



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

Lawrence P. Novak, Treasurer
Massachusetts Republican Party
21 Milk Street, 4th Floor
Boston, MA 02109

Identification Number: C00042622

JAN 19 2000

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

Dear Mr. Novak:

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 21(a)(i) of the Detailed Summary Page of your report discloses a total of \$202,408.92 in the federal share of allocable expenses. The sum of the entries itemized on Schedule H4, however, indicates the total to be \$184,998.99. Please amend your report to clarify the discrepancy.

-Line 21(a)(ii) of the Detailed Summary Page of your report discloses a total of \$202,408.03 in the non-federal share of allocable expenses. The sum of the entries itemized on Schedule H4, however, indicates the total to be \$184,998.18. Please amend your report to clarify the discrepancy.

-Schedule H2 of your report indicates that your committee participated in fundraising activities or events during the reporting period. However, there are no corresponding disbursements reflected on your Schedule H4. If any disbursements were incorrectly reported, you should file an amended Schedule H4 with the correct unique identifying code or title.

Note that you need not include activities on Schedule H2 if there are no corresponding payments made for the activity during the reporting period.

-Schedule D of your report has failed to include certain information. Commission Regulations require the full name and mailing address of each creditor, the outstanding balance at the beginning and end of the reporting period, the amount incurred during the period, the payment made during the period, and the nature or purpose of each debt. Additionally, all debts must be reported continuously until extinguished or settled. Please amend your report by providing the purpose for each debt. 11 CFR §104.11

-Your report includes computer produced formats of Schedules C and D. Computer produced formats may only be used upon prior approval of the Commission. You should submit a separate sample format with a cover letter requesting approval. Until your format has been approved, FEC forms must be used. 11 CFR §104.2(d)

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. My local number is (202) 694-1130.

Sincerely,

Debbie Chacona

Debbie A. Chacona
Senior 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 resolving 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 using the correct accounting codes and descriptions for each entry to facilitate reporting and analysis.

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 a table showing the calculation of depreciation for different types of assets, such as buildings, equipment, and intangible assets. It also discusses the impact of depreciation on the company's financial performance and the need to review the useful life estimates periodically.

The final part of the document covers the preparation of financial statements. It outlines the steps involved in calculating net income, determining the balance sheet, and preparing the cash flow statement. The document provides a checklist of items to verify before finalizing the statements, such as ensuring that all transactions are recorded and that the accounts are properly reconciled. It also discusses the importance of reviewing the statements for accuracy and consistency with the company's accounting policies.