



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

Jane G. Mattoon, Treasurer
Keep Our Majority Political Action Committee
(KOMPAC)
Post Office Box 20209
Alexandria, VA 22320

MAY 29 2002

Identification Number: C00307405

Reference: Amended 12 Day Pre-Special Report (11/6/01-11/28/01), received 3/26/02

Dear Ms. Mattoon:

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:

-The Detailed Summary Page, on Line 18 Column A of your report, discloses \$16,350.73 in transfers from the non-federal account for joint activity for the reporting period. However, Line 21 (a)(ii) Column A discloses \$635.98 as the non-federal share for joint activity for the reporting period. While the non-federal account is permitted to transfer funds to the federal account for shared activity, transfers for shared activity must be made within a 70-day time period: no more than 10 days before or 60 days after the payment to the vendor. 11 CFR §§106.5(g)(2) and 106.6(e)(2) Please clarify the nature of the transfers-in from the non-federal account.

The Commission recommends that you immediately transfer back to the non-federal account, the total excessive amount which was received by your federal account outside the 70-day time period. Although the Commission may take further legal action concerning this prohibited activity, your prompt action will be taken into consideration.

-Schedule H2 of your report indicates that your committee participated in 9/10/01 Event activities or events during the reporting period. However, there are no corresponding disbursements reflected on your Schedule H4.

Note that you need not include activities on Schedule H2 if there are no corresponding payments made for the activity during the reporting period. If any disbursements were incorrectly reported, you should file an amended Schedule H4 with the correct unique identifying code or title, or provide clarifying information regarding the activities on Schedule H2.

A response or 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. Electronic filers must file amendments (to include statements, designations and reports) in an electronic format and must submit an amended report in its entirety, rather than just those portions of the report that are being amended. 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,



Brandy Phillips
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 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 sales and subtracting the cost of goods sold to arrive at the gross profit. From there, it details the various operating expenses that must be deducted to determine the operating income. The document also addresses non-operating items, such as interest income and expenses, and how they are reported on the income statement. It stresses the importance of using the correct accounting methods for depreciation and amortization, as these can significantly impact the reported income.

The final part of the document discusses the preparation of the balance sheet. It explains how the ending balances of all assets, liabilities, and equity accounts are determined. It provides a clear breakdown of the components of each section, including cash, receivables, inventory, and fixed assets on the asset side, and accounts payable, loans, and equity on the liability and equity side. The document emphasizes that the balance sheet must always balance, meaning that total assets must equal total liabilities plus equity. It also provides tips on how to present the balance sheet in a clear and professional manner, using appropriate headings and formatting.