



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

Richard T. Robitaille, Treasurer
Wyoming Republican State Committee
P.O. Box 241
Casper, WY 82602

Identification Number: C00005785

MAY 24 2000

Reference: Year End Report (7/1/99-12/31/99)

Dear Mr. Robitaille:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the report(s). An itemization follows:

-On Schedule H4, you have checked the Administrative box for disbursements made for "Fundraising Expense" and "Consulting/Fundraising". The allocation of each fundraising program or event should be disclosed on Schedule H2 as well as Schedule H4. The allocation ratio for fundraising programs/events is determined by using the Funds Received method. Please amend your report to properly categorize these disbursements and to disclose them appropriately on Schedules H2 and H4.

-Your EVENT YEAR-TO-DATE calculations for Administrative/Voter Drive are incorrect. EVENT YEAR-TO-DATE totals for administrative and voter drive costs are derived by aggregating all disbursements during the calendar year for the whole Administrative/Voter Drive category. EVENT YEAR-TO-DATE totals for fundraising, direct candidate support, and exempt activities are derived by aggregating all disbursements during the calendar year within a specific event. These should be calculated by adding the latest disbursement for a category or event to the previous EVENT YEAR-TO-DATE total for that category or event. This running EVENT YEAR-TO-DATE total should be disclosed after each disbursement is listed. Please amend your report by providing the correct EVENT YEAR-TO-DATE totals.

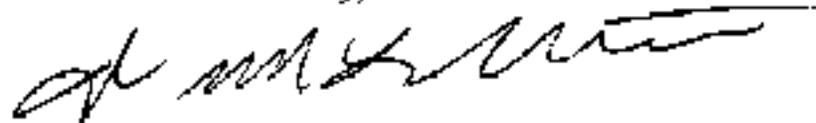
-Your report discloses in-kind contributions ("donations") from corporations on Schedules H3 and H4. Schedule H3 appears to disclose the date of the federal account's payment for its share of the in-kind corporate contribution. The itemization on Schedule H3 should include the date the Committee received the in-kind contribution. Please amend your report to properly disclose the in-kind corporate contributions received by your committee (example enclose).

-Your report disclosed a category of financial activity that has been reflected on the wrong line of the Detailed Summary Page. The receipt of in-kind contributions from individuals and/or partnerships should be properly disclosed on a separate Schedule A, supporting Line 11(a)(i) of the Detailed Summary Page. Please refer to the instructions contained on the forms to determine the proper categorization when preparing your next filing.

-Please amend Schedule A supporting Line 12 by providing the full name for each transfer received from a political committee. 11 CFR §104.3(a)(4)(ii) and (iii)(B)

A written response or an amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530 (at the prompt press 1, then press 2 to reach the Reports Analysis Division). My local number is (202) 694-1130.

Sincerely,



Donald L. Averett
Reports Analyst
Reports Analysis Division

11. Prohibited In-Kind Donations for Allocable Activities

While contributions from corporations, labor organizations and federal government contractors are prohibited under federal law, they are permissible under some state laws. If that is the case, such donations may be accepted by a nonfederal account for strictly nonfederal activity. However, the situation is more complicated when donations of goods or services from such sources are made in connection with allocable activity, such as a fundraiser at which both federal and nonfederal funds are collected.

In AO 1992-33, the Commission explained how a committee can legally accept an in-kind donation from a prohibited source in connection with an allocable administrative or fundraising activity. Note that the Commission has not addressed the receipt of in-kind donations from prohibited sources for the other types of allocable expenses (i.e., generic voter drives and candidate support activity).

Advance Payment of Federal Share

To avoid the receipt of a prohibited contribution by the federal account, that account must pay the nonfederal account for the federal share of the in-kind donation. This payment—a transfer to the nonfederal account—must be made in advance or on the date the goods or services are received.

Per-Transaction Transfers

The federal transfer may be made on a per-transaction basis—that is, shortly before or on the same day the in-kind donation is received.

Escrow Transfers

Alternatively, the federal account may make bulk transfers to cover the federal share of anticipated in-kind donations. Under this "escrow" arrangement, a committee makes a good faith estimate of the amount of in-kind donations that it expects to receive and transfers sufficient funds from the federal account to cover the federal share.

Adjustments

Should the federal account pay more than its share of an in-kind donation, adjustment transfers from the nonfederal account are permissible.

