

Candidate Committees

Candidate Committee Quick Overview

This section highlights some key rules for candidate committees. Please review the North Carolina Campaign Finance Manual for detailed instructions and analysis of each.

Allowable Forms of Payment, Contributor Data, Prohibited Sources and Contribution Limits

All contributions received by a candidate committee must comply with the following:

Contributions LESS THAN \$50

- May be made in cash. N.C.G.S. § 163-278.14(b).
- The committee must collect the name and complete mailing address of the contributor. N.C.G.S. § 163-278.14(b)

Contributions GREATER THAN \$50

- Must be in the form of a check, credit card charge, draft, money order, debit or other method subject to written verification. N.C.G.S. § 163-278.14(b).
- Must specifically designate the intended contributee chosen by the contributor. N.C.G.S. § 163-278.14(b).
- In addition to the name and address, the committee must collect the (1) the job title or profession of the contributor; and (2) the contributor's employer's name or employer's specific field of business activity. N.C.G.S. § 163-278.11(a)(1).

A candidate committee cannot accept contributions from the following sources:

Corporations	Business Entities
Labor Unions	Professional Associations
Insurance Companies	

Some nonprofits may make contributions, however, in order to contribute, the nonprofit must meet all requirements of N.C.G.S. § 163-278.19(h) at the time of the contribution.

A candidate committee cannot accept contributions from unregistered political committees, including federal political committees that have not registered with the State of NC.

A candidate committee cannot accept more than \$5,600 from an individual or a political committee in a primary or general election
N.C.G.S. § 163-278.13.

A candidate or a candidate's spouse may make unlimited contributions. N.C.G.S. § 163-278.13(d).

A committee may accept unlimited contributions from state, district or county political party executive committees. N.C.G.S. § 163-278.13(h). "Clubs" and other party groups cannot give more than \$5,600.

General Assembly and Council of State Candidate Committees CANNOT

Accept contributions from North Carolina registered lobbyists. See N.C.G.S. § 163-278.13B. You can find a list of registered lobbyists here: [Secretary of State - Lobbying](#)

Accept contributions from a lobbyist's agent, a lobbyist principal, a PAC that employs or contracts with a lobbyist, or a PAC whose parent entity employs or contracts with a lobbyist while the General Assembly is in regular session. N.C.G.S. § 163-278.13C.

Anonymous contributions N.C.G.S. § 163-278.14.

Anonymous contributions are prohibited.

Contributions made in the name of another are prohibited.

No candidate or political committee may knowingly accept a contribution made anonymously or made in the name of another. All such contributions are subject to forfeiture.

All expenditures made by a candidate committee must comply with the following:

All purchases and expenditures of a candidate committee must comply with N.C.G.S. § **163-278.16B**. A candidate committee may only make an expenditure if it is explicitly allowed by N.C.G.S. § 163-278.16B. All candidates and treasurers should review this statute in detail.

All expenditures for media expense must be in the form of a check, credit card charge, draft, money order, debit or other verifiable form of payment. N.C.G.S. § 163-278.8(c).

- Media includes broadcasting stations, carrier current stations, newspapers, magazines, periodicals, outdoor advertising facilities, billboards, newspaper inserts, and any corporation or individual whose business is polling public opinion, analyzing or predicting voter behavior or voter preferences. N.C.G.S. § 163-278.6(11).
- The committee must report the name of the payee, the address of the payee, the date of the expenditure, the specific purpose of the expenditure, and the total sum paid to the payee in the current election cycle. N.C.G.S. § 163-278.11(a)(2).

Expenditures for nonmedia expenses of LESS THAN \$50

- May be made in cash. N.C.G.S. § 163-278.8(d).
- The name of the payee is not required to be disclosed. However, the committee must still report the amount, date and purpose for each expenditure. N.C.G.S. § 163-278.8(d).

Expenditures for nonmedia expenses of GREATER THAN \$50

- Must be in the form of a check, credit card charge, draft, money order, debit or other verifiable form of payment. N.C.G.S. § 163-278.8(d)
- The committee must report the name of the payee, the address of the payee, the date of the expenditure, the specific purpose of the expenditure, and the total sum paid to the payee in the current election cycle. N.C.G.S. § 163-278.11(a)(2).

Candidate Committees

NOTE: Special sections are included to address information that is specific to certain types of candidate committees:

See: [Federal Candidate Committee](#) information

See: [Legal Expense Fund](#) information

Appointment of Treasurer

All candidates for any elected office in North Carolina must have an appointed treasurer who resides in North Carolina. N.C.G.S. § 163-278.7 states that a candidate shall appoint a treasurer and, under verification, report the name and address of the treasurer to the appropriate elections board. A candidate may serve as his or her own treasurer, or may appoint someone else to serve. **Note, however, that certain persons are ineligible to serve as treasurers:**

- A candidate's spouse may not serve as treasurer for the candidate committee. N.C.G.S. § 163-278.7(a).
- Persons who are not residents of North Carolina may not serve as treasurers. N.C.G.S. § 163-278.7(a).
- No member of a county board of elections or of the State Board of Elections is eligible to serve as a treasurer for a candidate committee. N.C.G.S. § 163-19; § 163-30.
- No person who serves as a precinct official may simultaneously serve as a treasurer for any candidate or political party. N.C.G.S. § 163-41.
- A registered lobbyist is ineligible to serve as a treasurer for a candidate for election to the General Assembly or as treasurer for a candidate for election to any constitutional offices of the state. N.C.G.S. § 120C-304(d) and § 163-278.13C.²
- Members of the parole commission are prohibited from serving as treasurers. N.C.G.S. § [148-52.1](#).

Candidates who do not appoint a treasurer assume the treasurer's duties and responsibilities. The appointment of treasurer is made on the *Statement of Organization* form (**CRO-2100A**). Candidates for Council of State offices, North Carolina House of Representatives, North Carolina Senate, district attorney, and all judicial offices shall file their campaign finance paperwork with the campaign finance office of the North Carolina State Board of Elections. Candidates for county and municipal elected

² For more information regarding lobbyists and campaign finance, see "[Campaign Finance Restrictions on Lobbyist Activities](#)".

offices shall file their campaign finance paperwork with their county board of elections office.

An individual appointed as treasurer has multiple responsibilities. He or she must maintain all financial records of the committee. These records should describe every transaction of the committee, and should include documentation supporting all contributions and expenditures. The treasurer is responsible for the timely and accurate filing of all required reports. Committees whose treasurers fail to file reports in a timely manner may incur a financial penalty.

The treasurer listed on the last filed *Statement of Organization (CRO-2100A)* is the treasurer of record, responsible for the compliance of the committee and subject to penalties and sanctions provided by the North Carolina General Statutes.

To notify the board of a change in treasurer, the candidate shall complete and submit a new *Statement of Organization (CRO-2100A)* within ten days of the change. Failure to complete this form in a timely manner could result in a penalty for a late report filing.

Even candidates who have the assistance of a treasurer are strongly recommended to take the treasurer training, to ensure knowledge of prohibited contributions, contribution limits, reporting requirements, and other important rules and regulations.

Treasurers who do not complete the mandatory training requirement in a timely manner are not eligible to sign required disclosure reports. As noted above, there is a three-month period between the time a person has been named to be treasurer and the deadline by which he or she must have obtained the training. During that three-month period, the named treasurer may sign the disclosure reports, though she or he has not yet had training. **However, in no case should a treasurer sign an untrue statement.** Those persons serving as treasurers who, within that ninety-day window, must sign the report without having had the training should strike through the language "*and that I have been trained by the State Board,*" initial the line, and then sign on the space provided.

For example:

I certify that the Committee or Fund is in compliance with all applicable provisions of Articles 22A and 22M of Chapter 163 of the NC General Statutes and that no funds are commingled with prohibited or other non-disclosed funds. I further certify that this report is complete, true and correct ~~and that I have been trained by the NC State Board of Elections.~~ *JBD*

John B. Doe	<i>John B. Doe</i>	2/27/17
Printed Name of Signer	Signature of Appointed Treasurer	Date

When the three-month period has passed without the named treasurer having received the training, he or she has lost eligibility to sign disclosure reports. With the exception of those persons falling within that three-month window, only candidates, treasurers, or assistant treasurers who have been trained are eligible to sign disclosure reports.

A complete listing of in person and online training sessions and registration information may be found on the Campaign Finance section of our web site via the following link [Mandatory Treasurer Training](#). Please call our office at 919-814-0700 or contact us via email at campaign.reporting@ncsbe.gov if you have questions.

Organizing the Committee

If an individual is seeking elective office in North Carolina, whether for Council of State, NC House of Representatives, NC Senate, district attorney, judicial, county, or municipal office, he or she is deemed to have a committee. The "committee" may consist of only one person -- the candidate -- but this committee-of-one is still subject to the regulations of [candidate political committees](#).

To determine when a candidate "organized," staff at the State Board of Elections will inquire about the committee's "first activity."

