

## Transfers from Nonfederal Account

Transfers from the nonfederal account to pay the nonfederal portion of an allocable expense must be made within a 70-day window: no more than 10 days before or 60 days after the day the federal account (or allocation account) makes the payment. 106.7(f)(2). Transfers of nonfederal funds to the federal account must be reported on Schedule H3 of Form 3X. Transfers of Levin funds to the federal account must be reported on Schedule H5.

Exception: If the nonfederal account transfers additional funds to the federal or allocation account due to an adjusted allocation ratio for a fundraising event, the transfer must be made within 60 days after the date of a fundraising program or event. 106.7(d)(4)(ii).

Note that transfers from a nonfederal account to pay its allocated share of expenses are an exception to the overall ban on nonfederal transfers to a federal or allocation account. See 102.5(a)(1)(i).

## Transfers from Federal Account

If an adjusted ratio for a fundraising event results in an increased federal portion, the federal account must transfer to the non-federal account, as necessary, the increased share of federal fundraising payments. This is required because a nonfederal overpayment of an allocated expense, if left uncorrected, is a violation of the Act. 106.7(d)(4)(ii).

## 5. Reporting Allocated Administrative, Voter Drive Activity and Exempt Party Activity Expenses

### Required Forms

- Schedule H1—Allocation Ratio for Administrative, Voter Drive Expenses, Exempt Activity Costs and Federal Election Activity

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

## Allocation Ratio (H1)

A state or local party committee uses Schedule H1 to state its fixed percentage allocation ratio at the beginning of each calendar year.

## Nonfederal Transfers (H3)

Each reporting period, the committee discloses transfers from the nonfederal account to the federal (or allocation) account to pay the allocated nonfederal portion of administrative, voter drive and exempt activity costs. As previously noted, transfers must be made within a 70-day window (no more than 10 days before or 60 days after an allocated payment is made).

**ALLOCATION RATIO FOR ADMINISTRATIVE/GENERIC VOTER DRIVE AND EXEMPT PARTY ACTIVITY EXPENSES (H1)**

**SCHEDULE H1 (FEC Form 3X)**

**METHOD OF ALLOCATION FOR:**

ALLOCATED FEDERAL AND NON-FEDERAL ADMINISTRATIVE, GENERIC VOTER DRIVE AND EXEMPT ACTIVITY COSTS

ALLOCATED FEDERAL AND LEVIN FUNDS FEDERAL ELECTION ACTIVITY EXPENSES

NAME OF COMMITTEE (In Full)
Freedom Party State Committee
<b>USE ONLY ONE SECTION</b>
<b>State and Local Party Committees</b>
Fixed Percentage (select one)
<input type="checkbox"/> Presidential-Only Election Year (28% Federal)
<input type="checkbox"/> Presidential and Senate Election Year (36% Federal)
<input checked="" type="checkbox"/> Senate-Only Election Year (21% Federal)
<input type="checkbox"/> Non-Presidential and Non-Senate Election Year (15% Federal)

**TRANSFER FROM NONFEDERAL ACCOUNT (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	05 / 10 / 2010	3950.00
<b>BREAKDOWN OF TRANSFER RECEIVED</b>		
i) Total Administrative .....		3950.00
ii) Generic Voter Drive .....		
iii) Exempt Activities .....		

**ALLOCATED PAYMENT (H4)**

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

PAGE 1 OF 1  
 FOR LINE 21a OF FORM 3X

NAME OF COMMITTEE (In Full)  
 Freedom Party State Committee

A. Full Name (Last, First, Middle Initial)  
 Clifford Sanders Realty

Mailing Address  
 111 Brooks Road

City State Zip Code  
 City ST 00000

Purpose of Disbursement:  
 Rent

Activity or Event Identifier:  
 001

Category/Type

Date 04 / 15 / 2010

Allocated Activity or Event:  
 Administrative  Fundraising  Exempt  
 Voter Drive  Direct Candidate Support

Allocated Activity or Event Year-To-Date  
 5,000.00

FEDERAL SHARE	+	NON-FEDERAL SHARE	=	TOTAL AMOUNT
1,050.00		3,950.00		5,000.00

State Committee spends \$50,000 on “Memorial Day Gala.”

