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ACCOUNTING & AUDIT

Accounting for Political Contributions

We scoured the Federal Election Commission website to find relevant information for accountants who are working with political candidates and campaigns. The following material is excerpted from published reports of the Federal Election Commission.

Gail Perry, CPA • Oct. 14, 2018



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- Every person who receives contributions for a political campaign must forward them to the treasurer of the candidate's authorized committee within 10 days of receipt. The date of receipt is the date the person acting as a conduit obtains possession of a contribution.
- A person receiving contributions for a campaign must also forward the recordkeeping information along with the contributions.
- If a contribution is small (\$50 or less), such as cash contributions at a fundraiser, it is acceptable to keep records of the name of the event, the date and the total amount of contributions received on each day of the event.
- For contributions exceeding \$50, records must include amount, date of receipt, contributor's name and mailing address.
- Political committees are required to maintain either a full-size photocopy or digital image of each check or written instrument by which a contribution of more than \$50 is made.
- For each contribution that exceeds \$200, either by itself or when added to the contributor's previous contributions made during the same calendar year, in addition to the above required records, the saved information must include occupation and employer of the contributor.

Please note that contributions to authorized committees are aggregated on a calendar-year basis for recordkeeping purposes, but they are aggregated on a per-election basis for purposes of monitoring contribution limits, and on an election-cycle basis for reporting purposes.

- If, before the primary election, a campaign receives contributions designated for the general election, it must use an acceptable accounting method to distinguish between primary contributions and general election contributions. Acceptable accounting methods include:
 - Designating separate accounts for each election; or
 - Establishing separate books and records for each election.
- The committee's records must demonstrate that, prior to the primary election, recorded cash-on-hand was at all times greater than or equal to the sum of general election contributions received minus the sum of general election disbursements made.
- If an individual who has contributed more than \$200 during the election cycle fails to provide the required recordkeeping information (*i.e.*, name, mailing address, occupation and employer), the committee must be able to show that it

made “best efforts” to obtain, maintain and report that information.

- o To demonstrate “best efforts,” the committee must be able to show that it requested the information – first, in the solicitation materials that prompted the contribution and, second, if the information is not obtained, in a follow-up request.

Possibly illegal contributions

When a committee has reason to question the legality of a contribution, it has specific time frames in which to clarify whether the contribution is permissible. While investigating a contribution, the committee must keep a written record noting the basis of concern for each deposited contribution which:

- Requires a written redesignation and/or reattribution from the contributor; or
- Requires confirmation that it is not from a prohibited source. Prohibited sources include: Corporations, including nonprofit corporations (although funds from a corporate separate segregated fund are permissible); Labor organizations (although funds from a separate segregated fund are permissible); Federal government contractors; Foreign nationals; Contributions in the name of another

Reporting Requirements:

Registered candidate committees are required to file reports with the Federal Election Commission. [Form 3, Report of Receipts and Disbursements](#), is required to be filed quarterly on April 15, July 15, October 15, and January 31 of the following year.

- When a committee files its first report, it must include all receipts and disbursements that occurred before registration. This includes any receipts and disbursements made during the “testing the waters” (or exploratory) period. The coverage period of the first report should be adjusted to date back to the beginning of the committee’s financial activity.
- In addition, in election years, committees of candidates in the general election (as opposed to primary election) must file a pre-election and a post-election report.
 - o The pre-election report is due 12 days before the election and covers the first day of the current reporting quarter up to the 20th day before the election.

- o The post-election report is due 30 days after the general election and covers the period from the close of the previous report filed through 20 days after the election.
- Committees must continue to file quarterly reports even if their candidate retires, withdraws, loses the primary or otherwise drops out of the race before the general election. Generally, committees must continue to file reports until the committee completes the termination process. This process involves filing a final Form 3 and checking the “Termination Report” option.

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