The "First Activity" - Organizing a Candidate Committee

A candidate committee is required to register within ten days of taking the first among certain activities that are deemed to have begun the committee's organization.

The first of the following activities by the candidate starts the ten days:

1. Receiving money or an item of any value in support of the campaign; or

2. Spending money in support of the campaign; or
3. Giving consent for anyone else to receive money or spend money for the purpose of bringing about that individual's nomination or election for office; or
4. Filing a notice of candidacy.

Examples of a “first activity”:

Some examples may help clarify the idea of a “first activity” that indicates a committee has been organized:

1. Candidate A, who has taken no other action in support of her candidacy, received a personal check from a friend who is aware of her interest in running. Candidate A didn't open a bank account to deposit the funds until a week later. She figures that “nothing official” has happened until the check is deposited into that campaign finance account. This is incorrect. Her ten days started when she accepted her friend's check, not when she deposited it into an account.
2. Candidate B wakes up one morning with the inspiration to run for office. He decides that he'll make an announcement the following week in the paper. The wife of Candidate B, eager to get things started, rushes out that day and rents a post office box for the campaign. Candidate B figures that until he receives a monetary contribution, nothing “official” has happened. This is incorrect. His ten days started when his committee received an item of value that was meant for his campaign (the P. O. Box). The wife of Candidate B spending funds to rent the P. O. Box constitutes what is called an [in-kind](#) contribution from her to her husband's committee.
3. Candidate D took no action toward pursuing office until the statutorily appointed time for candidates to file notice. She paid for the filing fee with a personal check. Staff at the Board of Elections advised that she must also submit organizational paperwork, including an Organizational Report. Candidate D recognized that by filing her [notice of candidacy](#), she was required to organize her committee. But when she filed her

“Organizational Disclosure Report,” she reported no transactions. Candidate D was mistaken to think that her personal check covering the filing fee did not count for purposes of reporting. She has made an in-kind contribution to her own committee by paying for the filing fee, and should have disclosed that on her Organizational Report.

Within 10 calendar days of the “[first activity](#),” candidates must complete organization by filing certain paperwork. The specific paperwork to be filed depends upon whether a candidate is eligible for and wishes to file under threshold or whether the candidate must file disclosure reports.

Certifying Under Threshold N.C.G.S § 163-278.10A

Candidates running for Council of State, North Carolina House of Representatives, North Carolina Senate, judicial office, or district attorney are **not eligible** to certify under threshold.

Only candidates running for county or municipal office, local school board, soil and water conservation district board of supervisors or sanitary district board are eligible. These committees must determine whether they intend to receive and/or spend more than \$1,000 on the campaign during the [election cycle](#). If the candidate determines NOT to receive or spend more than \$1,000 during the election cycle, he or she may complete a *Certification of Threshold* form (**CRO-3600**), which must be submitted to the board of elections where the committee registers. Once that form has been filed, the committee is not required to file disclosure reports until they exceed \$1,000 or until January 1 following the election for that office, whichever occurs first.

Committees filing under threshold must still comply with all legal requirements for recording the details of committee transactions. **Committees that certify under threshold and fail to follow these requirements risk forfeiture of funds.**

Continuing Responsibilities for Committees Under Threshold

Committees that have certified under threshold should bear in mind that:

1. Even personal funds that are spent for the benefit of the committee count toward the \$1,000 total.
2. The length of an [election cycle](#) depends upon the candidate’s office, which means that at a minimum it is a two-year period.

🚩 Even if a committee has certified to remain [under threshold](#) and is therefore exempt from reporting requirements, that committee treasurer is required to document all contributions in the committee’s internal records and must be prepared to present those records. He or she must follow the same rules for obtaining and maintaining information as do treasurers for committees that are required to report regularly.

Committees that file this certification but **exceed the one thousand dollar (\$1,000) threshold** during the [election cycle](#) must immediately file an amended *Certification of Threshold (CRO-3600)* to show a change in status from being under threshold to being [over threshold](#). The treasurer must then submit a disclosure report as described below.

How to report once threshold is exceeded: In addition to re-submitting form **CRO-3600** to withdraw threshold status, the treasurer must submit the next due disclosure report according to the appropriate [reporting schedule](#). The “period start date” will be either the beginning of the election cycle or the beginning of the committee’s organization, whichever is more recent. The “period end date” will be whatever it is scheduled to be for that report. By way of explaining the unusual period covered by the report, the treasurer shall enter the phrase, “withdrew threshold” in field 10 on the Disclosure Report Cover (CRO-1000).

The committee will continue to file reports, even if it resumes spending and receiving less than \$1,000. A committee may not “re-certify” under threshold until the next election cycle.

Threshold status does not carry forward into the next election cycle unless the candidate or treasurer files a new *Certification of Threshold (CRO-3600)* at the beginning of the next election cycle. A candidate’s election cycle begins on January 1 of the year following the year in which he or she ran for office. **If the candidate or treasurer does not file a new threshold certification at the start of the new election cycle, the assumption is that the committee no longer intends to remain under threshold. The committee will then be required to file disclosure reports.**

Basic Registration Forms for a Candidate Committee

Whether or not a candidate files under threshold, he or she must complete the following forms:

1. **Statement of Organization (CRO-2100A) – Candidate Committee form.** This form provides basic information about the committee, such as its name, address, the office being pursued, and the party registration of the candidate (if applicable). This form also functions to amend committee information.

What is in a name? A candidate committee must select a name that is not being used by active or inactive committees registered in North Carolina. The name that the candidate wishes to use for the committee, (rather than the candidate’s personal name) is to be entered in field 1(a) on this form. The campaign finance office of the State Board of Elections or the county board of elections office will assist in determining whether a given name is in use.

2. **Certification of Financial Account (CRO-3500).** All campaign funds must be maintained in a separate bank account used exclusively by the committee. No committee funds may be commingled with any other funds.³

CRO-3500 requires an account code. The account code is a series of numbers or letters selected by the candidate or treasurer to identify the account without disclosing the actual account number. Candidates should NOT use bank account numbers as account codes. While the Form CRO-3500 is not a public document and will not be scanned for online viewing, there is still risk in electronically sharing actual bank account numbers.

The campaign finance requirement that committees provide account information on form **CRO-3500** may conflict with bank policies that require that a committee be already established in a legally recognized fashion before the bank will open an account. Campaign Finance staff will work with committees to resolve this issue. Please see the section later in this manual, [“Working with Bank Policies”](#)

³An exception to the requirement for a separate bank account is the case of a candidate using only his or her funds and none other for the campaign. As long as the candidate is accepting no funds from others, he or she is not required to set up a separate campaign finance account. That candidate shall mark the second box on the form and sign to certify that the committee will not raise nor spend any money except the candidate’s personal funds.

Candidate Designation of Funds (CRO-3900) and Personal Representative Designation of Committee Funds (CRO-3900A).

These forms are optional but recommended because contributions made to a candidate committee do not become part of the personal estate of the candidate.

Candidates should be aware that if neither form **CRO-3900** nor **CRO-3900A** is submitted, funds that remain in a candidate's account at the time of his or her death that are not otherwise obligated will be paid to the North Carolina Escheat Fund.

The purpose of form **CRO-3900** is to provide a candidate the means to designate how his or her campaign funds should be disbursed in the event of the candidate's death or incapacitation.

The purpose of form **CRO-3900A** is to permit the personal representative of the estate of a deceased candidate who did not file a form **CRO-3900** prior to death to file written designation of how the funds should be disbursed.

Note:

- i. All outstanding debts and obligations shall be paid by the committee before any funds are disbursed pursuant to the designation.
- ii. The designation for disbursement of funds upon the death of the candidate is subject to the same restrictions for the use of those funds that are described in "Expenditures of Campaign Funds" in this manual. See also N.C.G.S. § 164-278.16B.

Additional Registration Requirements for Committees that are Over Threshold

 When the candidate is not filing under the \$1,000 threshold, his or her committee has a status that is referred to as being “[over threshold](#),” and must submit the forms noted above and an **Organizational Report**.

What is an Organizational Report?

The Organizational Report is the first report required of a committee that is not eligible to certify under threshold. For candidates, this means all “state level” offices that file reports with the State Board of Elections, such as Governor, Lt. Governor, North Carolina House of Representatives, North Carolina Senate, judicial, district attorney or Council of State. Candidates who file for offices in municipal or county government may also file “[over threshold](#)” when they know they will spend more than \$1,000 during an election cycle.

The contents of the **Organizational Report** shall include any contributions received or expenditures made in ten calendar days from the committee's “[first activity](#),” as explained above. The date of that first activity establishes the “[period start](#) date” on the Organizational Report. The committee must submit the organizational paperwork to the appropriate board of elections by the tenth day from this date.

If the committee uses the entire ten days, the tenth day will be the “[period end date](#)” on the Organizational Report. If the committee does not use the entire ten days, the “period end date” will be whatever date the committee completed its organization and filed the organizational report. The day after will be the “period start date” on the next report due.

