

Budget and Finance Committee

Report by: Stephen Staudinger Chairperson

Date Report Sent: February 8, 2024

The status of the MD19 Financial Statements and Budget is as follows:

The 2021 non-profit income tax return for the year ending June 30, 2022, has been filed. Late filing penalties were assessed by the IRS when the return was filed. The penalty was \$3,720. An abatement letter for these penalties was filed. Payment was also made at the time to limit any added interest charges. No response from the IRS so far.

The non-profit income tax return for the year ended June 30, 2023, is being worked on by the accountants. All data has been entered and the accounts reconciled. The due date was extended to May 15, 2024. It is expected that the return will be timely filed.

The accounting firm has indicated they will not perform any audited or reviewed or compilation financial statements for their clients. They will continue to prepare tax returns. In the past MD19 has had only compilations done not reviews or audits. The figures for a compilation and a tax return are identical for a non-profit. Therefore, my recommendation is to not have any financial statements prepared by an accounting firm but to rely on financial statements based on the tax return.

I have reviewed a printed copy of the financial statements for the six months ended December 31, 2023. All data has been entered and the accounts have been reconciled.

As I have indicated in past reports to the COG's, the MD19 office was lacking in the capacity to do an adequate job of keeping the accounting records current. I am pleased to report this is currently no longer the case. Executive Director Peter, as his health has improved, and Administrative Assistant Michele and a volunteer have made an effort to keep the records current. Although the COGs have authorized Executive Director Peter to hire a bookkeeping service or a part-time employee to perform these accounting duties, he has suspended that currently and is monitoring the situation. That option is still available to use.

The status update on the budget for the current year is as follows: Highlights:

Total dues for the first six months are lower than projected. Actual \$116,442 vs. Projected \$118,660.
Total Income for the six month is higher than projected. Actual \$148,937 vs. Projected \$136,660.

Total Convention Expenses are much higher than projected. Actual \$53,213 vs. Projected \$18,620.
Total payroll expenses are higher than projected. Actual \$65,757 vs. \$62,500.
Total expenses are higher than projected. Actual \$196,00 vs. Projected \$136,500

The current loss for the 6 months ended December 31, 2023, is \$35,898. The main source of the loss is convention expenses. The convention expenses of \$53,213 consists of expenses incurred for the October convention and prepaid expenses for the upcoming May convention. However as of December 31, 2023, the Surrey Host club has not yet transferred funds to MD19, approximately \$36,000 CDN received from the October convention. These amount should help offset stated losses.

In summary, given the above stated incoming deposit, as of December 31, 2023, the MD19 finances are on track to near breakeven for the year.

Respectfully submitted.