

Addendum to Audit Committee Report

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BOD Treasurer

The fine work of the Audit Committee raised some specific concerns that will need attention. These manifests themselves as not complying with our tax reporting obligations. I will detail the tax reporting needs up front and then present two other fiduciary areas needing repair.

1. Taxes 2020

Last year our tax preparer was surprised to learn there was \$4,500 balance in the Alateen account that had never been reported. Though it would not have materially impacted our tax liability, its presence on our 2019 taxes could raise a red flag. Too many red flags and we risk losing our 501c3 designation. Additionally, we account for the Convention at the Area level with looking only at the seed money given and returned. Our Tax Attorney had to build a pro forma P&L to account for the revenue the Convention brought in. Again, it did not affect our tax obligations, but if this non-reporting of income was questioned, we'd be at risk. For 2020, I will assist our tax preparer by creating a pro forma P&L for the Convention, so we do not have to pay extra for his time.

2. Profit & Loss (P&L) Statements:

Currently the LDC and Area create P&L statements, though they are not in the same format. The Convention and Alateen do not. (The Convention Treasurer has a spreadsheet) For the 2022 budgets I am recommending that BOD Treasurer create a template for a P&L that the LDC and Area will use and can be rolled up together for tax reporting. The Convention will have its own mini-P&L and roll up into the Area. Alateen will roll up into the Area. This way we will use all the same format that can easily be understood by our tax preparer.

3. Combining Banks & Accounts

Historically we have managed our accounts from bank statements in separate accounts (and separate banks!). With online banking there is no good reason that we need to work with multiple banks. We may want to still have separate accounts (Area and LDC) at the same bank. Alateen and Convention and special events will all work from the Area account. There is no rush, but as we plan for 2022, this is a recommendation I will help implement. It'll make adding and removing signatures a lot easier, as well.

Conclusion

These three steps toward better reporting and tax compliance will remove the red flags that could trigger an audit. It will also make reporting to the Area more transparent as we can showcase CTAFG as single operation with 2 accounts at 1 bank.