemize contributions and expenditures of \$100 or more made in California. Expenditures made for contributions and independent expenditures in California are also itemized on Schedule D.
- **Non-California Expenditures:** Add an entry in the “name and address” field for the non-California expenditures (e.g., “Non-CA expenditures”) and include the lump sum total in the “amount paid” column.
- **Schedule E Summary:** Enter the total amount of California expenditures and non-California expenditures on Line 1 (itemized payments) of the Schedule E Summary. If expenditures of less than \$100 or more were made for contributions and expenditures in California, enter the lump sum total on Line 2 (unitemized payments). Line 3 is likely not applicable to federal PACs. Line 4 is the total of all expenditures made during the reporting period.
- **Form 460 Summary Page:** The amount from Line 4 of the Schedule E Summary 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 also entered on the appropriate lines of the overall Summary Page.

Out-of-State PACs Reporting Contributions Received

An out-of-state PAC should report its contributions received as follows:

- **Itemized Contributions Received:** Itemize contributions of \$100 or more in an amount equal to the PAC’S California activity and enter the total on Line 1 (itemized contributions) of the Schedule A Summary.
- **Unitemized Contributions Received:** Enter the total amount of all other contributions received on Line 2 (unitemized contributions) 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.

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.

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:

- **California Expenditures:** Itemize contributions and expenditures of \$100 or more made in California. Expenditures made for contributions and independent expenditures in California are also itemized on Schedule D.
- **Non-California Expenditures:** Add an entry in the “name and address” field for the non-California expenditures (e.g., “Non-CA expenditures”) and include the lump sum total in the “amount paid” column.
- **Schedule E Summary:** Enter the total amount of California expenditures and non-California expenditures on Line 1 (itemized payments) of the Schedule E Summary. If expenditures of less than \$100 or more were made for contributions and expenditures in California, enter the lump sum total on Line 2 (unitemized payments). Line 3 is likely not applicable to out-of-state PACs. Line 4 is the total of all expenditures made during the reporting period.
- **Form 460 Summary Page:** The amount from Line 4 of the Schedule E Summary is carried over to Lines 6 and 11 of the overall Summary Page.

Sponsored Committees

A membership organization that is the sponsor of a recipient committee that makes all of its contributions and expenditures from funds derived from dues, assessments, fees and similar payments that do not exceed \$10,000 per calendar year from a single source may report its contributions and expenditures made from general funds on its committee’s campaign statement. 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 during the calendar

Quick Tip!

See Chapter 9 for additional rules related to a sponsor reporting its contributions and expenditures on its committee’s campaign statement.

year. 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.

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, including the date of the election.** Within 90 days of an election, including the date of the 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 that period.

Note: A donor to a multipurpose organization whom the organization identifies as a contributor using LIFO may be required to file major donor reports, but is not required to file 24-Hour/10-Day Contribution Reports (Form 497) for the original donation to the multipurpose organization, which may have occurred some time ago.

Quick Tip!

See Chapter 3 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 that 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. Regulation 18422.1 provides that the basic recordkeeping requirements for all committees under Regulation 18401 similarly apply to multipurpose organizations. In addition, Regulation 18422.1 details specific forms of recordkeeping documentation required for multipurpose organizations, such as grant agreements and solicitations to donors. (Regulation 18422.1(b).) Regulation 18422.1 also requires multipurpose organizations that use nondonor funds for political activity in California to keep sufficient records to verify that such contributions or expenditures were in fact made using available nondonor funds. (Regulation 18422.1(c).)

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 12 for additional information, including the requirements that must be met in order for a committee to terminate.

K. Reporting Examples

- ◇ **PTA Contribution.** *A local Parent Teachers Association (PTA) provides educational services and receives its funds exclusively from parents. The parents do not designate their funds for political expenditures, and give amounts varying from \$50 to \$2,500/year. 30 days before a November general election, the PTA made a single contribution of \$85,000 to a state ballot measure committee. The PTA 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 \$85,000 in political expenditures. Donors of \$1,000 or more identified through LIFO are reported on the next campaign statement (Form 460) filed according to the filing schedule for primarily formed ballot measure committees, i.e., preelection report. The PTA is not required to file Form 497 for contributions received because these funds were not raised for political purposes. The PTA's reporting obligations will terminate automatically at the end of the calendar year unless the PTA elects to stay registered. All forms are filed with the Secretary of State's office.

- ◇ **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 as long as the union does not receive a dues payment of \$10,000 or more in a calendar year from a single donor. 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 \$2,000 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, including the date of 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 qualify a state ballot measure 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 2 (unitemized contributions) 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 as described earlier in the chapter.*

- ◇ **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 Makes Political Contributions under \$10,000.**

If a nonprofit or other multipurpose organization makes a contribution(s) of under \$10,000 in a 12-month period, it is not required to file campaign reports. For example, a local nonprofit organization, Friends of Creekside Park, makes a \$5,000 contribution to a regional open space ballot measure. The nonprofit organization does not have filing obligations under the Act. The group's \$5,000 contribution is under the \$10,000 threshold for major donor filing and under the \$50,000/12 months threshold for a multipurpose organization qualifying as a recipient committee

◇ **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 (24-Hour/10-Day 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 those nonprofit organizations within 24 hours.*

Each nonprofit organization that receives the notice must determine the source of the original payment to the national association. For example, if the payment was made 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 trade association has never before made a political expenditure; however, this year the association made a single contribution of \$45,000 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.

- B. 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 major donor committee or an independent expenditure committee and must file the applicable campaign reports and meet the specified filing deadlines.

C. 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 contribution of \$55,000 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 of the Form 410, the committee will note that 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.

D. Our federal political action committee (PAC) made a contribution of \$40,000 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 \$2,000 or more in a calendar year must file the Form 410 and register as a California recipient committee.

E. 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.

F. 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, "non-California expenditures."

G. 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.

H. In order to determine if our organization qualifies as a calendar year filer, do we include contributions and expenditures made prior to the July 1, 2014 effective date for the new rules?

Yes. To determine if the threshold of more than \$50,000 or more than \$100,000 is met, the organization counts contributions and expenditures made going back 12 months or four calendar years, respectively.

- I. In 2019, our organization indicated “CY” on the Form 410 as it qualified as a calendar year filer by making a contribution of \$75,000 to a local ballot measure committee. After the election, we amended the Form 410 to state the committee’s intent to remain open and not automatically terminate at the end of 2019. Are we now subject to the same termination requirements as other non-CY committees?**

Yes. You must continue to file semi-annual statements and other reports that may be required based on your contributions and independent expenditures. In order to terminate, you must file a Form 410 termination statement and a final Form 460 in the same manner as a non-CY recipient committee.

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.
- 84222.5 Publicly Funded Nonprofit 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.
- 18419 Sponsored Committees.
- 18422 Multipurpose Organization Political Activity Transparency.
- 18422.1 Required Recordkeeping for Multipurpose Organizations.