



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-5

Doy Henley, Treasurer
Lincoln Club of Orange County
Federal PAC
2050 S Lyon Street
Santa Ana, CA 92705

MAR 24 2000

Identification Number: C00328401

Reference: Year End Report (7/1/99-12/31/99)

Dear Treasurer:

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:

-For future reporting, please be advised that only contributions to federal candidates and political committees should be itemized on a separate Schedule B supporting Line 23 of the Detailed Summary Page. Contributions to non-federal candidates and committees should be itemized on Schedule B supporting Line 29.

Any amendment or clarification should be filed with the Federal Election Commission. 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,

Angel L. Williamson
Reports Analyst
Reports 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 document provides a detailed list of items that should be tracked, such as inventory levels, accounts payable, and accounts receivable. It also outlines the procedures for reconciling these accounts and identifying any discrepancies.

The second part of the document focuses on the classification of expenses. It explains how to distinguish between capital expenditures and operating expenses, and how to allocate costs to different departments or projects. This section includes a table with various expense categories and their corresponding accounting treatments. The document also discusses the importance of proper documentation for all expenses, including receipts and invoices, to support the entries in the financial records.

The third part of the document addresses the issue of depreciation and amortization. It provides a clear explanation of how these assets are valued over their useful lives and how the costs are spread out over time. The document includes formulas for calculating depreciation and amortization, as well as examples to illustrate the process. It also discusses the impact of these calculations on the company's financial performance and tax liability.

The final part of the document covers the preparation of financial statements. It outlines the steps involved in compiling the data from the various accounts and reports into a cohesive set of financial statements, including the balance sheet, income statement, and cash flow statement. The document provides a checklist of items to verify before finalizing the statements and offers tips for presenting the information in a clear and concise manner. It also discusses the importance of reviewing the statements for accuracy and consistency.