Basic Reporting of In-Kind Donations: Example

On October 1, a state party committee receives a \$5,000 in-kind donation of flowers from a corporation for a federal/nonfederal fundraiser ("Chairman's Gala"). The estimated allocation ratio for the fundraiser is 50 percent federal and 50 percent nonfederal. That same day, the federal account transfers its share of the in-kind donation (\$2,500) to the nonfederal account.

Required Forms

- Schedule H3—Transfers from Nonfederal Account
- Schedule H4—Payments for Allocable Expenses

Schedule H3—Receipt of In-Kind Donation

The committee reports the receipt of the in-kind donation as a transfer from the nonfederal account for the "Chairman's Gala" fundraiser. The date used here is the date the committee received the flowers.

RECEIPT OF IN-KIND DONATION (H3)

NAME OF ACCOUNT		DATE OF RECEIPT		AMOUNT
Nonfederal Account		10/1/88		
BREAKDOWN OF TRANSFER RECEIVED				
		ADMINISTERED DRIVE INQUIRY	DIRECT PAYMENTS AND INQUIRY	EMERGENCY ACTIVITY/RECYCLE CANDIDATE SUPPORT
D	Total Administrative/Inquiry Drive			
H	Special Fundraising and Events—Receipt for Cash			
	* Chairman's Gala		\$5,000.00	
	*			
	*			
	*			

The Schedule H3 shows the nonfederal account's receipt of the \$5,000 in-kind donation of flowers on October 1.

"Disbursement" of In-Kind Donation (H4)

Like *in-kind contributions*, in-kind donations must be reported as both receipts and disbursements so as not to inflate the cash-on-hand balance. (The disbursement side reflects the use or "expenditure" of the resources.) Schedule H4 is used for the disbursement entry, which shows the \$5,000 in-kind donation as a 100 percent nonfederal disbursement. The donor's name and address is disclosed in the box generally used for payees.

Transfer from Federal Account (H4)

The second entry on Schedule H4 shows the contemporaneous transfer of \$2,500 (the federal share of the donation) from the federal account to the nonfederal account. The explanation of the transfer is described in the "Purpose" box, with a reference to the previous entry.

Alternative Reporting Method

To minimize entries and avoid duplication, a committee may use alternative methods to report transactions relating to in-kind donations.

The committee may use one entry on Schedule H3 to show the receipt of all in-kind donations made within the same reporting period for a particular fundraising program or event (or administrative activity).

The committee may also use one entry on Schedule H4 to show total federal payments (transfers) made on the same day for the federal share of in-kind donations.

Example

A committee receives two in-kind donations from prohibited sources for a mixed federal/nonfederal fundraising event, "July Fundraiser":

- Invitations donated by XYZ Printers, Inc. (value: \$3,000) received on July 1; and
- Balloons donated by ABC Balloons, Inc. (value: \$1,000) received on July 15.

The fundraising ratio for "July Fundraiser" is 50 percent federal, 50 percent nonfederal. The federal account transfers its \$2,000 share of the two donations on July 1.

DISBURSEMENT OF IN-KIND DONATION; FEDERAL TRANSFER (H4)

DISBURSEMENT SCHEDULE H4 (Schedule H4)		JOINT FEDERAL/NON-FEDERAL ACTIVITY SCHEDULE		Page 2 of 3 # OF LINE 21a		
NAME OF COMMITTEE State Party Committee						
A. FULL NAME, MAILING ADDRESS & ZIP CODE Flowers by Fodor, Inc. 300 Main Highway City, State ZIP		RECEIPT Flowers for Chairman's Gala	DATE 10/1/98	TOTAL AMOUNT \$5,000.00 in-kind	FEDERAL SHARE 0	NON-FEDERAL SHARE \$5,000.00
B. FULL NAME, MAILING ADDRESS & ZIP CODE State Party Committee/ Nonfederal Account 440 Democracy Blvd. City, State ZIP		C. EXPLANATION Transfer of Federal Share (see above)	DATE 10/1/98	TOTAL AMOUNT \$2,500.00	FEDERAL SHARE \$2,500.00	NON-FEDERAL SHARE 0

The first entry shows the "disbursement" of the \$5,000 in-kind donation by the nonfederal account. The second entry shows the federal account's transfer of its share of the donation (50 percent or \$2,500) to the nonfederal account.