Report Contents

The Organizational Report (and all subsequent disclosure reports filed manually) will always consist, at a minimum, of the Disclosure Report Cover (**CRO-1000**) and the Detailed Summary (**CRO-1100**).

Other forms to be included depend upon the transactions that have taken place within the period of the report.

The Disclosure Report Cover (CRO-1000) has multiple important functions. The three key components that staff processing the form will look for upon receiving the report are:

1. Identification of the committee (as listed on the Statement of Organization submitted by the committee);
2. Identification of the period that the report covers; and
3. The signed certification statement. All disclosure reports must bear a signed certification statement. Without the signature under the certification statement, the paperwork will be treated as noncompliant. Please see "[Report Certification](#)".

The Detailed Summary (CRO-1100) has multiple functions as well:

1. For treasurers filing manually, it serves as a guide to other forms that are required to describe types of transactions. Lines 5 through 11(e); 13 through 17; and 20 through 28 list the types of transactions treasurers are expected to manage. On each line, following the name of a given type of transaction is the name of the form that is needed to describe that transaction. For example:
6) Contributions from Individuals (CRO-1210)
2. The **CRO-1100** alerts campaign finance staff to look for the other forms indicated by the lines that have been filled out on the Detailed Summary page. If staff sees an amount entered on line 6, he or she will look for a CRO-1210 form to accompany the report. If an amount has been entered on line 13, staff will expect to find form CRO-1310 included with the report, and so forth. If those forms are missing, the report is not fully compliant and must be amended.
3. The **CRO-1100** acts as a balance sheet by requiring the submitting treasurer to add all receipts, add all expenditures, and subtract the latter from the former to show the funds on hand within that committee at the close of a given report period.
4. The **CRO-1100** also permits the public to assess a committee's fundraising activity during an election cycle. Please see this explanation of how the first and second columns function in **Appendix D**.

As noted above, the other forms that will accompany the report are determined by transactions that occurred within the “period start” and “period end” dates of this organizational effort.

A fictional example may help explain the relationship between the organization of a committee and the contents of an Organizational Report. ***Our fictional candidate, John Doe Green, will act as his own treasurer.***

“Mr. Green” Gets Organized

John Doe Green has been talking to his family about running for the North Carolina House of Representatives since the New Year. In fact, he was so interested, he obtained treasurer training that April, which helped prepare him to comply with state law once his campaign got underway:

- On May 5th, his mother writes and hands him a check for \$300.00 and tells him to get the campaign rolling.
- The next day, May 6, Mr. Green goes to an electronics store and purchases a printer for the campaign, using his own funds in the amount of \$200.00.
- Next, he goes to his bank and deposits the check from his mother to open an account to be used exclusively for purposes of handling campaign funds.
- On Friday, he tells three of his buddies at the bowling alley, Larry, Moe and Curly, about his campaign and they contribute \$25.00 apiece.
- That weekend, Mr. Green orders some office supplies online, using his campaign finance account to pay.
- The next Monday, the 11th, he makes a personal loan to the committee in the amount of \$3,000.
- In the next few days he reads over material in the Campaign Finance Manual, signs up for treasurer training, and downloads forms from the State Board of Elections website.
- On May 15th, he visits the State Board of Elections. Along with the Statement of Organization (2100A) and the Certification of Financial Account (3500), Mr. Green delivers his Organizational Report to the clerk at the front desk.

The following discussion about how our fictional candidate’s Organizational Report is created treats the reader as a manual filer by

referring to some of the typical forms that are included.⁴ (**Note that committees that use the electronic software provided by the State Board of Elections will not need to select forms other than the Disclosure Report Cover (CRO-1000) because the software will automatically arrange the data entered into the proper categories.**)

Disclosing Transactions: What forms are required?

The following examples of the contents of our fictional candidate's organizational report are **only examples**, and not instruction for what each organizational report should contain.

Bearing in mind the [activities](#) that occurred in his committee in the period between May 5th and May 15th, Mr. Green reviews the list of transactions on form **CRO-1100** and determines that his report will contain the following forms in addition to **CRO-1000** and **CRO-1100**:

1. **Contributions from Individuals (CRO-1210)** Because the value of Mr. Green's mother's \$300.00 contribution was greater than \$50.00, her contribution must be recorded on CRO-1210, which requires disclosure of her name, address and occupation, as well as date of contribution, amount and form of payment. On the same form, he will disclose his \$200 purchase (with personal funds) of the printer, showing the payment method as "in-kind." Form 1210 contains a field that says "in-kind" to record just this sort of transaction. Mr. Green will add in the value of his in-kind contribution along with the \$300.00 contribution from his mother. The sum of both contributions, "\$500.00," will be entered on line 6 of the *Detailed Summary* form.
2. **Aggregated Contributions from Individuals (CRO-1205)**
 - i. Because the value of the contributions from his three buddies were only \$25.00 apiece, these contributions may be disclosed on a CRO-1205, which does not require the contributor's names, addresses or occupation and employment information to be disclosed. It does require date, amount and form of

⁴ Most organizational reports, even from committees that eventually decide to use the software, are filed manually, but this is not always the case.

payment.⁵ Mr. Green may not list the contributions as one lump sum of \$75.00; each contribution must always be listed separately. The total of \$75.00 will be entered on line 5 of the Detailed Summary.

3. **“In Kind” Contribution (CRO-1510).** Unless the committee is using software to file reports, the in-kind contribution, which was Mr. Green’s purchase of a printer using his own funds, is always reported TWICE. As noted above, it is shown as a contribution to the committee on CRO-1210. The in-kind contribution is also entered on CRO- 1510 to demonstrate that the value represented by the object is not money in the bank. Since CRO-1510 occurs on the “disbursements” section of CRO-1100, the amount of that in-kind contribution is going to be subtracted from the total of the receipts. Mr. Green will follow instructions on the form by entering the amount of the in-kind on line 17 of his Detailed Summary form.
4. **Disbursements (CRO-1310).** Since Mr. Green paid for office supplies from the campaign finance account instead of with personal funds, the expenditure is recorded on this form. Mr. Green will follow instructions on the form by entering the amount of the disbursement on line 13a of his Detailed Summary form.
5. **Loan Proceeds (CRO-1410).** Mr. Green does not have to characterize a contribution from himself as a loan to reimburse himself later (using form **CRO-1320**, *Refunds and Reimbursements from the Committee*), but he is wise to do so when the amount is substantial. If Mr. Green died in the middle of his campaign, the fact that this contribution is documented as a loan means that his estate may receive it from the committee. In fact, his estate may reclaim available committee funds to satisfy the loan whether or not the loan was mentioned in a *Candidate Designation of Committee Funds (CRO-3900)*.

⁵ Although Mr. Green need not disclose the names, addresses and employment information for these contributors at this time, he is wise to collect the information now; he is certainly going to ask his buddies for more money as time passes, and he might as well have all that he will need to disclose for the eventual point by which Larry, Moe and Curley have cumulatively contributed more than \$50.00 apiece during the election.

Following directions on the form, Mr. Green will enter the amount of the loan on line 9 of his Detailed Summary form.

6. **Loan Proceeds Statement (CRO- 6100).** This form is always required along with a **Loan Proceeds** form **(CRO-1410).**

Shortly after Mr. Green delivers his [signed report](#) to the State Board of Elections, a staff member begins processing it. Staff will use the information on his Statement of Organization **(CRO-2100A)** and the Certification of Financial Account **(CRO-3500)** to set his committee up in the Campaign Finance database. Within hours of the paperwork being scanned, it will be visible to interested parties who wish to review it from the [State Board of Elections website](#).

Having delivered his report, Mr. Green goes home to read the portion of the manual called “[Continuing Responsibilities for Committees Over Threshold](#).”

“What is an “ID Number”

The ID Number is a number issued by some boards of election (including the State Board of Elections) that functions as a unique identifier to a committee to distinguish it from other committees – future, present or past – that have similar names.⁶ **It is neither an EIN (Employer Identification Number), nor a social security number.**

The Committee ID number is generated when the committee’s organizational paperwork is processed by staff. Thus, newly organized committees will have no ID number to enter in the fields on CRO forms 2100A, 1000 or 1100.

Currently, the ID number is not the primary way staff refer to the committee or access its information.

Working with Bank Policies

In North Carolina, banks have different security protocols for setting up campaign finance accounts for candidate or other political committees. Some request that the candidate obtain an Employee Identification Number (also known as EIN). The EIN is not a number associated with requirements of the Board of Elections. Candidates

⁶Not all county boards issue ID numbers. Candidates who were issued ID numbers for committees registered at a county election board will be issued a new ID number if they register with the state board.

and treasurers should **not** enter the EIN on the fields that require the committee ID number.

Some banks have been willing to accept the Board of Elections-issued committee ID number instead of the EIN to satisfy security protocols.

If a bank is willing to accept a committee ID number to satisfy a security protocol, staff at those boards of election that issue committee ID numbers will process the candidate's basic organizational paperwork without the finance account information having been completed.

