



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

RQ-2

April 22, 2009

Katherine Moret, Treasurer  
Democratic State Central Committee  
of CA - Federal  
1401 21st Street, Suite 200  
Sacramento, CA 95811

Response Due Date:  
May 22, 2009

Identification Number: C00105668

Reference: 30 Day Post-General Report (10/16/08 – 11/24/08)

Dear Treasurer:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. **Failure to adequately respond by the response date noted above could result in an audit or enforcement action.** Additional information is needed for the following 21 items:

1. Schedule A of your report (see attached) discloses one or more contributions which appear to exceed the limits set forth in the Act. 2 U.S.C. §441a(f) and 11 CFR §110.2(d) prohibit a state, district or local party committee (combined) from receiving any contribution from a multicandidate political committee in excess of \$5,000 per calendar year.

If any apparently excessive contribution in question was incompletely or incorrectly disclosed, you must amend your original report with the clarifying information.

If any contribution you received exceeds the limits, you may have to refund the excessive amount. The funds can be retained if within 60 days of receipt you (1) transferred the excessive amount to an account not used to influence federal elections, and (2) provided written notice to the person making the contribution of the option of receiving a refund. Any request from a donor for a refund must be honored.

If the foregoing conditions for transfers to a non-federal account were not met within 60 days of receipt, the excessive amount must be refunded.

29030074985

Please inform the Commission of your corrective action immediately in writing and provide a photocopy of your check for any transfer-out or refund. In addition, any transfers-out or refunds should be disclosed on Schedule B supporting Line 22 or 28 of the report during which the transaction was made.

2. Schedule B supporting Line 30(b) of your report discloses a payment(s) to another political committee(s) for goods and/or services provided by that committee(s). 11 CFR §100.52(d)(1) states that "...the provision of any goods or services without charge or at a charge which is less than the usual and normal charge for such goods or services is a contribution." Examples of goods and services include equipment, supplies, personnel, membership lists and mailing lists. The term "usual and normal charge" for goods is defined as "...the price of those goods in the market from which they ordinarily would have been purchased at the time of the contribution". The usual and normal charge for services is defined as "...the hourly or piecework charge for the services at a commercially reasonable rate prevailing at the time the services were rendered." 11 CFR §100.52(d)(2)

Please clarify whether your committee was assessed the usual and normal charge for the goods and/or services you received and explain the steps the political committee(s) took in determining the amount(s) charged to you. If your committee was provided the goods and/or services at less than the usual and normal charge, the difference between the two is considered to be an in-kind contribution by the political committee(s) to your committee and is subject to the limits set forth at 2 U.S.C. §441a. (11 CFR §100.52(d)(1))

3. The totals listed on Lines 6(c), 7, 15, 19, 20, 21(a)(i), 21(a)(ii), 21(b), 21(c), 31 and 32, Column B of the Summary and Detailed Summary Page(s) appear to be incorrect. Please be advised that you should add the "Calendar Year-to-Date" total from your previous report to the current "Total This Period" figure from Column A to derive the correct Column B totals. Please amend your report and any subsequent reports that may be affected by this correction.

4. Commission Regulations require that a committee disclose the identification of all individuals who contribute in excess of \$200 in a calendar year. (11 CFR §104.3(a)(4)(i)) Identification for an individual is defined as the full name, mailing address, **occupation** and **name of employer**. (11 CFR §100.12) Your report discloses contributions from individuals for which the identification is not complete.

You must provide the missing information, or if you are unable to do so, you must demonstrate that "best efforts" have been used to obtain the information. To establish "best efforts," you must provide the Commission with a detailed description of your procedures for requesting the information. Establishing "best efforts" is a three-fold process.

