



Draft Final Audit Report of the Audit Division on the Working Families Party PAC (January 1, 2021 - December 31, 2022)

Why the Audit Was Done

Federal law permits the Commission to conduct audits and field investigations of any political committee that is required to file reports under the Federal Election Campaign Act (the Act). The Commission generally conducts such audits when a committee appears not to have met the threshold requirements for substantial compliance with the Act.¹ This audit determined only whether the committee complied with the disclosure requirements of the Act in relation to the committee's bank accounts.

Future Action

The Commission may initiate an enforcement action, at a later time, with respect to the matter discussed in this audit report, as well as issues that are outside the parameter of this audit.

About the Committee (p. 2)

Working Families Party PAC is a non-connected political action committee with a non-contribution account.² It is a qualified committee headquartered in Brooklyn, New York. For more information, see the chart on the Committee Organization, p. 2.

Financial Activity (p. 3)

• Receipts

○ Other Federal Receipts (Non-Contributions)	\$ 18,216,484
○ Contributions from Individuals	773,041
○ Offsets to Operating Expenditures	404,187
○ Contributions from Other Political Committees	76,000
○ Refunds of Contributions to Candidates/Committees	11,500
Total Receipts	\$ 19,481,212

• Disbursements

○ Independent Expenditures	\$ 8,129,610
○ Other Disbursements	7,369,579
○ Operating Expenditures	1,484,595
○ Contributions to Federal Candidates/Committees	156,474
○ Refunds of Contributions	81,000
Total Disbursements	\$ 17,221,258

Finding and Recommendation (p. 5)

- Misstatement of Financial Activity

¹ 52 U.S.C. §30111(b).

² Working Families Party PAC is a hybrid political action committee.



Draft Final Audit Report of the Audit Division on the Working Families Party PAC

(January 1, 2021 - December 31, 2022)

Table of Contents

	Page
Part I. Background	
Authority for Audit	1
Scope of Audit	1
Part II. Overview of Committee	
Committee Organization	2
Overview of Financial Activity	3
Part III. Summary	
Finding and Recommendation	4
Part IV. Finding and Recommendation	
Misstatement of Financial Activity	5

Part I

Background

Authority for Audit

This report is based on an audit of the Working Families Party PAC³ (WFP), undertaken by the Audit Division of the Federal Election Commission (the Commission) in accordance with the Federal Election Campaign Act of 1971, as amended (the Act). The Audit Division conducted the audit pursuant to 52 U.S.C. §30111(b), which permits the Commission to conduct audits and field investigations of any political committee that is required to file a report under 52 U.S.C. §30104. Prior to conducting any audit under this subsection, the Commission must perform an internal review of reports filed by selected committees to determine if the reports filed by a particular committee meet the threshold requirements for substantial compliance with the Act. 52 U.S.C. §30111(b).

Scope of Audit

Following Commission-approved procedures, the Audit staff evaluated risk factors in this limited-scope audit that examined only:

1. the consistency between reported figures and bank records; and
2. other committee operations necessary to the review.

³ On July 1, 2024, WFP filed an amended Statement of Organization changing its name from WFP National PAC to Working Families Party PAC.

Part II

Overview of Committee

Committee Organization

Important Dates	
• Date of Registration	January 26, 2016
• Audit Coverage	January 1, 2021 - December 31, 2022
Headquarters	Brooklyn, New York
Bank Information	
• Bank Depositories	Two
• Bank Accounts	Three federal accounts; One brokerage account
Treasurer	
• Treasurer When Audit Was Conducted	Mike Boland
• Treasurer During Period Covered by Audit	Mike Boland
Management Information	
• Attended FEC Campaign Finance Seminar	Yes
• Who Handled Accounting and Recordkeeping Tasks	Treasurer and Paid Staff

Overview of Financial Activity (Audited Amounts)