In such a circumstance, the candidate committee should submit the *Certification of Financial Account (CRO-3500)* with the word "pending" entered in the field for the bank account number. Board of elections staff will process the rest of the paperwork, register the committee, and provide the campaign ID number generated by the registration.

Once the candidate committee can provide the committee ID number to the bank, and the bank in turn provides the candidate committee a bank account number, the committee shall provide the campaign finance account information to the Board of Elections on a properly completed form CRO-3500. All forms CRO-3500 are kept in a secure location under lock and are unavailable for public viewing.

Committee treasurers should not transmit a complete bank account number and bank information via email. Nor may board of elections staff accept this information by telephone. Whether or not a bank seeks a committee ID number as a form of verification, staff at the State Board of Elections and county boards of elections are happy to assist bank officers to confirm that a given committee is registered with their respective boards. In many counties and at the state level, it is possible for bank officers to access the committee information online and see that it is duly registered.

Continuing Responsibilities for Committees Over Threshold

Candidate committees that filed an organizational report will file subsequent disclosure reports on a regular [schedule](#).

Provided the committee treasurer has kept the Board of Elections updated on his or her mailing or email address, the treasurer should expect to receive notice in advance of each report due. Treasurers are

cautioned that if a P. O. Box is used as a committee address, it must be checked regularly.

Treasurers are also able to consult the schedule applicable to the type of office being sought by their candidate committees. Schedules for reports due at state and local levels (when applicable) are provided on the State Board of Elections website [at this link](#) from the Campaign Finance page.

Common mistakes made by new candidate committees:

 **“I lost the election. I don’t have to worry about these reports anymore!”**

This assumption is incorrect. The reporting requirement continues until the committee certifies as inactive or closes.

 **“Campaign’s over! I can close down this P. O. Box!”**

Not so fast! If a committee listed a P. O. Box as its address on CRO forms **2100A** and subsequently closes the box, the treasurer must notify the Board of Elections of a new contact address. Otherwise, the committee is at risk of missing notifications and thus incurring penalties for reports still due.

 **“I have no money left – so I’ve got nothing to report!”**

But wait, there’s more! The reporting requirement continues even if all funds have been disbursed and the campaign has ended.

 **The committee treasurer must take specific action to place the committee in [inactive status](#) or to [close the committee](#). Unless these actions are taken, the candidate committee remains obligated to file reports.**

Filing on paper or electronically?

Candidate committees for [statewide office](#) that show a total for the election cycle in excess of five thousand dollars (\$5,000) in contributions, expenditures, or loans must file electronically.

A candidate committee that makes contributions in excess of five thousand dollars (\$5,000) to candidates for [statewide office](#) or makes independent expenditures in excess of five thousand dollars (\$5,000) that affect contests for [statewide office](#) must file electronically.

All other candidate committees must file electronically that show a cumulative total of more than \$10,000 in contributions, loans, or expenditures during an election cycle.

 Candidate committees that are required to file electronically but fail to do so are subject to penalties.

Paper Filing

A complete list of forms for manual filing may be found at [Reporting Forms](#).

Electronic Filing

Electronic filing is an alternative for all committees and a requirement for some candidate committees. Electronic filers use software to generate an electronic file, which is then attached to an email sent to the State Board of Elections. (The faxing or emailing of a pdf or word document is **not** electronic filing).

Filing electronically through the free software provided by the State Board of Elections has built-in advantages. It provides:

- an audit feature that identifies possible violations or discrepancies as the report is being compiled
- tracking of all transactions entered into the system
- tracking of election sum totals for each contributor
- function for including only those transactions required for a given reporting period

The State Board encourages all committees to use electronic filing.

One-on-one software training is available at the State Board of Elections office in Raleigh or via phone. For more information on filing electronically, please contact our office at 919-814-0700 or visit our website.

Contributions

Definition of Contribution:

A "contribution" is any advance, conveyance, deposit, distribution, transfer of funds, loan, payment or subscription of money or anything of value whatsoever to a candidate, political committee, political party committee, independent expenditure political committee, or referendum committee. N.C.G.S. § 163-278.6(13).

Contributions may be monetary or non-monetary. Loans, pledges, gifts, proceeds or sales of services, in-kind transfers, use of any supplies, office machinery, vehicles, aircraft, office space or related services, goods, or personal or real property are all contributions.

The term “contribution” also encompasses any contract, agreement, or other obligation to make a contribution. A debt forgiven by an entity or person to whom it is owed is also considered a contribution. The term does not include an [“independent expenditure.”](#)

All contributions are subject to the regulations of the North Carolina General Statutes.

A contribution that is made by the candidate or candidate’s family is subject to the same disclosure rules as any other contribution received by the candidate.

 **One of the treasurer’s chief responsibilities is to become familiar with the limitations and prohibitions on contributions.**

Loans

Candidates are not required to characterize their contributions to their own committees as "loans" in order to be reimbursed. Any contribution may be returned including contributions made by the candidate.⁷ However, candidates who wish to characterize their contributions to their committees as loans may do so.

Candidate committees may receive loans from individuals and other entities that are not prohibited from making contributions. **Loans are considered contributions and are subject to the same limitations as contributions.** Loans must be documented on specific forms: *Loan Proceeds (CRO-1410)*, and the *Loan Proceeds Statement (CRO-6100)*.

The *Loan Proceeds Statement* requires the lender to provide the name of the lending institution and any guarantors responsible for the loan. A candidate making the loan to his or her committee does not have to assign a rate of interest or a time by which the loan must be repaid; nor does the candidate have to provide security for the loan.

The loan amount from an individual -- other than the candidate or the candidate’s spouse -- must not exceed five thousand four hundred dollars (\$5,600) for that election. If the lender has previously made a

⁷ See form **CRO-1320** Refunds and Reimbursements from the committee.

contribution, the loan amount added to the previous contribution cannot exceed five thousand four hundred dollars (\$5,600) for that election. Nor may a guarantor on a loan to the committee make any contribution which, when added to the amount of that loan, exceeds five thousand four hundred dollars (\$5,600) for each candidate.

A loan to the committee given by an entity other than the candidate or the candidate's spouse may only be forgiven if the lending institution has been paid in full for the amount of the loan and no other entity is owed for the loan. A lender wishing to forgive the loan must complete the *Forgiven Loan Statement* (**CRO-6200**). If a candidate committee has a loan that has not been repaid or forgiven, the committee may not close until the entire amount of the loan has been satisfied.

The 48 Hour Report N.C.G.S. § 163-278.9(a)(2)

The 48 Hour Report applicable to candidate, party and political action committees is a time-sensitive informational report submitted on a specific form, the *48 Hour Notice* (**CRO-2220**). **During [specific periods](#)** before the primary and general elections, a committee that receives a contribution (including an in-kind contribution) or transfer of funds of **one thousand dollars (\$1,000) or more** shall disclose the receipt details on form **CRO-2220** to the appropriate board of elections within 48 hours of receipt. The receipt of the funds rather than the time of deposit starts the 48 hours. Given the time-sensitive nature of this report, committees are permitted to transmit this form by fax or email. If the *48 Hour Notice* form is transmitted by fax or email, it is not necessary for the treasurer to also submit a hard copy.

The *48 Hour Notice* form represents an exception to the general rule that whenever a document requires a signature, the Board of Elections may accept only the original of that document.⁸

48 Hour Reports are only to be filed during specific periods:

The time periods during which these 48 Hour Notices are required are:
For the Primary Election: Beginning the day after the “period end date” of the 1st Quarter Plus report and ending the day of the Primary Election.

⁸The 48 Hour Reports required of referendum committees, independent expenditure filers and electioneering communication filers are also accepted via scan or fax.

For the General Election: Beginning the day after the “period end date” of the Third Quarter Plus report and ending the day of the General Election.

 **Treasurers should note** that any contribution that is reported on a 48 Hour Notice must ALSO be disclosed on the next due disclosure report.

Please Note: Municipal candidates are NOT required to file 48 Hour Reports. All other statewide and nonstatewide candidates are required to file 48 Hour Reports.

Contribution Limitations

Contribution Limitations for State and Local Candidates N.C.G.S. § 163-278.13

 A candidate may not accept and a contributor may not give more than five thousand four hundred dollars (\$5,600) per election.

If there is a primary for the office of the candidate and a general election, the candidate may receive \$5,600 through the day of the primary and \$5,600 from the day after the primary through the end of the election year (for even numbered election years, in odd numbered election years the general election period ends on the day of the general election).

If the candidate is on the ballot in a second primary, he or she is entitled to receive an additional \$5,600 from the day after the primary through the day of the second primary.

If a candidate is not on the ballot for the second primary, he or she is not entitled to the additional \$5,600.

A candidate and candidate’s spouse may contribute unlimited amounts to the candidate and are not subject to the limitations. Any national, state, district or county executive committee of any political party recognized under N.C.G.S. § 163-96 is exempt from the contribution limitations as well. Please also see [Contribution Prohibitions](#).

