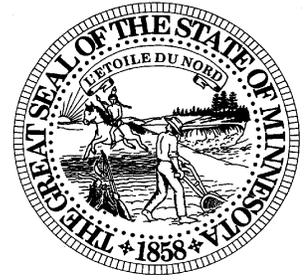


# *Campaign Finance and Public Disclosure Board*

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## **Campaign Finance Considerations for Conducting Silent of Live Auctions.**

### **1. Accepting goods for auction**

- No corporate donations – either direct or indirect
- No donations of more than \$200 from associations not registered with the Board
  - (May be permitted with additional financial disclosure. Contact the Board office for more information.)
- For candidates, be aware of how a donation affects your various limits or may cause other types of violations, especially if the donation is from a lobbyist.

**Best practice: Accept donations only from individuals**

### **2. Recording donation transactions**

- A donation for a silent auction is an in-kind contribution to the recipient.
- Every in-kind donation of more than \$20 must be recorded. Count the total value of all items being donated by a single individual when determining whether to record the donation or not. Do not divide the donation into multiple items to avoid recording.
- If the fair market value of the donation is \$20 or less, no record is required for campaign finance purposes, however the treasurer may wish to keep a record for internal committee purposes.
- The information that must be recorded is the same as for cash contributions: Name and address of donor; employment information if the donation is more than \$200.

**Best practice: Create a donation receipt form including donor name, address, employment information, date, item and estimated value. "If" statements for optional information based on value (For example: If the amount is more than \$200, fill out the employment information below.)**

### **3. Recording in-kind expenditures resulting from accepting donations**

- Each in-kind donation of more than \$20 results in an equal in-kind expenditure.
- Record the following information about the in-kind expenditure:
  - The "vendor", who is the same as the donor of the goods
  - A description of the item(s) donated
  - The value, which is the same as the value of the in-kind receipt

- The date, which is the same as the date of the in-kind receipt

**Best practice: Record both the in-kind receipt and the in-kind expenditure at the time the item is accepted.**

#### **4. Valuing in-kind donations and expenditures**

- The amount of an in-kind expenditure is always the same as the amount of the in-kind receipt that triggered the expenditure.
- An in-kind donation must be disclosed at its "fair market value".
- Fair market value is "the amount that an individual would pay to purchase the same or similar service or item in the open market".
- Fair market value is determined by both subjective and objective factors, but does not include a "premium" that a silent auction purchaser might add because he or she wants to help out the seller.
- Contact Board staff if you wish to further discuss determinations of fair market value.

#### **5. Selling items at the auction**

- The auction is entirely separate from the process of obtaining items to sell.
- Each purchase at an auction is considered a cash contribution to the seller.
- On reports, report purchases as cash contributions. Do not report what was purchased or the fact that the cash contribution is related to a silent auction.
- The full amount of the purchase price is the amount of the contribution. Do not reduce the purchase price by the value of the item for reporting purposes.
- For internal purposes, the treasurer will want to retain records relating the contributions back to the items purchased.

#### **6. Financial controls**

- Treasurer must main control over the process
- If others are soliciting and accepting donations, report all required information to the treasurer promptly
- Donation receipt forms should be delivered to treasurer
- The treasurer makes the final determination of fair market value
- All bid sheets from silent auction should be retained by treasurer
- All payments must be turned over to treasurer promptly
- Records must be retained for four years after the reporting year during which the transaction occurred.