First, your original solicitation must include a clear and conspicuous request for the contributor information and must inform the contributor of the requirements of federal law for the reporting of such information. (11 CFR §104.7(b)(1))

Second, if the information is not provided, you must make one follow-up, stand alone effort to obtain this information, regardless of whether the contribution(s) was solicited or not. This effort must occur no later than 30 days after receipt of the contribution and may be in the form of a written request or an oral request documented in writing. (11 CFR § 104.7(b)(2)) The request must:

- clearly ask for the missing information, without soliciting a contribution;
- inform the contributor of the requirements of federal law for the reporting of such information, and
- if the request is written, include a pre-addressed post card or return envelope.

Third, if you receive contributor information after the contribution(s) has been reported, you shall either a) file with your next regularly scheduled report, an amended memo Schedule A listing all the contributions for which additional information was received; or b) file on or before your next regularly scheduled reporting date, amendments to the report(s) originally disclosing the contribution(s). (11 CFR §104.7(b)(4))

Please provide the missing information or a detailed description of your procedures for requesting the information. For more information on demonstrating "best efforts," please refer to the Campaign Guide.

5. The identification of each contributor, including an adequate occupation and name of employer for each, must be provided if the person has contributed in excess of \$200 in the aggregate during the calendar year. Please amend Schedule A supporting Line 11(a)(i) for each entry inadequately identified as "Consultant/Self-employed."

29030074987

6. Your report discloses disbursements for "payment for registering voters" to several non-federal committees on Schedule H6. Please be advised that this type of activity constitutes a transfer of funds and is therefore not activity that can be paid with allocated (federal and Levin) monies. Your federal account may receive transfers from your Levin account in order to pay for the costs of certain Federal Election Activity that does not refer to a clearly identified candidate for Federal office. 11 CFR §§300.32 and 300.33 However, reimbursement from your committee's Levin account for transfers and contributions to other committees is not permissible.

Federally registered committees which received these funds will be required to either transfer the funds to a non-federal account or return the Levin portion to your committee's Levin account. 11 CFR §102.5 Unregistered committees in receipt of these funds may be required to register as political committees, because of the voter drive activity that they have apparently conducted.

Should you decide to engage in this type of activity in the future, note that all payments must be made from your federal account with no reimbursement from your Levin account. The Commission recommends that you immediately transfer the funds received by your federal account, as reimbursement for the Levin portion, back to your Levin account. Please inform the Commission of your corrective action immediately. Although the Commission may take further legal action regarding this apparent impermissible activity, your prompt action will be taken into consideration.

7. Schedule H6 of your report discloses a payment(s) for "graphics (doorhanger)," "printing (doorhanger)" and "printing(voting rights card, doorhanger)" which appears to meet the definition of Federal Election Activity ("FEA") and may also meet the conditions of exempt party activity as defined under 11 CFR §§100.80, 100.87, 100.89 and 11 CFR §§100.140, 100.147 and 100.149. Please be advised that activity which simultaneously constitutes both exempt activity and FEA must be paid for as an FEA activity.

If this apparent exempt activity represents Get-out-the-vote activity conducted in connection with an election in which one or more candidates for Federal office appear on the ballot, it is considered to be Federal Election Activity. If this apparent exempt activity represents Voter Registration activity during the period that begins on the date that is 120 calendar days before the date that a regularly scheduled Federal election is held and ends on the date of the election, it is considered to be Federal Election Activity. 11 CFR §100.24 Further, Levin funds may only be used

29030074988

for these types of FEA if there is no reference to a clearly identified candidate for Federal office. 11 CFR §300.32(b) and (c)

If this apparent exempt activity is a public communication(s) (as defined under 11 CFR §100.26) that refers to a clearly identified candidate for Federal office and promotes, supports, attacks or opposes any candidate for Federal office, it meets the definition of Federal Election Activity under 11 CFR §100.24 and must be paid for with 100% Federal funds and disclosed on Schedule B for Line 30(b) along with the identity of the candidate(s).

Further, public communications that meet the definition of Federal Election Activity and that also contain express advocacy as defined under 11 CFR §100.22, but do not meet the conditions of exempt activity, would constitute an in-kind contribution, an independent expenditure or acoordinated party expenditure and should be properly disclosed on a Schedule B, E or F supporting Lines 23, 24 or 25, as appropriate.