Campaign Finance Restrictions on Lobbyist Activities N.C.G.S. § 163-278.13C

 No lobbyist may make a contribution at any time to a member of the General Assembly or Council of State or to a candidate who has been

nominated by a party or has filed a *Notice of Candidacy*⁹ for the General Assembly or Council of State. Additionally, no lobbyist may collect any contributions from one or more contributors, take possession of such contributions, or transfer or deliver contributions to a member of or candidate for the General Assembly or Council of State.

A lobbyist who has filed a [*Notice of Candidacy*](#) may make a contribution to his or her own candidate campaign committee. Additionally, the lobbyist could take possession of contributions intended for his or her own candidate campaign committee without violating the ban.

Any questions about the ban on lobbyist contributions should be directed to the campaign finance office of the State Board of Elections.

Limitations on Fundraising during Legislative Sessions

N.C.G.S. § 163-278.13B

 A political committee that employs or contracts with, or whose parent entity employs or contracts with, a NC registered lobbyist (“limited contributor”) may not contribute to a member of or candidate for the General Assembly, member of or candidate for the Council of State, or affiliated committee (“limited contributee”) while the General Assembly is in “regular session.”

- A “limited contributee” may not solicit from a “limited contributor” any contribution to be made to a “limited contributee” or any other candidate, officeholder, or political committee.
- A “limited contributee” may not solicit a third party to directly or indirectly solicit a contribution from a “limited contributor” **or** have the third party relay to the “limited contributor” the solicitation of the “limited contributee”.
- No “limited contributor” shall make or offer to make a contribution to a “limited contributee”.
- No “limited contributor” shall make a contribution to any candidate, officeholder, or political committee and direct or request that contribution to be made to a “limited contributee.”

⁹ The *Notice of Candidacy* is not a campaign finance form. This form is used by candidates during the filing period for the office in question to request inclusion on the appropriate ballot.

- No “limited contributor” shall transfer anything of value to any entity and direct that entity to use what was transferred as a contribution to a “limited contributee.”
- No “limited contributee” or the real or purported agent of a “limited contributee” prohibited from solicitation shall accept a contribution from a “limited contributor.”
- No “limited contributor” shall solicit a contribution from any individual or political committee on behalf of a “limited contributee.” This does not apply to a “limited contributor” soliciting a contribution on behalf of a political party executive committee if the solicitation is solely for a separate segregated fund kept by the political party limited to use for activities that are not candidate-specific, including generic voter registration and get-out-the-vote efforts, pollings, mailings, and other general activities and advertising that do not refer to a specific individual candidate.
- ❖ A contribution is **“made”** during regular session if the check or other instrument is dated during the session, or if the check or other instrument is delivered to the “limited contributee” during session, or if the “limited contributor” pledges during the session to deliver the check or other instrument at a later time.
- ❖ A contribution is **“accepted”** during regular session if the check or other instrument is dated during the session, or if the “limited contributee” receives the check or other instrument during session and does not return it within 10 days.
- ❖ A violation of these limitations is a Class 2 misdemeanor.
- ❖ The exception to these limitations is that the limitations on fundraising do not apply to a “limited contributee” during the three weeks prior to a second primary where the “limited contributee” will be a candidate on the ballot.

Contribution Prohibitions

 It is unlawful for any corporation, business entity, labor union, professional association, or insurance company to directly or indirectly contribute to a candidate.¹⁰ N.C.G.S. § 163-278.19. The

¹⁰Note: There is no exception to the prohibition against receiving business funds. However, some owners of small businesses have only one bank account,

prohibition of contributions from these entities also applies to “[in-kind contributions](#),” such as the donation of items to committees for fundraisers, or to the sponsoring of holes at golf tournaments, the provision or discount of a service, such as a restaurant meal, or the provision or discount of a product to the committee or committee member.

🚩 Political committees that are not registered with the appropriate board of election in North Carolina are prohibited from contributing to committees in North Carolina.

🚩 A registered political committee other than the exempt political executive and affiliated party committees may contribute only as much as five thousand four hundred dollars (\$5,600) per election to candidate committees.

🚩 Registered referendum committees that received any contribution from a corporation, labor union, insurance company, business entity, or professional association or have received contributions more than the contribution limitations for political committees (\$5,600 per election) may not contribute to a candidate committee.

🚩 Anonymous contributions are prohibited. N.C.G.S. 163-278.14(a). A committee shall not receive funds without knowing and recording the name of the person who contributed. For the same reason, collection of funds for which contributor contact information is not obtained, such as a “pass-the-hat” collection, is prohibited.

🚩 Contributions made in the name of another are prohibited. N.C.G.S. § 163-278.14(a).

For example, Mr. Welloff may not give his employee money for the purpose of the employee’s making a contribution. Mrs. Bigheart may not give a contribution with instructions that it be recorded in the name of her friend. Another common violation occurs when a treasurer receives a personal check bearing two names and assumes that the amount of the check is meant to be a contribution evenly split between the two names. The treasurer may only make this determination after specific authorization from both persons whose names appear on the check. Otherwise, the

and use that single account for both business and personal purposes. North Carolina campaign finance law permits treasurers to accept a check that bears the name of a business provided certain requirements are met. Please see how to report a [contribution from a business](#) account for further information.

contribution is to be attributed only to the person who signed the check.

🚩 Checks or money orders that do not clearly designate the intended recipient chosen by the contributor are prohibited. N.C.G.S. 163-278.14(b).

🚩 Any [cash](#) contribution greater than \$50.00 is prohibited. N.C.G.S. § 163-278.14(b). All contributions greater than \$50.00 must be made by a [verifiable form of payment](#), such as a personal check, money order, demand draft, cashier's check, debit or credit card. N.C.G.S. § 163-278.14(b). This prohibition also applies to candidates who wish to withdraw funds from their personal account to be deposited in a campaign finance account.

The State Board of Elections will seek a forfeiture of all prohibited contributions. All forfeitures are deposited into the NC Civil Penalty and Forfeiture Fund.

Reporting Contributions

Committees [over threshold](#) must disclose all contributions in regular reports. Provided the treasurer has kept the Board of Elections informed of current contact information, he or she shall receive Official Notice by mail or email for the due dates of pending reports. The [reporting schedule](#) is also available at the State Board of Elections website.

Each treasurer must track how much each contributor gives to the committee. No matter how small the contribution, the name of the contributor, date and form of payment must always be obtained.

As long as a contributor has contributed no more than fifty dollars [\$50.00] during an election, the treasurer is not required to disclose that contributor's name, address, occupation or employment information on form **CRO-1210**, which requires those fields. Instead, that contribution may be disclosed on an *Aggregated Contributions from Individuals* form (**CRO-1205**), which requires only the date, form of payment and amount of each contribution. Every individual contribution must be documented separately on this form. **Note:** The contributor's name, the date and amount of contribution must be recorded and kept by the treasurer, because each contributor's contributions must be tracked throughout each election. For example:

On January 1st of an even-numbered year (when reports are filed quarterly), Mrs. Bigheart contributed \$20.00 to her favorite candidate's campaign. On the first quarter report, the treasurer reported the contribution on form CRO-1205. On April 25th, Mrs. Bigheart contributed another \$30.00, which the treasurer reported for the second quarter report on form CRO-1205. On September 2nd, Mrs. Bigheart gave only \$1.00. The treasurer reported that contribution on a form CRO-1210 on the third quarter report, because as of September 2nd, Mrs. Bigheart had given more than \$50.00 during the period of one election.

Once a contributor has given as much as fifty dollars and one cent [\$50.01] during an election, the treasurer must from that point throughout the rest of the election, report that contributor's name, address, **principal occupation** information along with the form of payment, date and amount on a *Contributions from Individuals* form (**CRO-1210**).

Principal Occupation

Committees must report the principal occupation of the contributor on the date the contribution is made. See N.C.G.S. § 163-278.11(a)(1). A committee fulfills this requirement by disclosing the contributor's "job title or profession" **and** "employer's name or employer's specific field of business activity." *Id.* Please refer to the NAICS classification for specific business fields for a list of acceptable fields: <https://www.census.gov/eos/www/naics/>).

Below are examples of how to disclose a contributor's principal occupation:

- For an employed contributor, the committee must disclose the contributor's job title or profession, and the employer's name or employer's specific field of business activity.
- For a self-employed contributor, the committee must disclose the contributor's job title or profession, and the name of the contributor's business or contributor's specific field of business activity.
- For a contributor who principally earns income as a consultant or an independent contractor, the committee must disclose the contributor's job title or profession, and either (1) the name of the principal client of the contributor, or (2) the specific field of business activity of the principal client or clients of the contributor.
- For a contributor who is not earning income, but maintains an active professional license in North Carolina or in another jurisdiction, the contributor's profession must be listed.

If the contributor does not fall into one of the categories described above at the time the contribution is made, the committee may list the contributor as having “no job title or profession” and “not employed.” The committee may not list the contributor as “retired.” This term does not adequately convey the current occupation of the contributor.