**Required Forms**

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

**Estimated Fundraising Ratio (H2)**

A committee raising money for both its federal and nonfederal accounts through the same fundraising activity allocates the costs directly associated with the program or event according to the “funds received” method (ratio of federal funds received to total funds received). In the first reporting period in which money is spent on “Memorial Day Gala,” the Freedom Party State

The total amount of transfers itemized on Schedule H3 is entered on Line 18(a) of the Detailed Summary Page.

**Payments (H4)**

Each reporting period, the committee uses Schedule H4 to itemize all payments for administrative, voter drive and exempt activity costs, showing the allocated federal and nonfederal shares.

The federal and nonfederal payment totals that appear on Schedule H4 are entered on Lines 21a(i) and (ii) of the Form 3X Detailed Summary Page.

**Phone banks**

In some cases, phone banks have their own allocation rules. See page 46.

**6. Reporting Allocated Committee Fundraising Expenses**

**Example**

The Freedom Party State Committee raises money for its federal and nonfederal accounts at a banquet called “Memorial Day Gala” (the unique identifier). People buying tickets must designate their checks as either federal contributions (subject to the limits and prohibitions of the Act) or nonfederal contributions (subject to applicable state law). People wishing to contribute to both accounts must write separate checks to each account. The Freedom Party

**ESTIMATED FUNDRAISING RATIO (H2)**

**SCHEDULE H2 (FEC Form 3X)**  
**ALLOCATION RATIOS**

PAGE 1 OF 1

NAME OF COMMITTEE (In Full)  
 Freedom Party State Committee

**RATIOS FOR ALLOCABLE FUNDRAISING EVENTS AND DIRECT CANDIDATE SUPPORT**  
**ACTIVITIES APPEARING ON THIS REPORT.**

Methods of allocation:

- I. **FUNDRAISING** activities are allocated using the “funds received method” where the federal proportion of expenses must equal the federal proportion of monies raised.
- II. Shared **DIRECT CANDIDATE SUPPORT** activities are allocated according to benefit expected to be derived, where the federal proportion of disbursements is based on the benefit derived by federal candidates from the activity.

ACTIVITY OR EVENT IDENTIFIER Memorial Day Gala	FEDERAL % 30.00 %	NON-FEDERAL % 70.00 %
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ACTIVITY IS:  
 Fundraising  Direct Candidate Support

CHECK IF THE RATIO IS:  
 New  Revised  Same as Previously Reported

**TRANSFER FROM NONFEDERAL ACCOUNT (H3)**

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

PAGE 1 OF 1  
 FOR LINE 18a OF FORM 3X

NAME OF COMMITTEE (In Full)  
 Freedom Party State Committee

NAME OF ACCOUNT Nonfederal Account	DATE OF RECEIPT 05 / 31 / 2010	TOTAL AMOUNT TRANSFERRED 35,000.00
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**BREAKDOWN OF TRANSFER RECEIVED**

i) Total Administrative .....

ii) Generic Voter Drive .....

iii) Exempt Activities .....

iv) Direct Fundraising (List Activity or Event Identifier)

a) Memorial Day Gala ..... 35,000.00

b) .....

c) Total Amount Transferred For Direct Fundraising ..... 35,000.00

**ALLOCATED PAYMENT (H4)**

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

PAGE 1 OF 1  
FOR LINE 21a OF FORM 3X

NAME OF COMMITTEE (In Full)  
Freedom Party State Committee

A. Full Name (Last, First, Middle Initial)  
Champagne Jam Party Planners

Mailing Address  
112 Meadow Drive

City State Zip Code  
City ST 00000

Purpose of Disbursement:  
Fundraising Consulting

Activity or Event Identifier:  
Memorial Day Gala

Allocated Activity or Event:  
 Administrative  Fundraising  Exempt  
 Voter Drive  Direct Candidate Support

Allocated Activity or Event Year-To-Date  
50,000.00

Category/Type  
003

Date  
05 / 20 / 2010

FEDERAL SHARE	+	NON-FEDERAL SHARE	=	TOTAL AMOUNT
15,000.00		35,000.00		50,000.00

(Further ratio adjustments will be necessary if additional receipts come in.)

