

The negative value of \$10,525.36 that appears on Schedule H3 of the Mid-Year Report is easily explained. At the start of the year, we applied a Federal/Non-Federal ratio of 80/20 to our administrative expenditures based on our prior election cycle experience. However, as the end of the reporting period approached, we enacted several severe cost-cutting measures, including the closure of our Capitol Hill office. At that time, we also revisited our Federal/Non-Federal ratio and realized that our Non-Federal contributions would not likely support the ratio initially selected for this election cycle. Therefore, in accordance with FEC regulations, we revised our ratio to 90/10, and restored \$10,525.36 to our Federal PAC from our Non-Federal PAC to conform to the adjusted ratio. This adjustment allows our composite line 18 transfers to account for 10% of our total line 21(a) expenditures.