Treasurers may accept a **check that bears the name of a business** provided they are able to verify that the contributor has only one bank account and that this single account exists for both professional and personal use. In this circumstance, the treasurer must obtain the contributor’s signature on a completed *Contribution from a Business Account Statement* form (**CRO-6300**), and provide that signed form along with a photocopy of the check to the board of elections where the committee’s reports are filed. Treasurers shall also maintain a copy of both the form and the photocopied check with their committee’s records.

Treasurers are responsible for affirming the identity of the contributor when accepting a personal check bearing two names. The treasurer shall not assume that the amount of the check is meant to be a contribution evenly split between the two names. The treasurer may only make this determination after specific authorization from both persons whose names appear on the check. Otherwise, the contribution is to be attributed only to the person who signed the check.

Contributions received at a fundraiser from the sale of items such as dinner tickets, t-shirts, buttons, or hotdogs count toward an individual’s \$50 threshold for identity disclosure, and must also be reported.

🚩 Treasurers may accept **cash** in an amount no greater than fifty dollars [\$50.00] from a contributor *per day*. In fact, a contributor may desire to contribute \$50.00 in cash on Monday, \$50.00 in cash on Tuesday, and so on; this is permissible. However, in no case may any contributor give more than \$50.00 in cash in a single day.

[In-kind contributions](#) (contributions of goods or services) must also be reported. The contributor shall provide the committee with a statement setting forth the fair market value of the in-kind contribution.

🚩 **Manual filers**¹¹ shall always document *in-kind* contributions on **both** a receipt form (whether CRO-1205, CRO-1210, CRO-1220 or CRO-1230) **and** on the *In-Kind Contributions* form (**CRO-1510**). Reporting on both

¹¹ "Manual filers" are those who are filing on paper rather than through electronic transmission of a file generated by the software.

forms serves to balance the account with a net impact of \$0 to the committee's "cash on hand." **Electronic filers**¹² simply make the entry in receipts, noting under "form of payment" that it is "in-kind"; the software populates the appropriate forms.

¹² Electronic filers use software to generate an electronic file, which is then attached to an email and submitted to the State Board of Elections.

Expenditures of Campaign Funds

All expenditures of campaign funds must be reported.

Candidates must restrict their campaign fund expenditures to nine permitted purposes provided by law. According to N.C.G.S. § 163-278.16B, these **permitted purposes** are as follows:

1. Expenditures resulting from the campaign for public office by the candidate or candidate's campaign committee.

The general rule for determining whether an expenditure is permitted is to ask whether the expenditure would have been made absent the campaign for public office. If the answer is "yes" to that question, the expenditure should not be made.

2. Expenditures resulting from holding public office.

As discussed above, if the expenditure would have been made if the candidate were not holding public office, then the candidate should not use campaign funds to make the expenditure. If the expenditure would only be made due to the fact that the candidate is holding office, the expenditure is permitted.

3. Contributions to an organization described by [section 170\(c\)](#) of the Internal Revenue Code, provided that the candidate, the candidate's spouse, children, parents, brothers, or sisters are not employed by the organization. See [Tax Exempt Organization Search](#) to search exempt organizations.
4. Contributions to a national, state, district or county committee of a political party or a caucus of the political party.
5. Contributions to another candidate committee.
6. To return all or a portion of a contribution to the contributor.
7. Payment of any penalties against the candidate or candidate's campaign committee imposed by the Board of Elections or a court of competent jurisdiction.
8. Payment to the Escheat Fund established by Chapter 116B of the General Statutes.
9. Donations, limited to \$4,000 per calendar year, to a [legal expense fund](#) (as established by N.C.G.S. Chapter 163, Article 22M).

Relevant Advisory Opinions

The following advisory opinions may be helpful to review in determining whether or not an expenditure is permitted under N.C.G.S. § 163-278.16B. Copies of the advisory opinions issued by the Executive Director of the State Board of Elections can be found here:

[Office of Administrative Hearings](#)

Written Opinion 2019-11-12 - Candidate Salaries
<u>Written Opinion 2013-09-23 - Tournament Prizes</u>
<u>Written Opinion 2013-01-16 - Contracted Compliance Services</u>
Written Opinion 2012-08-23 - Organization and Publication of Governor's Papers
<u>Written Opinion 2011-07-12 - Mileage Reimbursement</u>
<u>Written Opinion 2011-02-08 - Research and Issue-Advocacy Efforts</u>
<u>Written Opinion 2010-06-02 - Travel Expenses</u>
<u>Written Opinion 2009-12-23 - Court Costs and Fines</u>
<u>Written Opinion 2009-07-20 - Donation of School Supplies</u>
<u>Written Opinion 2009-04-02 - Public Website</u>
Written Opinion 2007-01-12 - Housing for Members of the General Assembly

Expenditures for Media Purposes

Any expenditure that is made for media purposes must be paid by a [verifiable form of payment](#) and must be disclosed with the name of the payee, the address of the payee, the date of the expenditure and the specific purpose of the expenditure. In addition, the amount this payee has been paid since the date of the last election must also be reported.

Non-Media Expenditures

All non-media expenditures, except for postage, must be paid with a [verifiable form of payment](#) (not cash) if they exceed \$50. All expenditures that are greater than \$50 must be disclosed with the name of the payee, the address of the payee, the date of the expenditure, and the specific purpose of the expenditure. Election totals for the payee must also be included.

Expenditures for non-media purposes that are less than \$50 may be shown as a total of several purchases made at the same time (such as a box of pencils, erasers, ink-stamp and similar supplies) and may be made in cash. The name of the payee is not required to be disclosed. However, the date of the expenditure, the specific amount of each expenditure, and the purpose of each expenditure must be disclosed.

Purpose Descriptions

Treasurers must keep detailed accounts of all expenditures for media and nonmedia expenses. N.C.G.S. § 163-278.8. When filing campaign finance disclosure reports, the treasurer must list the name and complete mailing address of each payee, the amount paid, **THE PURPOSE**, and the date the payment was made. N.C.G.S. § 163-278.11(a)(2). The following is a list of generally acceptable and unacceptable purpose descriptions. Staff **will not** seek a more detailed purpose description during an examination of campaign finance reports if the committee uses one of the acceptable purpose descriptions listed below. Staff **will** seek further detail or information about the expenditure if there are questions regarding the payee, amount or date of the expenditure, or if a campaign finance complaint is filed alleging an inaccurate purpose description.

Staff **will** seek a more detailed purpose description if the committee uses an unacceptable purpose description.

Committees are no longer required to enter a purpose code in box h on form CRO-1310. For electronic filing, a "O" may be entered. The purpose should be listed in box k.

Acceptable purpose descriptions:

Office and/or Headquarters Expenditures

1. Office Supplies
2. Office Furniture
3. Office Equipment
4. Office Space (e.g., rent or mortgage payments)
5. Office Fixture
6. Utility Payment
7. Cell Phone Services/Equipment

Event Expenditures

8. Audio Visual Equipment
9. Event Supplies
10. Event Space
11. Event Food & Beverages
12. Event Advertising

Advertising/GOTV Expenditures

13. Television (N.C.G.S. § 163-278.38Z(11))
14. Radio (N.C.G.S. § 163-278.38Z(8))
15. Print Media (N.C.G.S. § 163-278.38Z(7))
16. Internet Ads
17. Website Expense
18. Polling Services
19. Voter List
20. Postage
21. GOTV-Door-to-Door (i.e., canvassing)
22. GOTV-Poll Workers
23. GOTV-Phone Calls
24. GOTV-Transportation

Administrative Expenditures

25. Filing Fee
26. Bank Fee
27. Payment Processing Fee
28. Software Expense
29. Compliance Services
30. Legal Expense
31. Civil Penalty

Staff/Consultant Expenditures

32. Salary/Benefits Staff
33. Staff/Volunteer Gift
34. Consultant-Media
35. Consultant-Fundraising
36. Consultant-GOTV

Travel-Related Expenditures

37. Vehicle Expense
38. Meal
39. Registration Fee
40. Travel – Transportation
41. Travel – Lodging
42. Travel – Meals
43. Travel – Gas
44. Travel Reimbursement – Transportation
45. Travel Reimbursement – Lodging
46. Travel Reimbursement – Meals
47. Travel Reimbursement – Gas
48. Travel Reimbursement – Mileage

Contributions / Donations

49. Contribution to Candidate
50. Contribution to Political Party
51. Contribution to PAC
52. Contribution to IE PAC
53. Contribution to Referendum Committee
54. Contribution to Legal Expense Fund
55. Refund of Contribution
56. Charitable Donation

Unacceptable purpose descriptions:

1. Campaign Expense
2. Campaign Material
3. Consultant
4. Consulting
5. Contract
6. Election Day Expense
7. Event
8. Event Expense
9. Event Reimbursement
10. Expense(s)
11. Expense Reimbursement
12. Fees

13. GOTV or Get-Out-the-Vote
14. Invoice
15. Misc.
16. Miscellaneous
17. Miscellaneous Expense
18. Other
19. Reimbursement
20. Services
21. Travel
22. Travel Reimbursement
23. Worker

Non-Monetary Gift

If a committee makes an in-kind contribution to another committee, the committee must reflect this expenditure on the *Non-Monetary Gifts Given to Other Committees* form (**CRO-1330**). The amount or “value” of the non-monetary gift is not included in any totals on the summary sheet, but is contained in the informational section of the *Detailed Summary* (**CRO-1100**).

