

## Form 460 - Supplemental Instructions for Multipurpose Organizations Including Nonprofits

### Qualifying as a Recipient Committee

Certain multipurpose organizations that make political expenditures in California must register as recipient committees. Pursuant to Government Code Section 84222, the following groups qualify as recipient committees and must file a Statement of Organization (Form 410) and other required campaign statements:

- Calendar Year Filers. Organizations that make contributions or expenditures in California totaling more than \$50,000 in a period of 12 months or more than \$100,000 in a period of four consecutive years.
- Federal or out-of-state political committees that make contributions or expenditures in California totaling at least \$2,000 in a calendar year.
- Organizations that solicit and receive payments from donors totaling at least \$2,000 for the purpose of making contributions or expenditures in California.
- Organizations that accept payments from donors totaling at least \$2,000 subject to a condition, agreement, or understanding with the donor that all or a portion of the payments may be used for making contributions or expenditures in California.
- Organizations that have existing funds from a donor and a subsequent agreement or understanding is reached with the donor that all or a portion of the funds may be used to make contributions or expenditures totaling at least \$2,000 in California.

#### **Exceptions:**

**Nondonor Funds.** A multipurpose organization that uses only “nondonor funds” (e.g., investment income, capital gains, income from providing goods or services) to make contributions or expenditures will not qualify as a recipient committee; however, the organization may qualify as a “major donor committee” or an “independent expenditure committee.” See [Campaign Disclosure Manuals 5 and 6](#) for additional information.

**Sponsored Committees.** A membership organization that is the sponsor of a recipient committee may report its contributions and expenditures made from general funds on its committee’s campaign statement so long as the organization does not receive payments of \$10,000 or more in a calendar year from a single source. The sponsor shall use the “last in, first out” (LIFO) accounting method and must itemize contributors of

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\$1,000 or more. The sponsored committee must report all other contributions and expenditures in support of the committee by the sponsor, its intermediate units, and the members of those entities.

## Donor Disclosure

Multipurpose organizations must disclose total contributions received in an amount equal to the organization's total contributions and expenditures made in the reporting period. Donors to the multipurpose organization are disclosed as contributors on the Form 460 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 until a sufficient number of donors have been identified as contributors to account for the contribution or independent expenditure.

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

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 occupation and the name of his or her employer. If the contributor is self-employed, provide the name of his or her business. If the contributor is not employed, enter “none.” If the occupation and employer information cannot be obtained, the report must provide an explanation of the organization's attempts to obtain the information.

### ***Exceptions:***

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

- **Restricted Funds.** A donation from a donor that prohibits the use of the donation for political purposes or designates or restricts the donation for purposes other than contributions or expenditures.
- **Foundation Funds.** A grant from a private foundation as defined by Internal Revenue Code Section 509(a) that does not constitute a taxable expenditure under Internal Revenue Code Section 4945(d)(1) or (d)(2).
- **Funds received prior to July 1, 2014.** A donation to the general fund made before the new legislation took effect, if the funds were not given or approved by the donor to be used on a candidate or ballot measure in California.

### **Special Reporting Requirements**

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

**Description of Nondonor Funds.** A multipurpose organization that makes contributions or expenditures using nondonor funds shall describe the source of those nondonor funds. This description shall include the type of nondonor funds used (e.g. investment income – including from capital gains; net income from providing goods, services, or facilities; sale of assets or other receipts that are not donations including but not limited to income received from advertisements, promotions, tributes, royalties, rents or leases) and identification of the source of the nondonor funds, including, but not limited to: the name of the entity where an income producing investment is/was held; the type of goods, services, or facilities provided (including location of facilities); and identifying information for assets sold. Where there are multiple sources of income from any of the foregoing types of income, each source shall be identified separately.

**Sponsored Committees.** A membership organization that is the sponsor of a recipient committee may report its contributions and expenditures made from general funds on its committee’s campaign statement so long as the organization does not receive payments of \$10,000 or more in a calendar year from a single source. The sponsor shall use the “last in, first out” (LIFO) accounting method and must itemize contributors that

have donated \$1,000 or more to the general fund since July 1, 2014. If these contributors do not account for the full balance of the organization's expenditures, the organization must identify itself as a contributor of the remaining balance.

**Federal PACs – Contributions Received.** A federal PAC that is filing campaign reports with the Federal Election Commission (FEC) is not required to re-itemize contributors on the Form 460, but the committee must disclose the total amount of contributions received on Line 3 of the Schedule A Summary, make a statement on the report that its contributors are listed on its federal report, and include the federal committee's name and identification number. Contributions received should be reported 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 ID number. For example, "Contributors listed on the FEC Report of ABC Company PAC, FEC ID#01010101." 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 on Line 1 (itemized contributions) and enter the total receipts from the FEC report on Line 2 (unitemized contributions). Add Lines 1 and 2 and enter the total on Line 3 (total monetary contributions received).
- **Form 460 Summary Page:** The amount from Line 3 of the Schedule A Summary is carried over to Lines 1 and 5 of the overall Summary Page.

**Out-of-State PACs – Contributions Received.** An out-of-state PAC must report contributions received as follows:

- **Schedule A:**
  - 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.
  - Enter the total amount of all other contributions received on Line 2 (unitemized contributions) of the Schedule A Summary. Add Lines 1 and 2 and enter the total on Line 3 (total monetary contributions received).
- **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.

**Expenditures Made by Federal and Out-of-State PACs.** A federal or out-of-state PAC is required to report its California expenditures and itemize expenditures made of \$100 or more. However, it is not required to itemize contributions made and expenditures made to influence federal or out-of-state elections. These payments may be reported as a single expenditure and described as such. Expenditures should be reported as follows:

- **California Expenditures:** On Schedule E, itemize expenditures of \$100 or more made for California state or local elections. Expenditures made for contributions and independent expenditures in California are also itemized on Schedule D.
- **Non-California Expenditures:** On Schedule E, 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). If unitemized expenditures (less than \$100) 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.

### **When and Where to File the Form 460**

- **When to File:** The Form 460 is filed as a semi-annual statement, and depending on the organization’s activity, may also be filed as a preelection statement or other special report.
  - **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 a four consecutive calendar year period files the Form 460 in connection with the election filing schedule deadlines. If all contributions and expenditures have already been reported on a Form 460, a calendar year filer is not required to file a year-end Form 460 semi-annual statement. (See “Committee Termination” below.)
  - **Expedited Filing.** A multipurpose organization identified as a contributor by “last in, first out” (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 first organization or being otherwise put on notice. Generally, the contributing organization must file a Statement of Organization

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(Form 410) and Form 460 disclosing its donors, if applicable, within 10 business days; however, during the 90-day period before an election, the Form 410 and Form 460 must be filed within three business days.

- **Where to File:** State committees file the Form 460 with the Secretary of State. *State committees that raise or spend \$25,000 or more must file the Form 460 electronically and in paper format.* Local committees file the Form 460 with the local filing officer (i.e., city clerk, county elections office). Check with the local jurisdiction to determine if electronic filing is available.

## **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 a four consecutive calendar year period 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 a semi-annual statement is due by January 31. 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.

### **Other Multipurpose Organizations**

Any other multipurpose organization (including a federal PAC) 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 the Form 410 instructions for the requirements that must be met in order for a committee to terminate.

## **FAQs**

**Q:** 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?

**A:** 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.

**Q:** 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?

**A:** 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 the Form 460 and provide a lump sum total of all other expenditures.

**Q:** 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?

**A:** 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.

For additional guidance, refer to the [Multipurpose Organizations Reporting Political Spending](#) fact sheet.