It appears that you have allocated the costs for this activity between federal and Levin funds. Any reimbursement from your committee's non-federal or Levin account for Federal Election Activity costs referencing a clearly identified candidate for Federal office is not permissible and must be returned. 11 CFR §§300.32 and 300.33

Please amend your report to clarify if the activity disclosed meets the conditions of exempt party activity and also if it meets the definition of Federal Election Activity. If the activity does not meet the conditions of exempt party activity, please clarify if it contains express advocacy. Further, please inform the Commission of any corrective action immediately and properly disclose this activity, if necessary.

8. Schedule H6 of your report discloses a payment(s) for "GOTV phonebank," "GOTV copies (lists/maps)," "printing: GOTV brochures," "payment for registering voters" and "GOTV e-mailer." Please be advised that 11 CFR §100.24(b) defines as Federal Election Activity ("FEA"), Voter identification, Generic Campaign and Get-out-the vote activities conducted in connection with an election in which one or more candidates for Federal office appear on the ballot. Furthermore, the costs for these types of Federal Election Activity must either be paid with federal funds or can be allocated between federal and Levin funds as long as the activity conducted does not refer to a clearly identified candidate for Federal office. It appears that the disclosed activity may be a payment for Voter Identification conducted within the Federal Election Activity timeframe and that you have allocated these costs between federal and

Levin funds. Any reimbursement from your committee's Levin account for Voter Identification, Generic Campaign and Get-out-the-vote activities that are conducted outside of the time periods set forth in 11 CFR 100.24(a)(1) is not permissible and must be returned. 11 CFR §§300.32 and 300.33

Please inform the Commission of your corrective action immediately or provide clarifying information regarding this activity. If this activity does in fact meet the definition of FEA, please clarify the date(s) the activity actually occurred. Although the Commission may take further legal action regarding this apparent prohibited activity, your prompt action will be taken into consideration.

9. Schedule B supporting Line 30(b) of your report discloses a payment(s) for "data (slate mailer)," "graphics (slate mailer)," "postage (slate mailer)" and "printing (slate mailer)" which is categorized as Federal Election Activity and therefore, may require the disclosure of the candidate(s) this activity should be attributed to. Expenditures and disbursements for public communications that refer to a clearly identified candidate for Federal office and that promote, support, attack or oppose any candidate for Federal office, meet the definition of Federal Election Activity under 11 CFR §100.24 and should be disclosed on Schedule B for Line 30(b) along with the identity of the candidate(s).

Further, please be advised that public communications that meet the definition of Federal Election Activity and that also contain express advocacy as defined under 11 CFR §100.22, but do not meet the conditions of exempt activity, would constitute an in-kind contribution, an independent expenditure or a coordinated party expenditure and should be properly disclosed on a Schedule B, E or F supporting Lines 23, 24 or 25, as appropriate rather than on Schedule B for Line 30(b). Please clarify if this activity meets the definition of Federal Election Activity or if it contains express advocacy and amend your report to properly disclose this activity, if necessary.

10. Schedule H4 of your report discloses a payment(s) for "graphics (walkpiece)," "inkind: printing (walkpiece)," "printing (walkpiece)" and "shipping (walkpiece)" which appears to meet the definition of Federal Election Activity ("FEA") and may also meet the conditions of exempt party activity as defined under 11 CFR §§100.80, 100.87, 100.89 and 11 CFR §§100.140, 100.147 and 100.149. Please be advised that activity which simultaneously constitutes both exempt activity and FEA must be paid for as an FEA activity.

If this apparent exempt activity represents Get-out-the-vote activity conducted in connection with an election in which one or more candidates for Federal office appear on the ballot, it is considered to be Federal Election Activity. If this apparent exempt activity represents Voter Registration activity during the period that begins on the date that is 120 calendar days before the date that a regularly scheduled Federal election is held and ends on the date of the election, it is considered to be Federal Election Activity. 11 CFR §100.24 Further, Levin funds may only be used for these types of FEA if there is no reference to a clearly identified candidate for Federal office. 11 CFR §300.32(b) and (c)

If this apparent exempt activity is a public communication(s) (as defined under 11 CFR §100.26) that refers to a clearly identified candidate for Federal office and promotes, supports, attacks or opposes any candidate for Federal office, it meets the definition of Federal Election Activity under 11 CFR §100.24 and must be paid for with 100% Federal funds and disclosed on Schedule B for Line 30(b) along with the identity of the candidate(s).

