



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

November 14, 2008

Douglas Johnson, Treasurer  
Physician Hospitals of America Political Action Committee  
2600 South Minnesota Ave.  
Suite 202  
Sioux Falls, SD 57105

Dear Mr. Johnson:

Attached, please find the Report of the Audit Division on Physician Hospitals of America Political Action Committee. The Commission approved this report on November 6, 2008.

The Commission approved Final Audit Report will be placed on the public record on November 19, 2008. Should you have any questions regarding the public release of this report, please contact the Commission's Press Office at (202) 694-1220.

Any questions you may have related to matters covered during the audit or in the report should be directed to Peggy Jo Gilley or Alex R. Boniewicz of the Audit Division at (202) 694-1200 or toll free at (800) 424-9530.

Sincerely,

A handwritten signature in cursive script that reads "Wanda J. Thomas".

Wanda J. Thomas  
Acting Assistant Staff Director  
Audit Division

Attachment as stated



# Report of the Audit Division on the Physician Hospitals of America Political Action Committee

January 1, 2005 – December 31, 2006

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## 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.<sup>1</sup> The audit determines whether the committee complied with the limitations, prohibitions and disclosure requirements of the Act.

## Future Action

The Commission may initiate an enforcement action, at a later time, with respect to any of the matters discussed in this report.

## About the Committee (p. 2)

The Physician Hospitals of America Political Action Committee (PHA PAC) is the separate segregated fund of Physician Hospitals of America. PHA PAC qualified for multi-candidate status on April 20, 2005, and is headquartered in Sioux Falls, SD. For more information, see the chart on Committee Organization, p. 2.

## Financial Activity (p. 2)

### • Receipts

○ From Individuals	\$ 153,875
○ From Other Political Committees	5,000
○ Refunds of Contributions to Federal Candidates/Committees	10,000
○ <b>Total Receipts</b>	<b>\$ 168,875</b>

### • Disbursements

○ Contributions to Federal Candidates/Committees	\$ 193,493
○ Operating Expenditures	945
○ Other Disbursements	5,000
○ <b>Total Disbursements</b>	<b>\$ 199,438</b>

## Findings and Recommendations (p. 3)

Based on the limited examination of the reports and statements filed, and the records presented by Physician Hospitals of America Political Action Committee, no material non-compliance was discovered.

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<sup>1</sup> 2 U.S.C. §438(b).

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# **Part I**

## **Background**

### **Authority for Audit**

This report is based on an audit of the Physician Hospitals of America Political Action Committee (PHA PAC), 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 2 U.S.C. §438(b), which permits the Commission to conduct audits and field investigations of any political committee that is required to file a report under 2 U.S.C. §434. 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. 2 U.S.C. §438(b).

### **Scope of Audit**

Following Commission approved procedures, the Audit staff evaluated various risk factors and, as a result, the scope of this audit was limited to the following:

1. The disclosure of occupation/name of employer regarding individual contributions.
2. The consistency between reported figures and bank records.

## Part II

### Overview of Committee

### Committee Organization

<b>Important Dates</b>	PHA PAC <sup>2</sup>
• Date of Registration	January 5, 2004
• Audit Coverage	January 1, 2005 – December 31, 2006
<b>Headquarters</b>	Sioux Falls, SD
<b>Bank Information</b>	
• Bank Depositories	Two
• Bank Accounts	Two Checking accounts
<b>Treasurer</b>	
• Treasurer When Audit Was Conducted	Douglas Johnson
• Treasurer During Period Covered by Audit	Douglas Johnson
<b>Management Information</b>	
• Attended FEC Campaign Finance Seminar	No
• Used Commonly Available Campaign Management Software Package	Yes
• Who Handled Accounting and Recordkeeping Tasks	Paid Staff

### Overview of Financial Activity (Audited Amounts)

<b>Cash on hand @ January 1, 2005</b>	<b>\$ 44,247</b>
○ From Individuals	\$ 153,875
○ From Other Political Committees	5,000
○ Refunds of Contributions to Federal Candidates/Committees	10,000
<b>Total Receipts</b>	<b>\$ 168,875</b>
○ Contributions to Federal Candidates/Committees	\$193,493
○ Operating Expenditures	945
○ Other Disbursements	5,000
<b>Total Disbursements</b>	<b>\$ 199,438</b>
<b>Cash on hand @ December 31, 2006</b>	<b>\$ 13,684</b>

<sup>2</sup> On January 9, 2008, the name of this committee was changed from American Surgical Hospital Association Political Action Committee.

## **Part III**

# **Findings and Recommendations**

Based on the limited examination of the reports and statements filed, and the records presented by Physician Hospitals of America Political Action Committee, no material non-compliance was discovered.