Schedule H3—Receipt of In-Kind Donations

The committee uses one entry on Schedule H3 to show the total in-kind donations for "July Fundraiser" received during the reporting period. The "date of receipt" shows the period during which the committee received the contributions. The "July Fundraiser" entry cross references the Schedule H4 entries showing the "disbursement" of the donations and the identity of the contributors.

RECEIPT OF IN-KIND DONATIONS (H3)

NAME OF ACCOUNT Nonfederal Account		DATE OF RECEIPT 7/1-7/15/98		TOTAL AMOUNT \$4,000.00
BREAKDOWN OF TRANSFER RECEIVED				
	ADMITTED DATE AMOUNT	DATE F. AD- RALS AMOUNT	IDENTIFY ACTIVITY RECEI- D SOURCE SUPPORT	
D. Total Admitted/Year One				
E. Detail Fundraising For Events/Amount for Each				
1. 07/01/98 FUNDRAISER		\$3,000.00		
2. 07/15/98, F. 1, BALLOONS A AND B				
3.				
4.				

The \$4,000 in-kind transfer represents a \$3,000 donation received on July 1 and a \$1,000 donation received on July 15. The entry notes the Schedule H4 entries where information on the donations is available.

Schedule H4—"Disbursement" of Donations; Federal Transfer
 Schedule H4 shows the "disbursement" of the two in-kind donations by the nonfederal account, each entry identifying the donor and the dates the donations were received.

The third entry shows the federal account's payment for its 50 percent share of the two donations and the date of the transfer to the nonfederal account. The entry refers to the previous two entries to show the transfer relates to those transactions.

"Escrow" Transfer

Advance transfers from the federal account to the nonfederal account to pay the federal share of anticipated in-kind donations are reported on Schedule H3. If known, the particular activity (fundraising program/event or administrative) to which the transfer applies should be noted. If the corresponding in-kind donations are received in a later reporting period, it is understood that the Schedule H3 entry will not be able to list the related Schedule H4 donor entries (showing the nonfederal "disbursement" of the donations).

DISBURSEMENT OF IN-KIND DONATIONS; FEDERAL TRANSFER (H4)

DISBURSEMENT SCHEDULE H4 (Form 918)		JOINT FEDERAL/NON-FEDERAL ACTIVITY SCHEDULE		Page 1 of 3			
FOR LINE 21g							
NAME OF COMMITTEE State Party Committee							
A. FULL NAME, MAILING ADDRESS & ZIP CODE XYZ Printing Incorporated 8180 Pine Street City, State ZIP		PURPOSE/ACTIVITY Invitations for July Fundraiser	DATE 7/1/98	TOTAL AMOUNT \$3,000.00 in-kind	FEDERAL SHARE 0	NON-FEDERAL SHARE \$3,000.00	
CATEGORY: <input type="checkbox"/> ADMINISTRATIVE/OTHER DRIVE <input checked="" type="checkbox"/> FUNDRAISING EVENT YEAR/DATE: 18,000.00 DIRECT (AMOUNT SUPPORT)							
B. FULL NAME, MAILING ADDRESS & ZIP CODE Ballroom Inc. 287 Oak Street City, State ZIP		PURPOSE/ACTIVITY Ballroom for July Fundraiser	DATE 7/15/98	TOTAL AMOUNT \$1,000.00 in-kind	FEDERAL SHARE 0	NON-FEDERAL SHARE \$1,000.00	
CATEGORY: <input type="checkbox"/> ADMINISTRATIVE/OTHER DRIVE <input checked="" type="checkbox"/> FUNDRAISING EVENT YEAR/DATE: 18,000.00 DIRECT (AMOUNT SUPPORT)							
C. FULL NAME, MAILING ADDRESS & ZIP CODE State Party Committee/ Nonfederal Account 445 Democracy Blvd. City, State ZIP		PURPOSE/ACTIVITY Transfer of federal share (see A and B above)	DATE 7/1/98	TOTAL AMOUNT \$2,000.00	FEDERAL SHARE \$2,000.00	NON-FEDERAL SHARE 0	
CATEGORY: <input type="checkbox"/> ADMINISTRATIVE/OTHER DRIVE <input type="checkbox"/> FUNDRAISING <input type="checkbox"/> CREDIT EVENT YEAR/DATE: 0 DIRECT (AMOUNT SUPPORT)							

The first two entries on this schedule provide information on the in-kind donations received and "disbursed" by the nonfederal account. The third entry shows that the federal account's 50 percent share of the donations was transferred to the nonfederal account on July 1. The entry cross references the related entries.