Further, public communications that meet the definition of Federal Election Activity and that also contain express advocacy as defined under 11 CFR §100.22, but do not meet the conditions of exempt activity, would constitute an in-kind contribution, an independent expenditure or a coordinated party expenditure and should be properly disclosed on a Schedule B, E or F supporting Lines 23, 24 or 25, as appropriate.

It appears that you have allocated the costs for this activity between federal and nonfederal funds. Any reimbursement from your committee's non-federal or Levin account for Federal Election Activity costs referencing a clearly identified candidate for Federal office is not permissible and must be returned. 11 CFR §§300.32 and 300.33

Please amend your report to (1) clarify whether the activity disclosed meets the conditions of exempt party activity, (2) clarify the type of FEA this activity represents or provide clarifying information as to why it does not meet the definition of FEA, and (3) inform the Commission of any corrective action immediately. In addition, please properly disclose this activity if necessary.

11. Schedule H4 supporting Line 21(a) of your report discloses a payment(s) for "audio/visual service," "balloon drop service," "press advisor," "web ads, stickers, airfare, hotel, meal" and "website ads." Please be advised that pursuant to 11 CFR §300.33(c)(1), expenditures for public communications (as defined by 11 CFR §100.26) that refer to a

290300674991

clearly identified candidate for Federal office and that promote, support, attack or oppose any such candidate for Federal office must not be allocated between or among federal and non-federal accounts. Only federal funds may be used.

Further, expenditures and disbursements for public communications that refer to a clearly identified candidate for Federal office and that promote, support, attack or oppose any candidate for Federal office, meet the definition of Federal Election Activity under 11 CFR §100.24 and should be disclosed on Schedule B for Line 30(b) along with the identity of the candidate(s). However, public communications that meet the definition of Federal Election Activity and that also contain express advocacy as defined under 11 CFR §100.22, but do not meet the conditions of exempt activity, would constitute an in-kind contribution, an independent expenditure or a coordinated party expenditure and should be properly disclosed on a Schedule B, E or F supporting Lines 23, 24 or 25, as appropriate, rather than on Schedule B for Line 30(b). Please amend your report to properly disclose this activity or provide clarifying information.

If this activity was categorized incorrectly, the Commission recommends that you immediately transfer the funds received by your federal account for this activity back to the non-federal account. Although the Commission may take further legal action concerning this prohibited activity, your prompt action will be taken into consideration.

12. Schedule A supporting Line 12 discloses a transfer(s)-in from "Democratic Congressional Campaign Committee." Schedule H6 supporting Line 30(a) reflects payments for Federal Election Activity. Please be advised that under 11 CFR §300.34, a state, district or local party committee must not use any Federal funds transferred to it from a national party committee or any other State, district or local party committee, as the Federal component of an expenditure or disbursement for Federal Election Activity. Furthermore, your committee must itself raise the Federal component of expenditure or disbursement allocated between Federal and Levin funds.

Please clarify whether the transfer(s)-in was used for the subsequent payments for Federal Election Activity. In addition, please clarify the procedures you are currently using to ensure that Federal funds transferred to your committee from national, state, district and local party committees are not being used for Federal Election Activity.

29030074992



13. On Schedule H6 supporting Line 30(a) of the Detailed Summary Page, you have checked the Voter ID category box for several payments disclosed as "GOTV phonebank," "GOTV copies (lists/maps)," "GOTV consulting services," "graphics (doorhanger)," "graphics (voting rights card)," "GOTV e-mailer," "printing (doorhanger)," "printing (voting rights card, doorhanger)" and "printing: GOTV brochures," which appear to be GOTV. Please amend your report to disclose the appropriate category.

