



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

James Bray, Treasurer
Friends of Tim Johnson
P.O. Box 17097
Urbana, IL 61803

APR 10 2001

Identification Number: C00350421

Reference: Amended Year End Report (11/28/00-12/31/00), dated 2/24/01

Dear Mr. Bray:

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:


-Column B figures for the Summary and Detailed Summary Pages should equal the sum of the Column B figures on your previous report and the Column A figures on this report. Please file an amendment to your report to correct the Column B discrepancies for Line(s) 13a and 13c and all subsequent report(s) which may be affected by this correction. Note that Column B should reflect only the year-to-date totals for the calendar year 2000.

-The Commission Regulations require the continuous reporting of all outstanding loans. This report omits the loan from Busey Bank itemized on your previous report. It appears from your letter, dated February 24, 2001, that this loan was renegotiated; however, Schedule A of this report discloses your Committee receiving an additional \$140,000.00 from Busey Bank. Please amend your report to correct this discrepancy. (11 CFR §§104.3(d) and 104.11)

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,



Kimberly M. Willis
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, transfers, and adjustments. The document provides a detailed explanation of how to categorize these transactions correctly, ensuring they are recorded in the appropriate accounts. It also highlights the need for regular reconciliation of bank statements and the company's records to identify any discrepancies early on.

The second part of the document focuses on the preparation of the income statement. It outlines the steps involved in calculating net income, starting from the total revenue and then deducting the cost of goods sold and operating expenses. The document provides a clear breakdown of the various components that make up these figures, such as depreciation, amortization, and interest expense. It also discusses the impact of non-recurring items and how they should be treated in the income statement. The final part of the document covers the preparation of the balance sheet, ensuring that the assets, liabilities, and equity are accurately reported and that the accounting equation is always balanced.