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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

AGENDA DOCUMENT NO. 21-04-A

AGENDA ITEM

For meeting of January 14, 2021

September 30, 2020

MEMORANDUM

To: The Commission

Through: Alec Palmer *AP*
Staff Director

From: Patricia C. Orrock *PCO*
Chief Compliance Officer

Dayna C. Brown *DCB*
Acting Assistant Staff Director
Audit Division

Kendrick Smith *KDS*
Audit Manager

for
By: Sheraline Thomas *KDS*
Lead Auditor

Subject: Proposed Final Audit Report on the Democratic Foundation of Orange
County (A19-23)

Attached for your approval is the subject report. The report has been written in accordance with Directive 70. Documents related to this audit report can be viewed in the Voting Ballot Matters folder.

The Democratic Foundation of Orange County has not been audited previously.

Given the Commission's lack of quorum to approve this Proposed Final Audit Report on a 72-hour no objection basis, the matter would be placed on an open session agenda once a quorum is reestablished.

If you have any questions, please contact Kendrick Smith (x1344) or Sheraline Thomas (x1184).

Attachment:
Proposed Final Audit Report on the Democratic Foundation of Orange County



Proposed Final Audit Report on the Democratic Foundation of Orange County

January 1, 2017 - December 31, 2018

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 The audit determines whether the committee complied with the limitations, prohibitions and disclosure requirements of the Act.

About the Committee (p. 2)

The Democratic Foundation of Orange County is a non-connected committee. It qualified for multi-candidate status and is headquartered in Mission Viejo, California. For more information, see the chart on the Committee Organization, p. 2.

Financial Activity (p. 2)

• Receipts	
○ Contributions from Individuals	\$ 146,126
○ Contributions from Other Political Committees	30
○ Transfers from Non-federal Account	52,000
Total Receipts	\$ 198,156
• Disbursements	
○ Operating Expenditures	\$ 191,213
Total Disbursements	\$ 191,213

Commission Finding (p. 3)

Based upon a limited examination of the statements and reports filed, and the records presented by the Democratic Foundation of Orange County, no material non-compliance was discovered.

¹ 52 U.S.C. §30111(b).



Proposed Final Audit Report on the Democratic Foundation of Orange County

(January 1, 2017 - December 31, 2018)

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	2
Part III. Commission Finding	3

Part I

Background

Authority for Audit

This report is based on an audit of the Democratic Foundation of Orange County, 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 various risk factors and as a result, this audit examined:

1. the disclosure of contributions received;
2. the disclosure of transfers between the federal and non-federal accounts;
3. the disclosure of individual contributors' occupation and name of employer;
4. the consistency between reported figures and bank records; and
5. other committee operations necessary to the review.

Part II

Overview of Committee

Committee Organization

Important Dates	
• Date of Registration	February 3, 1984
• Audit Coverage	January 1, 2017 – December 31, 2018
Headquarters	Mission Viejo, CA
Bank Information	
• Bank Depositories	One
• Bank Accounts	Two checking accounts
Treasurer	
• Treasurer When Audit Was Conducted	Glen Hatton
• Treasurer During Period Covered by Audit	Glen Hatton (10/15/14 – Present)
Management Information	
• Attended FEC Campaign Finance Seminar	No
• Who Handled Accounting and Recordkeeping Tasks	Treasurer

Overview of Financial Activity (Audited Amounts)

Cash on hand @ January 1, 2017	\$ 45
○ Contributions from Individuals	146,126
○ Contributions from Other Political Committees	30
○ Transfers from Non-federal Account	52,000
Total Receipts	\$ 198,156
○ Operating Expenditures	191,213
Total Disbursements	\$ 191,213
Cash on hand @ December 31, 2018	\$ 4,383²

² Due to mathematical discrepancies, the amount of cash on hand at December 31, 2018 (\$4,383) does not equal the beginning cash on hand plus receipts minus disbursements (\$6,988), a difference of \$2,605.

Part III

Commission Finding

Based upon a limited examination of the statements and reports filed, and the records presented by the Democratic Foundation of Orange County, no material non-compliance was discovered.