**Federal Transfer (H4)**

If the adjusted ratio increases the federal portion, the federal (or allocation) account must make a transfer to the nonfederal account for the nonfederal overpayment. See Payment of Allocated Expenses: Transfers from Federal Account above. The date of the program or event must be noted when reporting a transfer based on an adjusted ratio.

Committee estimates the ratio on Schedule H2, as shown in the illustration.

The committee must continue to file Schedule H2 with each report disclosing a disbursement for “Memorial Day Gala.”

**Nonfederal Transfer (H3)**

Using Schedule H3, the Freedom Party State Committee reports the transfer received from the nonfederal account to pay the nonfederal portion of “Memorial Day Gala” (\$35,000). The unique identifier is again noted. See page 99.

(The total amount of transfers itemized on Schedule H3 is entered on Line 18(a) of the Detailed Summary Page.)

**Payments (H4)**

The committee discloses the federal and nonfederal shares of “Memorial Day Gala” payments on Schedule H4, again using the unique identifier. See example above.

(The federal and nonfederal payments totals that appear on Schedule H4 are entered on Lines 21a(i) and (ii) of the Detailed Summary Page.)

**Adjusted Ratio (H2)**

Within 60 days after the last day of the program or event, the committee needs to adjust the allocation ratio to reflect the actual ratio of federal receipts to total receipts. The committee reports the adjusted ratio on Schedule H2. Note that the committee must disclose the date of a fundraising program or event when reporting an adjustment to the ratio.

**Adjusted Ratio (H2)**

**Nonfederal Transfer (H3)**

If the adjusted ratio increases the nonfederal portion, the nonfederal account may transfer the additional amount to the federal account if it does so within 60 days after the date of the event. Nonfederal transfers are itemized on Schedule H3. The date of the program or event must be noted

**ADJUSTED RATIO: FEDERAL PERCENTAGE INCREASED (H2)**

**SCHEDULE H2 (FEC Form 3X)  
ALLOCATION RATIOS**

PAGE 1 OF 1

NAME OF COMMITTEE (In Full)  
Freedom Party State Committee

**RATIOS FOR ALLOCABLE FUNDRAISING EVENTS AND DIRECT CANDIDATE SUPPORT  
ACTIVITIES APPEARING ON THIS REPORT.**

Methods of allocation:  
I. **FUNDRAISING** activities are allocated using the “funds received method” where the federal proportion of expenses must equal the federal proportion of monies raised.  
II. Shared **DIRECT CANDIDATE SUPPORT** activities are allocated according to benefit expected to be derived, where the federal proportion of disbursements is based on the benefit derived by federal candidates from the activity.

ACTIVITY OR EVENT IDENTIFIER  
Memorial Day Gala (event date 4/28/10)

FEDERAL %  
60.00 %

NON-FEDERAL %  
40.00 %

ACTIVITY IS:  
 Fundraising  Direct Candidate Support

CHECK IF THE RATIO IS:  
 New  Revised  Same as Previously Reported

**FEDERAL TRANSFER (H4)**

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

PAGE 1 OF 1  
FOR LINE 21a OF FORM 3X

NAME OF COMMITTEE (In Full)  
Freedom Party State Committee

A. Full Name (Last, First, Middle Initial)  
Nonfederal Account

Mailing Address  
123 Washington Street

City State Zip Code  
City ST 00000

Purpose of Disbursement:  
Ratio Adjustment Transfer

Activity or Event Identifier:  
Memorial Day Gala (4/28/10)

Allocated Activity or Event:  
 Administrative  Fundraising  Exempt  
 Voter Drive  Direct Candidate Support