14. Schedule H4 supporting Line 21(a) of your report discloses a payment(s) for "apartment rent and deposit." Please be advised that pursuant to 11 CFR §300.33(c)(2), salaries and wages for employees who spend more than 25% of their compensated time in a given month on Federal election activity (FEA) or activities in connection with a Federal election must not be allocated between or among federal and non-federal accounts. Rather, only federal funds may be used. Further, the Commission concluded in Advisory Opinion 2003-11 that amounts spent for employee-specific "fringe benefits," consisting of health insurance, disability insurance, life insurance, retirement benefits and payroll taxes, fall into the category of compensated time.

Please clarify whether this activity is for employees who spent 25% or less of their time during the month(s) referenced above on FEA or activities in connection with a Federal election. If this is not the case, any reimbursement from your committee's non-federal account for this payment is not permissible and must be returned. Although the Commission may take further legal action regarding any improper allocation activity, your prompt action will be taken into consideration.

15. Schedule A supporting Line 12 discloses a transfer(s)-in from the "Democratic Congressional Campaign Committee." Schedule(s) B and H4 supporting Lines 30(b) and 21(a) reflects payments for "buttons, bumper stickers, yard signs," "graphics (doorhanger)," "printing (doorhanger)," "graphics (walkpiece)," "inkind: printing (walkpiece)," "printing (walkpiece)" and "shipping (walkpiece)." Please be advised that a state or local party committee may pay for campaign materials (such as bumper stickers, pins and yard signs) that are distributed by volunteers in connection with activity on behalf of the party's nominees in a general election and voter drive activity on behalf of the party's Presidential and Vice Presidential nominees. Payments for this type of activity are exempt from the definition of a contribution or expenditure if certain conditions are met. The conditions are that no public advertising may be used, including distribution by direct mail (mailings by a commercial vendor or from commercial lists); all funds used for the activity must be permitted under

29030074993

the Act; none of the funds used may have been designated for a particular candidate; and finally, payments for the activity may not be made from transfers-in from the national committee to specifically fund the activity. For further guidance, please refer to 11 CFR §§100.87 and 100.147 and to the Campaign Guide for Party Committees.

Please clarify the nature of the transfer(s)-in and subsequent payments for the aforementioned disbursement(s). If the activity disclosed on your report does not meet the definition of "exempt" activity as described above, any portion of the expenditures made on behalf of specifically identified candidates must be disclosed on Schedule B, E or F supporting Line 23 or 30(b), 24 or 25 of the Detailed Summary Page as appropriate.

16. On Schedule H3 supporting Line 18(a) of the Detailed Summary Page, the breakdown of transfers for the transfer-in from the "Dem State Central Comm of CA - Non-fed" do not add up to the \$177,556.96 and \$128,741.88 transfers received on 10/27/08 and 11/19/08, respectively. Please amend your report to correct this discrepancy. 11 CFR §§104.10 and 104.17

17. Your report discloses in-kind contributions ("donations") from "CA Professional Firefighters Ballot Issues Committee" on Schedule H4, supporting Line 21(a) of the Detailed Summary Page. Pursuant to Advisory Opinion 1992-33, the Commission concluded that a party committee may accept corporate in-kind donations in connection with fundraising activities as long as the federal share of goods or services is paid or transferred to the non-federal account upon receipt of or in advance of the acceptance of the corporate in-kind donations by the federal account.

Advisory Opinion 1992-33 also discloses a detailed method for reporting the receipt and use of in-kind contributions as follows:

1. The transfer of the in-kind corporate contribution from the non-federal account to the federal account should be disclosed on Schedule H3. The itemization on Schedule H3 should include the date the Committee received the in-kind contribution, the amount of the contribution and the fundraising event involved.

2. The use or expenditure of in-kind corporate contributions should be disclosed on Schedule H4 as non-federal share disbursements. The itemization should provide the same donor identification information required on a Schedule A for in-kind contributions for Federal elections.

