

Memorandum

To : Advice File: Sections 82015; 84211

Date : 4/20/83

No. M-83-165

From : **FAIR POLITICAL PRACTICES COMMISSION**
Jeanne Pritchard

Subject: REPORTING "IN-KIND LOANS"

There are two basic situations in which an "in-kind loan" may occur:

(1) Goods or services -- such as use of office space or equipment, or consulting services -- are provided to a candidate or committee, with the understanding that the candidate or committee will pay the fair market value when it has enough cash on hand.

(2) Someone makes a payment on behalf of a candidate or committee, with the understanding that the candidate or committee will repay the amount when it has enough cash on hand.

The proper method of reporting such "in-kind loans" is:

Reporting by the Recipient:

(1) If the contributor has provided goods or services from its own resources (i.e., no payment is actually being made), the following notation is made on Schedule C in one of the itemization spaces: "SEE SCHEDULE F FOR IN-KIND LOAN."

On Schedule F, the contributor is itemized; in the description column, in addition to a description of the goods or services, the notation, "LOAN" is entered; and the fair market value is entered in the amount accrued column.

(2) If the contributor has made a payment to someone else on behalf of the candidate or committee, the following notation is made on Schedule C in one of the itemization spaces: "SEE SCHEDULE F FOR IN-KIND LOAN."

On Schedule F, the contributor is listed as the "payee or creditor," along with the notation "In-Kind Loan"; the name and address of the vendor and a description of the goods or services are entered in the description column; and the amount owing is entered.

REPORTING "IN-KIND LOANS"

In this way, the amount will be properly included in outstanding debts, and it will be apparent from the notation on Schedule C that a contribution has been made.

In the event the contributor forgives the amount owing, the recipient would show the amount as a negative figure on Schedule F with an explanation that the in-kind loan has been forgiven, and would itemize the information on Schedule C, and add the amount to in-kind contributions received.

Reporting by the Contributor:

(1) If the contributor is providing goods or services from its own resources (i.e., is not making an actual payment to someone else on behalf of the candidate or committee), the contributor enters the fair market value of the goods or services on the "Allocation Schedule" at the front of the campaign statement, with a description of the goods or services provided, and an indication that it is an "IN-KIND LOAN." (No entry is made on Schedule E.)

When the contributor is paid by the recipient candidate or committee, the amount is entered on Schedule G as a miscellaneous increase to cash, with the notation, "Payment of in-kind loan reported on "Allocation Schedule" of the statement covering the period _____ through _____."

(2) If the contributor has made a payment for goods or services on behalf of the candidate or committee, the payment is itemized on Schedule E, coded "C" and described as "payment for [nature of payment] on behalf of [name and candidate or committee and other required identifying information], and the notation, "IN-KIND LOAN," is entered. The information must also be reported on the "Allocation Schedule" at the front of the campaign statement - again, with the notation, "IN-KIND LOAN."

When the contributor receives payment from the recipient candidate or committee, the amount is entered on Schedule G as a miscellaneous increase to cash, with the notation, "Payment of in-kind loan reported on Schedule E of the statement covering the period _____ through _____."