



FEDERAL ELECTION COMMISSION  
WASHINGTON, D. C. 20463

RQ-1

David C. Proctor, Treasurer  
Dynamics Research Corporation  
Political Action Committee  
60 Frontage Road  
Andover, MA 01810

NOV 1 2000

Identification Number: C00362582

Reference: Statement of Organization received 10/15/00

Dear Mr. Proctor:

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:

-Line 5(e) indicates that your committee is a separate segregated fund. A separate segregated fund is a political committee established, financed, maintained or controlled by a corporation, labor organization, membership organization, cooperative or trade association.

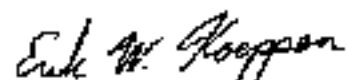
If your committee is a separate segregated fund, then an amended Statement of Organization should be submitted which identifies the connected organization (11 CFR §102.2(a)(1)(ii)) and the type of connected organization. Moreover, in accordance with 2 U.S.C. §432(e)(5), the name of any separate segregated fund is required to include the name of its connected organization. This includes any abbreviation within its title.

If your committee is not a separate segregated fund, then an amended Statement of Organization should be submitted, which indicates the appropriate type of committee. 11 CFR §102.2(a)(1)(i)

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,



Erik W. Koeppen  
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 columns for expense type, department, and amount, which is used to illustrate the process of cost allocation. The document also discusses the importance of reviewing and approving expenses to prevent unnecessary spending and ensure that all costs are justified.

The third part of the document deals with the preparation of financial statements. It provides a step-by-step guide to calculating net income, gross profit, and other key financial metrics. It also includes a sample income statement and balance sheet to show how the data is presented. The document emphasizes the need for accuracy and transparency in these statements, as they are used by management and external stakeholders to make informed decisions.

The final part of the document discusses the importance of regular financial reviews and audits. It explains how to conduct a self-audit and how to prepare for an external audit. It also provides tips for improving financial controls and reducing the risk of errors or fraud. The document concludes by emphasizing the role of financial management in the success of the organization and the importance of staying up-to-date on the latest accounting practices and regulations.