29030074994

3. A second entry on Schedule H4 should then disclose the advance or contemporaneous payment of the federal account's share of the in-kind corporate contribution to the non-federal account.

Please amend your report to properly disclose the in-kind corporate contributions received by your committee by providing the transfer of the in-kind corporate contribution from the non-federal account to the federal account on Schedule H3 (example enclosed).

18. Schedule H4 of your report discloses voided or returned checks for expenditures made during this or previous reporting periods. Please clarify if and when these checks were reissued. If they were not reissued, please clarify the steps your committee has taken to account for the federal portion of these voided or returned checks in order to avoid the acceptance of a prohibited in-kind contribution.

19. Please clarify all expenditures made for "catering service, hotel accommodation," "decoration, flags" and "decorations" on Schedule H4. If a portion or all of these expenditures were made on behalf of specifically identified federal candidates, this amount should be disclosed on Schedules B, E or F supporting Lines 23, 24 or 25 and include the amount, name, address and office sought by each candidate. 11 CFR §§104.3(b) and 106.1

Alternatively, if the payment(s) on Schedule H4 is associated with fundraising activity conducted for your committee's federal and non-federal accounts, it must be allocated according to the funds received method and the ratio reflected on Schedule H2. Further, it must be categorized as a fundraising activity on Schedule H4. Please provide clarifying information regarding the nature of this transaction(s) and amend your report(s) as appropriate.

20. Schedule C-1 of your report fails to include certain information. Commission Regulations require the certification of an official from the lending institution. As an electronic filer, you must send via mail or courier a separate copy of the Schedule C-1 containing the original signature from the lending institution. Please submit the missing document. (11 CFR §§104.3(d)(1)(v) and 104.18(h))

21. Your committee appears to have disclosed transfers-in from "Association of State Democratic Chairs – Joint Victory Account," which is a joint fundraising committee. However, this committee is not disclosed on your Statement of Organization. Please amend Line 6 of your Statement

29030074995

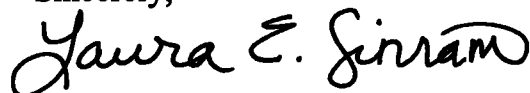
of Organization to disclose this committee as a "joint fundraising representative."

-Your report disclosed a category of financial activity that has been reflected on the wrong line of the Detailed Summary Page. Contributions from political action committees should be properly disclosed on a separate Schedule A, supporting Line 11(c) of the Detailed Summary Page. Please refer to the instructions for each line when determining the proper categorization(s) for your next filing.

**Please note, you will not receive an additional notice from the Commission on this matter.** Adequate responses must be received by the Commission on or before the due date noted above to be taken into consideration in determining whether audit action will be initiated. Failure to comply with the provisions of the Act may also result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action. **Requests for extensions of time in which to respond will not be considered.**

Electronic filers must file amendments (to include statements, designations and reports) in an electronic format and must submit an amended report in its entirety, rather than just those portions of the report that are being amended. If you should have any questions regarding this matter or wish to verify the adequacy of your response, please contact me on our toll-free number (800) 424-9530 (at the prompt press 5 to reach the Reports Analysis Division) or my local number (202) 694-1157.

Sincerely,



Laura E. Sinram

Senior Campaign Finance Analyst  
Reports Analysis Division

**Excessive Contribution from a Committee**

<b>Contributor Name</b>	<b>Date</b>	<b>Amount</b>	<b>Report</b>
International Brotherhood of Electrical Workers	10/21/08	\$4,545.45	2008 30 Day Post-General
International Brotherhood of Electrical Workers – C.O.P.E.	11/7/08	\$2,000.00	2008 30 Day Post-General
International Union of Painters and Alllied {sic} Trades Political Action Together Political Com	10/24/08	\$5,000.00	2008 30 Day Post-General
Int'l Union of Painters and Allied Trades Political Action Together Pol Comm	10/31/08	\$227.27	2008 30 Day Post-General
Laborers' International Union of N.A.	10/17/08	\$5,000.00	2008 30 Day Post-General
Laborers' Political League	10/31/08	\$5,000.00	2008 30 Day Post-General

29030074997

## Reporting Method 2

Under the alternative method, the committee reports the receipt of the \$400 rebate under the category "Offsets to Operating Expenditures" on Line 15 of the Form 3X Detailed Summary Page. The committee uses Schedule H4 to disclose the federal account's \$256 transfer to the nonfederal account for the nonfederal share.