Committee treasurers should keep receipts for all expenditures on file. The retention of receipts is not a requirement, but may be helpful to the committee during audits.

Debts and Obligations

All committees must document all debts and obligations owed by the committee and those debts and obligations owed to the committee. If a committee receives a good or service for which it did not immediately pay, then the date the good was ordered (*i.e.*, the date the debt was incurred) would be reflected as the date of the debt on the *Debts and Obligations Owed by the Committee* form (**CRO-1610**). Failure to provide this information is a failure to provide disclosure. The definition of expenditure includes a pledge, contract, promise or other obligation to make an expenditure. Therefore, the date of such pledge, contract, or promise is the date that should be reflected on the *Debts and Obligations Owed by the Committee* form.

A committee may not close until all debts and obligations have been paid. Any debt or obligation that is not paid is considered a contribution to the committee. Contributions that exceed the limitation or that were made from prohibited contributors constitute violations and will result in forfeiture by the committee.

Notices of Reports Due/Notification When Treasurer Information Changes

All candidate committees that have not filed under the one thousand dollar (\$1,000) threshold shall receive official notices for all reports due from the appropriate Board of Elections.

 Committees must keep the appropriate board of elections updated on any change in the treasurer information because all official notices are sent to the current treasurer of record. Committees that change treasurers without notifying the appropriate board of elections office risk significant delay in receiving official notices, or may fail to receive notice at all. A treasurer who receives the notice late or fails to receive the notice is at risk of filing late or forgetting to file. Late filings are subject to penalty.

 Caution for treasurers who use Post Office Boxes as a contact address. Mail from the State Board of Elections to a P. O. Box address is frequently returned as a result of the treasurer not checking the box within a certain period of time.

Elected Officers who have established a separate Legal Expense Fund will receive a separate official notice for reports due. The reporting schedule for Legal Expense Funds is different from the candidate committee quarterly reporting schedule. These reports are due 10 business days after the end of each calendar quarter in both even- and odd-numbered years.

Report Certification: The Significance of the *signature*

🚩 All disclosure reports must be certified by the treasurer as true and accurate. In previous years, treasurers were required to obtain the services of a notary to provide an affidavit that the report's contents were true. Currently, an **original signature** below the certification statement contained on the *Disclosure Report Cover (CRO-1000)* serves as affirmation that the report being submitted is true and accurate as filed.

Without that original signature, the document or documents submitted will be treated as "miscellaneous correspondence." The result will be a penalty for the committee unless the treasurer is able to submit a properly signed report before the due date.

The date next to the signature should reflect the date that the report was actually signed; the signature should not be affixed prior to the expiration of the report period (the "period end date"), since no one may affirm what happened on a day prior to that day's occurrence. Reports bearing signatures that pre-date the expiration of the report period will require amendment.

North Carolina requires what is called a "wet signature," which means that the signature must be an original, not a photocopy or a stamp. That is why photocopies, faxes or email scans of Disclosure Reports and other documents requiring signature (with few exceptions)¹³ are not accepted. **If a photocopied signature is submitted instead of the original, the report is treated as "miscellaneous correspondence."** Fines may result. We recommend that **blue ink** be used for the signature to avoid mistaking a photocopy for an original.

What Constitutes "Timely Filing?"

🚩 Disclosure reports are filed timely if they are received by the due date of the report or postmarked by the due date of the report.

Treasurers should not assume that a postmark will be automatically applied by the post office. The postal service is no longer required to

¹³ The "48 Hour Notice" (form 2220) may be faxed or scanned and attached to an email. This form of transmission is permitted because of the short time frame within which this form must be filed. The information it contains will be subject to the certification statement of the next due Disclosure Report, since the transaction being disclosed must also be included on that report. The 48 Hour Reports required of referendum committees, independent filers and electioneering communication filers may also be submitted via fax or scan.

cancel a stamp with a postmark; instead, customers have the option of requesting the postmark.

Treasurers should not rely upon meters to show timely filing. Meter marks are not considered evidence of timely filings because the dates on postage meters can be manually adjusted forward or backward. If a report only bears a meter mark, the report filing date will be the date that the report is received at the elections board office where it is due. If the filing date is after the due date, the report will be considered late.

Disclosure reports must be filed with the elections board office **where they are due**. Misdirecting a report to a different elections board could result in penalties for late filings. All reports not postmarked on or before the due date or not received by the elections board office where they are due on or before the due date will be considered late and assessed penalties for late filing. **Committees that file electronically must mail the signed coversheet postmarked by the due date (or hand delivered on or before the due date) to the State Board of Elections (State and Federal Committees) or the County Board of Elections (County and Municipal Committees) and email the electronic file in a .cfd file format to campaign.reporting@ncsbe.gov by midnight on the report due date. A .pdf version of the report will not be accepted.**

Any treasurer who intentionally files a report late to conceal contributions or expenditures is subject to the assessment of civil penalties and the cost of any investigation. The civil penalty shall not exceed three times the amount of the contributions and expenditures that were willfully concealed by intentional delay.

The campaign finance office of the State Board of Elections strongly encourages treasurers to send all disclosure reports by certified mail or by other delivery services with proof of pickup and delivery dates. In the event that a postmark is not legible or a report is lost in the mail, the certified mail receipt or delivery service receipt will serve as proof of timely filing.

Civil Penalties

Candidate committees are assessed penalties for late-filed reports. A candidate committee's report that does not affect a statewide election is penalized at \$50 per day not to exceed \$500. A report is considered to affect a statewide election if the committee made any contributions to or in support of a statewide candidate during that reporting period. If the candidate committee files a late report that affects a statewide election, the committee is penalized at a rate of \$250 per day not to exceed

\$10,000. In calculating penalties, only days during which the elections board office is open are counted toward the penalty amount.

The State Board may waive a penalty if there is good cause for the waiver. A committee seeking a waiver of a penalty must provide a written affidavit that sets forth any facts or circumstances that may support a waiver of the penalty. N.C.G.S. § 163-278.34(d). An Affidavit to Request a Waiver of Civil Late Penalties form is available on the State Board's website. Waiver requests are considered, and voted on, at State Board meetings.

A committee may also contest the penalty by filing a Petition for a Contested Case with the Office of Administrative Hearings ("OAH"). N.C.G.S. § 163-278.34(e). A petition must be filed within 30 days of receipt of the Notice of Penalty Assessment. Petitioners are required to pay a \$20.00 filing fee to OAH. For further information, please visit [NC Office of Administrative Hearings](#).

A committee that fails to file a report entirely will receive a Notice of Noncompliance. If the committee does not file the missing report within 20 days of the issuance of the Notice of Noncompliance, the committee's active status will be terminated. A committee that is terminated is ineligible to receive or make contributions until it has filed the missing report and paid any penalty for the missing report. 08 NCAC 01 .0104.

Inactive Status

Candidate committees that do not desire to disburse all funds or intend to receive any contributions or make expenditures for a period of time may file a *Certification of Inactive Status* form (**CRO-3200**) at the time of filing a disclosure report. By filing this form, the committee certifies that it will remain inactive (which means that it will not receive any contributions nor make any expenditures)¹⁴ until a *Certification to Return to Active Status* form (**CRO-3300**) is filed.

Candidates and their treasurers should note that simply sending in a certification of inactive status will not result in that status being recognized. **Certifications for inactive status must be submitted with whatever report is next due at the time the decision to go inactive is made.**¹⁵

¹⁴The routine extraction of bank fees by a bank from the committee's campaign finance account does not affect a committee's inactive status.

¹⁵Treasurers are encouraged to confer with the State Board of Elections in the event that emergency circumstances warrant earlier certification.

During the time the committee is inactive, disclosure reports need not be filed. When the committee's intent changes, the *Certification to Return to Active Status (CRO-3300)* form must be completed and all subsequent disclosure reports must be filed.

Closing the Committee

Candidates who wish to close their committees may do so at any time during the election cycle provided they are not on ballots in the next pending election. To close the committee, the treasurer must arrange for the payment of all penalties and outstanding debts, the repayment or forgiveness of all loans, and disbursement of all funds in the bank account.

If the candidate committee filed a certification to remain under the \$1,000 threshold, the only other documentation required to be filed with the elections board is the *Certification to Close Committee* form (**CRO-3400**).

If the candidate committee did not file under threshold, a "Final Report" is required in addition to the *Certification to Close Committee* form (**CRO-3400**). The "Final Report" reflects all campaign finance activity starting with the first day not covered on the last report and ending either on the day the last disbursement is made or when the decision to close the committee is made, whichever occurs later. ¹⁶

After the required paperwork has been filed by the committee with the appropriate board of elections office, the treasurer will consider the committee to be "closed pending" until a letter has been received from the elections board stating that a final audit has been conducted and the committee is closed.

