



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

Clifton H W Maloney, Treasurer
Carolyn's PAC
49 East 92nd Street, #1A
New York, NY 10128

Identification Number: C00341990

MAY 17 2000

Reference: Mid-Year Report (1/1/99-6/30/99)

Dear Mr. Maloney:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the report(s). An itemization follows:

-Your report discloses limited payments for administrative expenses. Administrative expenses are payments made for the purpose of operating a political committee including, but not limited to, rent, utilities, salaries, telephone service, office equipment and supplies. Any such payments to a person aggregating in excess of \$200 in a calendar year must be disclosed on Schedule(s) B, supporting Line(s) 21(b) of the Detailed Summary Page. 2 U.S.C. §434(b)(5) If these expenses are being paid by a connected organization, your Statement of Organization must be amended to reflect this relationship. 2 U.S.C. §433(b)(2) In addition, if expenses have been incurred but not paid in a reporting period, the activity should be disclosed as a debt on Schedule D, if the obligation is \$500 or more, or outstanding for sixty days or more. 11 CFR §104.11

Any goods or services provided to your committee by a person, except volunteer activity (i.e., a person's time), would be considered an in-kind contribution from that person, and would be subject to the disclosure requirements of 2 U.S.C. §434(b)(3) and 11 CFR §104.13, and the limitations and prohibitions of 2 U.S.C. §§441a and 441b.

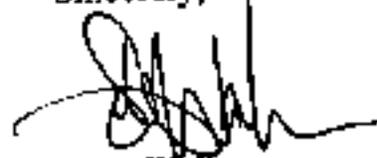
Clarification regarding administrative expenses should be disclosed during each two year election cycle beginning with the first report filed in the non-election year. Please verify that all expenses referenced above (i.e.,

rent, salaries, utilities, etc.) have been adequately disclosed. If these services have been provided by volunteers, please confirm this in writing.

-You have received contributions from numerous entities, which appear to be unincorporated proprietorships or partnerships. Generally, these types of contributions are to be attributed to each person based on their percentage of ownership in the firm. Each person who has contributed in excess of \$200 since January 1 should be identified by name, address, occupation, name of employer, amount of contribution, and aggregate total on Schedule A. 11 CFR §110.1(k) Please amend your report by providing the omitted information.

A written response or an amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530 (at the prompt press 1, then press 2 to reach the Reports Analysis Division). My local number is (202) 694-1130.

Sincerely,



Scott Walker
Reports Analyst
Report Analysis Division

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry, no matter how small, should be recorded to ensure the integrity of the financial statements. This includes not only sales and purchases but also expenses and income. The text suggests that a systematic approach to record-keeping is essential for identifying trends and managing the business effectively.

Next, the document addresses the issue of inventory management. It notes that proper inventory control is crucial for determining the cost of goods sold and for preventing losses due to theft or spoilage. The author recommends regular physical counts and the use of perpetual inventory systems to keep track of stock levels in real-time.

The third section focuses on the classification of assets and liabilities. It explains how different types of assets, such as current and non-current assets, should be categorized on the balance sheet. Similarly, it discusses the distinction between current and long-term liabilities, providing examples to illustrate each category.

Finally, the document concludes by highlighting the role of the accounting cycle in the overall process. It states that following the ten steps of the accounting cycle ensures that all transactions are properly recorded, summarized, and reported. This systematic process is the foundation of reliable financial information.

In addition to the accounting cycle, the document also touches upon the importance of adjusting entries. These entries are necessary to ensure that the financial statements reflect the true financial position of the company at the end of the accounting period. Examples of adjusting entries include depreciation, amortization, and accruals.

The text further discusses the preparation of the income statement and the balance sheet. It explains how the data from the accounting cycle is used to calculate net income and to determine the company's financial position. The author provides a detailed breakdown of the components of each statement, including revenues, expenses, assets, and liabilities.

Moreover, the document emphasizes the need for transparency and accuracy in financial reporting. It states that stakeholders, including investors and creditors, rely on the financial statements to make informed decisions. Therefore, it is the responsibility of the accounting department to provide accurate and timely information.

The final part of the document offers some practical tips for managing the accounting process. It suggests that automation and the use of accounting software can significantly reduce the risk of errors and save time. Additionally, it recommends regular communication and collaboration between the accounting department and other departments to ensure that all transactions are properly recorded.

In conclusion, the document provides a comprehensive overview of the accounting process, from record-keeping to financial reporting. It stresses the importance of a systematic and accurate approach to ensure the reliability of the financial statements. By following the principles outlined in the document, businesses can effectively manage their finances and make informed decisions for the future.