## 10. 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. The acceptance of nonfederal goods or services has been limited to allocable administrative or fundraising activity. See AO 1992-33.<sup>2</sup>

## 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.

<sup>2</sup> Although AO 1992-33 no longer applies to national party committees, it may still apply to state, district and local party committees in certain circumstances.

### RECEIPT OF IN-KIND DONATION (H3)

SCHEDULE H3 (FEC Form 3X) TRANSFERS FROM NON-FEDERAL ACCOUNTS FOR SHARED FEDERAL / NON-FEDERAL ACTIVITY			PAGE	OF
			FOR LINE 18a OF FORM 3X	
NAME OF COMMITTEE (In Full) Freedom Party State Committee				
NAME OF ACCOUNT Nonfederal Account	DATE OF RECEIPT 10 01 2008	TOTAL AMOUNT TRANSFERRED 5,000.00		
BREAKDOWN OF TRANSFER RECEIVED				
i) Total Administrative				
ii) Generic Voter Drive				
iii) Exempt Activities				
iv) Direct Fundraising (List Activity or Event Identifier)				
a) Chairman's Gala - In Kind			5,000.00	

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

SCHEDULE H4 (FEC Form 3X) DISBURSEMENT FOR SHARED FEDERAL/NON-FEDERAL ACTIVITY SCHEDULE			PAGE	OF
			FOR LINE 21a OF FORM 3X	
NAME OF COMMITTEE (In Full) Freedom Party State Committee				
A. Full Name (Last, First, Middle Initial) Pretty Flowers, Inc.			Allocated Activity or Event: <input type="checkbox"/> Administrative <input checked="" type="checkbox"/> Fundraising <input type="checkbox"/> Exempt	
Mailing Address 111 West Meadow Lane			<input type="checkbox"/> Voter Drive <input type="checkbox"/> Direct Candidate Support	
City State Zip Code City ST 00000			Allocated Activity or Event Year-To-Date 5,000.00	
Purpose of Disbursement: Flowers - In Kind			Date 10 01 2008	
Activity or Event Identifier: Chairman's Gala			Category/Type 003	
FEDERAL SHARE	+	NON-FEDERAL SHARE	=	TOTAL AMOUNT
0.00		5,000.00		5,000.00
B. Full Name (Last, First, Middle Initial) Freedom Party State Committee Nonfederal Account				
Mailing Address 123 Washington St.			Allocated Activity or Event: <input type="checkbox"/> Administrative <input checked="" type="checkbox"/> Fundraising <input type="checkbox"/> Exempt	
City State Zip Code City ST 00000			<input type="checkbox"/> Voter Drive <input type="checkbox"/> Direct Candidate Support	
Purpose of Disbursement: Transfer of Federal Share of Flowers-In Kind			Allocated Activity or Event Year-To-Date	
Activity or Event Identifier: Chairman's Gala			Date 10 01 2008	
Category/Type 003				
FEDERAL SHARE	+	NON-FEDERAL SHARE	=	TOTAL AMOUNT
2,500.00		0.00		2,500.00

## 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.

RECEIPT OF IN-KIND DONATION (H3)