The treasurer should maintain all records for two years after the conclusion of the election cycle.

¹⁶ In other words, the "period start date" on the Final Report is the day after the "period end date" on the previous report. The "period end date" on the Final Report is either the date of the last disbursement, or, if the decision to close were made after the last disbursement, the "period end date" is the date that decision was made.

Federal Candidate Committee

Candidates for federal offices such as President or Congress (United States House of Representatives or United States Senate) file their regular disclosure reports with the [Federal Election Commission \(“FEC”\)](#).

A federal candidate is not required to register with the State Board of Elections unless he or she wish to use committee funds to contribute to North Carolina state or local committees.

If a federal candidate committee wants to contribute to a North Carolina candidate committee or other North Carolina political committee, it must comply with the registration and reporting requirements for federal political committees. See [Federal Political Committees](#) for more information.

Legal Expense Fund (Committee) Article 22M, Chapter 163

A separate fund (committee) may be established for the purpose of funding an existing or potential legal action taken by or against an [elected officer](#)¹⁷ in his or her official capacity. An elected officer who accepts donations for this purpose must establish and register this fund unless the only donations received for this purpose are from the elected officer, his or her spouse, parents, and siblings. Otherwise, legal expense funds are subject to disclosure and restrictions.

An elected officer may not create more than one legal expense fund for the same legal action or for legal actions arising out of the same set of transactions and occurrences. However, he or she may keep a legal expense fund open in order to raise donations for subsequent legal actions and potential legal actions.

Contractual arrangements, such as an arrangement for liability insurance, made in the normal course of business and not made for the purpose of lobbying are not considered “donations.” These contractual arrangements do not by themselves require the candidate to create a legal expense fund. However, if a legal expense fund is required to be established by virtue of the acceptance of other reportable donations, these contractual arrangements shall be reported as expenditures.

Appointment of Treasurer

Every legal expense fund shall appoint a treasurer and provide verification of the treasurer’s name and address to the State Board of Elections.¹⁸ If a treasurer resigns or is removed, the legal expense fund shall appoint a successor within 10 calendar days of the vacancy and certify the name and address of the successor to the State Board of Elections. All legal expense funds must be registered with the State Board of Elections.

Detailed Accounts

Legal expense fund committee treasurers shall keep detailed accounts of all donations received and all expenditures made by or on behalf of the legal expense fund. Donations from the elected officer or his or her family are to be reported in the same manner as other donations. All records must be kept

¹⁷The term “elected officer” rather than “candidate” is used to refer to the person for whom the legal expense fund is established.

¹⁸ While a treasurer for a candidate committee is appointed by the candidate, the treasurer for a legal expense fund is, by definition, “An individual appointed by an elected officer *or other individual or group of individuals* collecting money for a legal expense fund.” [italics added] See N.C.G.S. § 163-278.300(9).

current within seven days after the date of receiving a donation or making an expenditure.

The treasurer shall provide disclosure of all banks and depositories used for a legal expense fund, including all account numbers. An agent of the State Board is authorized to inspect these accounts in the course of an investigation.

Disclosure Reports

Legal expense fund treasurers are also required to file disclosure reports that detail the activities of the legal expense fund. Within 10 calendar days of the creation of the legal expense fund, organizational paperwork must be filed with the State Board of Elections.

The organizational paperwork includes the following:

- *Statement of Organization-Legal Expense Fund (CRO-2100F)*
- *Certification of Treasurer-Legal Expense Fund (CRO-3100B)*
- *Certification of Financial Account Information (CRO-3500)*

All reports filed require the treasurer to sign the reports as true and correct to the best of the treasurer's knowledge. The certification shall be treated as having been made under oath; any individual making a certification under Article 22M knowing the information to be untrue is guilty of a Class I felony.

Reporting Schedule: After the filing of the organizational paperwork, the legal expense fund will be required to make quarterly filings in both even and odd numbered years. Reports are due within 10 business days after the end of the calendar quarter.

There are a few differences in the disclosure requirements for legal expense funds as compared to candidate committees.

1. Donations:

- All donations must be reported. However, the name, address and occupational information is only required for donors that have made donations that are in excess of \$50 for the calendar quarter. If a donor has contributed \$50 or less during that calendar quarter, only the dates and amounts of those donations are required to be disclosed.

2. Expenditures:

- All expenditures must be reported. The disclosure must include the name and complete mailing address of each payee, the amount paid, the purpose, and the date such payment was made. The report should also include sum-to-date totals. The payee shall be the entity to whom the legal expense fund is obligated to make the expenditure and a specific itemization of the goods and services purchased must be provided, including the detailed purpose for the expenditures.

3. Loans:

- All proceeds from loans shall be recorded separately and shall reflect the amount of the loan, the source, the loan period, the rate of interest, and the security pledged, if any, and all makers and endorsers.

Restrictions

Legal expense funds are subject to limitations with respect to both donations and expenditures. Review the following restrictions carefully before accepting donations or making expenditures.

1. Donation limitations:

- All donations in excess of \$50 must be in the form of a check, draft, money order, credit card charge, debit or other noncash method that can be subject to written verification. No noncash method may be received unless it contains a specific designation by the donor of the identity of the intended recipient.
- No legal expense fund shall accept donations from a corporation, labor union, insurance company, professional association, or business entity in excess of \$4,000 per calendar year. Additionally, any donation made by an affiliated entity of any of these donors, when added with the initial affiliated entity, must not exceed \$4,000 per calendar year. **For example**, if ABC Corporation makes a \$2,000 donation to the John Doe Legal Expense Fund and its sister company DEF Corporation makes a \$3,000 donation, an excessive donation in the amount of \$1,000 has been made to the John Doe Legal Expense Fund. This restriction is true for affiliated labor unions, insurance companies, professional associations and business entities. Disclosure of these donations should be provided on the *Legal Expense Fund-Other Receipt Sources* form (**CRO-1270**).

- No legal expense fund for a candidate for or member of the General Assembly or Council of State shall accept a donation during a legislative session from a lobbyist, that lobbyist's agent, that lobbyist's principal or a political committee that employs or contracts with or whose parent entity employs or contracts with a lobbyist.
 - No legal expense fund shall accept donations from a candidate or candidate campaign committee in excess of \$4,000 per calendar year.
2. Permitted uses of legal expense funds:
- **The elected officer's campaign cannot be funded from a legal expense fund.**
 - A legal expense fund may only use its funds for reasonable expenses actually incurred by the elected officer in relation to a legal action or potential legal action brought by or against the elected officer in that elected officer's official capacity.
3. Upon closing a legal expense fund, the treasurer may only distribute the remaining funds to the following:
- The Indigent Persons' Attorney Fee Fund under Article 36 of Chapter 7A of the General Statutes.
 - The North Carolina State Bar for the provision of civil legal services for indigents.
 - an organization described in section 170(c) of the Internal Revenue Code of 1986, provided that the candidate or the candidate's spouse, children, parents, or siblings are not employed by the organization.
 - A donor, in return of part or all of that donor's previous donation to the legal expense fund.
 - the Escheat Fund established by Chapter 116B of the General Statutes.

Please direct any questions about a legal expense fund to the State Board of Elections.

Candidate Committee reporting schedule

The reporting schedule for political committees is available via the following link to our website.

[Reporting Schedules](#)

Note to committees organized after the start of the current reporting period: If a committee was not organized until after the start of the current reporting period, the “period start date” for the first report due after the committee’s organizational report will pick up from the date that the organizational report ended.

For example:

John Jones organized his committee early in 2020. His organizational report had a period end date of February 4th. Therefore, his committee’s Mid-Year Semi Annual Report will have a “period start date” of February 5th instead of January 1st.

Mary Smith organized her committee in the fall. Her organizational report had a period end date of October 1st. Therefore, her committee’s Year-End Semi-Annual Report will have a “period start date” of October 2nd instead of July 1st.

Reminder to legal expense fund committees: The reporting schedule for Legal Expense Funds is different from the candidate committee quarterly reporting schedule. These reports are due 10 business days after the end of each *calendar* quarter in both even- and odd-numbered years.

Notices of reports that are due are sent by the board of elections to committee treasurers. The committee’s treasurer is required to notify the appropriate board of elections office either state or county (where the committee’s reports are filed) if the treasurer’s information changes.

Where to file the reports:

Reports for candidates for all council of state offices, judicial offices, district attorney offices and North Carolina Senate and North Carolina House of Representatives offices are filed with the campaign finance office of the State Board of Elections at 430 N. Salisbury Street, Third Floor, Raleigh, NC 27603. The mailing address is PO Box 27255, Raleigh, NC 27611-7255.

Reports for candidates for all county, municipal and school board offices are filed with the county elections board where the candidate resides. Refer to our

website ([NC County Board of Elections Information](#)) for the address of all county boards of elections offices.