Cash on hand @ January 1, 2021	\$ 319,819
Receipts	
○ Other Federal Receipts (Non-Contributions)	18,216,484
○ Contributions from Individuals	773,041
○ Offsets to Operating Expenditures	404,187
○ Contributions from Other Political Committees	76,000
○ Refunds of Federal Contributions	11,500
Total Receipts	\$ 19,481,212
Disbursements	
○ Independent Expenditures	8,129,610
○ Other Disbursements	7,369,579
○ Operating Expenditures	1,484,595
○ Contributions to Federal Candidates/Committees	156,474
○ Refunds of Contributions from Political Committees	80,000
○ Refunds of Contributions from Individuals	1,000
Total Disbursements	\$ 17,221,258
Cash on hand @ December 31, 2022	\$ 2,579,773

Part III

Summary

Finding and Recommendation

Misstatement of Financial Activity

During audit fieldwork, a comparison of WFP's reported financial activity with its bank records revealed a misstatement of disbursements for the calendar year 2022.

Specifically, WFP overstated disbursements by \$305,786. In response to the exit conference, WFP filed amended disclosure reports which materially corrected its misstated disbursements. WFP did not submit a response to the Interim Audit Report recommendation. (For more detail, see p. 5.)

Part IV

Finding and Recommendation

Misstatement of Financial Activity

Summary

During audit fieldwork, a comparison of WFP's reported financial activity with its bank records revealed a misstatement of disbursements for the calendar year 2022.

Specifically, WFP overstated disbursements by \$305,786. In response to the exit conference, WFP filed amended disclosure reports which materially corrected its misstated disbursements. WFP did not submit a response to the Interim Audit Report recommendation.

Legal Standard

Contents of Reports. Each report must disclose:

- The amount of cash on hand at the beginning and end of the reporting period;
- The total amount of receipts for the reporting period and for the calendar year;
- The total amount of disbursements for the reporting period and for the calendar year; and
- Certain transactions that require itemization on Schedule A (Itemized Receipts) or Schedule B (Itemized Disbursements). 52 U.S.C. §30104(b)(1), (2), (3), (4), and (5).

Facts and Analysis

A. Facts

During audit fieldwork, the Audit staff reconciled WFP's reported financial activity with its bank records for calendar years 2021 and 2022. The reconciliation determined that WFP misstated disbursements for 2022. The following chart details the discrepancies between WFP's disclosure reports and bank activity.

2022 Committee Activity			
	Reported	Bank Records	Discrepancy
Beginning Cash on hand @ January 1, 2022	\$1,812,254	\$1,799,551	\$12,703 Overstated
Receipts	\$15,485,285	\$15,602,113	\$116,828 Understated
Disbursements	\$15,127,677	\$14,821,891	\$305,786 Overstated
Ending Cash on hand @ December 31, 2022	\$2,467,401 ⁴	\$2,579,773	\$112,372 Understated

⁴ The reported 2022 ending cash on hand balance does not equal reported beginning cash on hand balance plus reported receipts minus reported disbursements. This was due to mathematical discrepancies in

The 2022 overstatement of disbursements resulted from the following:

• Disbursements reported that did not clear the bank	\$ (365,144)
• Disbursements overreported	(220,708)
• Disbursements underreported	172,141
• Disbursements not reported	130,868
• 2021 Disbursements reported in 2022	(12,704)
• Unexplained differences	<u>(10,239)</u>
Net Overstatement of Disbursements	\$ <u>(305,786)</u>

B. Interim Audit Report & Audit Division Recommendation

The Audit staff discussed this matter with the WFP representatives during the exit conference and provided schedules detailing the misstatement. In response to the exit conference, WFP stated, “[t]he Committee is in the process of preparing amended disclosure reports consistent with the Audit staff’s recommendations.” WFP subsequently filed amended disclosure reports which materially corrected its misstated disbursements for the calendar year 2022.

C. Committee Response to Interim Audit Report

WFP did not submit a response to the Interim Audit Report.

which the reported ending cash on hand balance for the 2022 October Monthly Report did not equal the reported beginning cash on hand balance for the 2022 Pre-General Report, and the reported ending cash on hand balance for the 2022 Post General Report did not equal the reported beginning cash on hand balance for the 2022 Year-End Report.