SCHEDULE H3 (FEC Form 3X)  
TRANSFERS FROM NON-FEDERAL ACCOUNTS FOR  
SHARED FEDERAL / NON-FEDERAL ACTIVITY

NAME OF COMMITTEE (in Full)		PAGE 1 OF 1 FOR LINE 18a OF FORM 3X	
Freedom Party State Committee			
NAME OF ACCOUNT	DATE OF RECEIPT	TOTAL AMOUNT TRANSFERRED	
Nonfederal Account	07 / 01 / 2008	4,000.00	
BREAKDOWN OF TRANSFER RECEIVED			
I) Total Administrative			
II) Generic Voter Drive			
III) Exempt Activities			
IV) Direct Fundraising (List Activity or Event Identifier)			
a) July Fundraiser - In-kind see H4, p. 1, entries A&B	4,000.00		
b)			
c) Total Amount Transferred For Direct Fundraising	4,000.00		

## 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 H2—Allocation Ratios
- Schedule H3—Transfers from Nonfederal Account
- Schedule H4—Payments for Allocable Expenses

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

SCHEDULE H4 (FEC Form 3X)  
DISBURSEMENT FOR SHARED FEDERAL/NON-FEDERAL  
ACTIVITY SCHEDULE

NAME OF COMMITTEE (in Full)		PAGE 1 OF 1 FOR LINE 21a OF FORM 3X	
Freedom Party State Committee			
A. Full Name (Last, First, Middle Initial)		Allocated Activity or Event:	
XYZ Printing		<input type="checkbox"/> Administrative <input checked="" type="checkbox"/> Fundraising <input type="checkbox"/> Exempt	
Mailing Address		<input type="checkbox"/> Voter Drive <input type="checkbox"/> Direct Candidate Support	
111 Pulp Street		Allocated Activity or Event Year-To-Date	
City	State	Zip Code	3,000.00
City	ST	00000	
Purpose of Disbursement:		Date	
Invitations - In-kind		07 / 01 / 2008	
Activity or Event Identifier:		Category/Type	
July Fundraiser		003	
FEDERAL SHARE	+	NON-FEDERAL SHARE	= TOTAL AMOUNT
0.00		3,000.00	3,000.00
B. Full Name (Last, First, Middle Initial)		Allocated Activity or Event:	
Balloons! Inc.		<input type="checkbox"/> Administrative <input checked="" type="checkbox"/> Fundraising <input type="checkbox"/> Exempt	
Mailing Address		<input type="checkbox"/> Voter Drive <input type="checkbox"/> Direct Candidate Support	
99 Luft St.		Allocated Activity or Event Year-To-Date	
City	State	Zip Code	1,000.00
City	ST	00000	
Purpose of Disbursement:		Date	
Balloons - In-kind		07 / 15 / 2008	
Activity or Event Identifier:		Category/Type	
July Fundraiser		003	
FEDERAL SHARE	+	NON-FEDERAL SHARE	= TOTAL AMOUNT
0.00		1,000.00	1,000.00
C. Full Name (Last, First, Middle Initial)		Allocated Activity or Event:	
Freedom Party State Committee Nonfederal Account		<input type="checkbox"/> Administrative <input checked="" type="checkbox"/> Fundraising <input type="checkbox"/> Exempt	
Mailing Address		<input type="checkbox"/> Voter Drive <input type="checkbox"/> Direct Candidate Support	
123 Washington St.		Allocated Activity or Event Year-To-Date	
City	State	Zip Code	
City	ST	00000	
Purpose of Disbursement:		Date	
Transfer of Federal Share of In-kind		07 / 01 / 2008	
Activity or Event Identifier:		Category/Type	
July Fundraiser		003	
FEDERAL SHARE	+	NON-FEDERAL SHARE	= TOTAL AMOUNT
2,000.00		0.00	2,000.00

### 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.

### "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 non-federal disbursement. The donor's name and address is disclosed in the box generally used for payees.

### Adjustments

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

### 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

yes

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 Printing (value: \$3,000) received on July 1; and
- Balloons donated by 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.

### 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.

### 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 for allocable activities are reported on Schedule H4 as federal share payments. If known, the particular activity (fundraising program/event or administrative) to which the transfer applies should be noted. Any adjustment payments made from the nonfederal account to the federal account would appear on Schedule H3, noting the previous H4 entries to which they relate.

28030075000