

Final Report of the San Diego-Imperial Area Assembly Ad Hoc Committee on Tax Exempt Status

The Committee met on December 16, 2012 and January 27, 2013. Present at both meetings were Wes B., Chair and members Gary S., Jim T. and Paul C. Area Chair Jane G. joined us for the January 27 meeting.

Charter: The Committee was charged with developing questions about three primary areas

- Review language in Structure and Guidelines relating to non-profit status of the Area
- Evaluate/anticipate need for changes in the Structures and Guidelines or other supplementary instructions around treatment of financial activities of the Area
- Assess the degree to which those (possible) changes can be made while maintaining consistency with our Traditions and Concepts

The Committee agreed that it would be prudent to ask several questions of a qualified CPA or tax attorney who specializes in non-profit organizations. The Committee suggested that this CPA or tax accountant not be a member of the Area Assembly.

1. Can you review Section XI of the Structures and Guidelines and recommend a generalized time-enduring summary?
2. Do we need to come up with specific instructions for our treasurer and/or finance committee regarding using outside consultants/tax professionals to advise the Area on compliance with tax codes, consistency and tax filing requirements?
3. Can you suggest written instructions to our treasurer/finance committee that will persist and preserve the consistency regarding Section XI on tax filing and reporting requirements?
4. After reviewing our chart of accounts, can you make recommendations on best practices (e.g., can we develop an account for capital expenditures, etc.)?
5. Can you provide recommendations on standards for retention, storage and destruction of tax records?
6. What financial relationship with our compensated translators (e.g., Spanish and ASL), other paid professionals, and anyone else providing services to Area 8 would be most advantageous to the Area? Are the IRS reporting requirements (if any) the same or different for each of these?
7. What are the advantages and disadvantages of being a 501(c)(3), 501(c)(4) or other non-profit status organization?
8. Is Area 8 currently fulfilling its tax filing requirements and properly reporting non-employee compensation?

The Committee viewed with alarm the lack of access to the Area's financial records, and urges the Area to make available the resources to ensure the production of these records as soon as possible. The Committee recognizes that this has been a long-term issue and does not reflect on current Area officers or Area Assembly members.

Respectfully submitted,

Wes B.
Chair, Ad Hoc Committee