Allocated Activity or Event Year-To-Date  
50,000.00

Category/Type  
003

Date  
06 / 15 / 2010

FEDERAL SHARE	+	NON-FEDERAL SHARE	=	TOTAL AMOUNT
15,000.00		-----		15,000.00

**ADJUSTED RATIO: NONFEDERAL PERCENTAGE INCREASED (H2)**

**SCHEDULE H2 (FEC Form 3X)**  
**ALLOCATION RATIOS**

PAGE 1 OF 1

NAME OF COMMITTEE (In Full)  
 Freedom Party State Committee

**RATIOS FOR ALLOCABLE FUNDRAISING EVENTS AND DIRECT CANDIDATE SUPPORT ACTIVITIES APPEARING ON THIS REPORT.**

Methods of allocation:

I. **FUNDRAISING** activities are allocated using the “funds received method” where the federal proportion of expenses must equal the federal proportion of monies raised.

II. Shared **DIRECT CANDIDATE SUPPORT** activities are allocated according to benefit expected to be derived, where the federal proportion of disbursements is based on the benefit derived by federal candidates from the activity.

ACTIVITY OR EVENT IDENTIFIER  
 Memorial Day Gala (event date 4/28/10)

FEDERAL %      NON-FEDERAL %  
 20.00 %      80.00 %

ACTIVITY IS:  
 Fundraising     Direct Candidate Support

CHECK IF THE RATIO IS:  
 New     Revised     Same as Previously Reported

The committee pays \$1,000 to design and mail the 300 letters.

Note: Because the mailing is less than 500 letters in thirty days, it does not qualify as a public communication. Had the communication qualified as a mass mailing and supported a federal candidate, then it would have been considered FEA and its cost would be paid for entirely with federal funds.

**Required Forms**

- Schedule H2—Allocation Ratios
- Schedule H3—Transfers from Nonfederal Account
- Schedule H4—Payments for Allocable Expenses
- Schedule B for Line 23—Contributions to Federal Candidates

**NONFEDERAL TRANSFER (H3)**

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

PAGE 1 OF 1  
 FOR LINE 18a OF FORM 3X

NAME OF COMMITTEE (In Full)  
 Freedom Party State Committee

NAME OF ACCOUNT	DATE OF RECEIPT	TOTAL AMOUNT TRANSFERRED
Nonfederal Account	06 / 15 / 2010	20,000.00

**BREAKDOWN OF TRANSFER RECEIVED**

i) Total Administrative .....

ii) Generic Voter Drive .....

iii) Exempt Activities .....

iv) Direct Fundraising (List Activity or Event Identifier)

a) Memorial Day Gala (4/28/10) ..... 20,000.00

b) .....

c) Total Amount Transferred For Direct Fundraising ..... 20,000.00

**Allocation Ratio (H2)**

The committee uses Schedule H2 to disclose the allocation ratio for “June Mailing” (the unique identifier). The federal allocation percentage is calculated using the time/space method (ratio of time/space devoted to federal candidates to total time/space devoted to all candidates). In this case, 40 percent of the total space

when reporting a ratio adjustment or a corrective transfer.

**7. Candidate Support Activities as In-Kind Contributions**

This section discusses how to report direct candidate support that is an in-kind contribution. However, direct candidate support may instead be a coordinated party expenditure, independent expenditure or exempt party activity. Each type should be reported accordingly.

**Example**

The Freedom Party State Committee decides to sponsor a limited mailing urging support of two federal candidates (a U.S. House candidate and a U.S. Senate candidate) and three nonfederal candidates.

is devoted to federal candidates, so the ratio is 40 percent federal and 60 percent nonfederal.

**Nonfederal Transfer (H3)**

The committee discloses the transfer from the nonfederal account to pay the allocated nonfederal portion of “June Mailing” costs. As previously noted, a transfer must be made no more than 10 days before or 60 days after payment is made.

The total amount of transfers itemized on Schedule H3 is entered on Line 18(a) of the Detailed Summary Page.

**Payments (H4 and B)**

The committee uses Schedule H4 to itemize the two payments (the federal payment and the nonfederal payment) for “June Mailing” Because the allocated federal shares result in contributions in-kind, they are itemized as memo entries with cross refer-