

July 3, 2018

To: NAACP – Portland Branch Executive Board

Assessment of Recordkeeping for NAACP – Portland Branch

- I. **Prior years' record-keeping:** Unfortunately, we were unable to obtain the bookkeeping data previously recorded by the prior bookkeeper for 2015, 2016 and part of 2017. We compiled data based on bank statements and receipts that could be found. Based on some of the general ledger reports provided by the prior bookkeeper, there were several transactions that she could not classify due to inadequate recordkeeping as well. We've attached Statements of Activities and Statements of Financial Condition for 2015, 2016 and 2017. Please note, there are areas of concern:
 - a. **Inventory List:** we were not provided with a list of assets for the organization. Our assumption is that the organization did not have any prior assets.
 - b. **Petty Cash:** The appeared to be a petty cash fund in use however we received little documentation on how those funds were used. Please refer to page 9 of the organizations financial guide for guidance.
 - c. **Per Diems:** Several checks written to the prior president refer to per diems. Per diems are available for travel expenses only when traveling outside of the tax home. There are additional rules that govern per diems. If those rules aren't followed, those amounts are deemed taxable income to the employee (or receiver). We've attached a document from the Internal Revenue Service that may help clarify per diems. We would be willing to discuss this further with you.
 - d. **Documentation:** As noted previously, there were challenges regarding documentation. Per NAACP's financial policy guide, all records should be kept for no less than 3 years. I recommend at least 4 years and longer for capital assets. Retention of records should be in a centralized area so that they are easily located when needed. I recommend that the Board instill operating procedures.
- II. **Tax Returns:** Form 990-N returns are ready to be filed for 2015 and 2016. Form 990-N/EZ for 2017 will be ready once we've confirmed the revenue received from Event-Brite (currently working with the treasurer to obtain the information). We've received information from the Treasurer that the registration with the Department of Justice is complete. Form CT-12s are currently being prepared for 2015 and 2016 and will be followed by 2017. Please note (for future reference), the filing of Form 990 is not a requirement for your organization if the appropriate documentation is filed with National timely (please refer to your financial policy guide). Oregon's CT-12 is required.

III. 2018 Bookkeeping: Most of 2018 (through May) has been recorded. We have included Statements of Activities and Financial Conditions as it stands so far. There are a few outstanding items that we will be working with the treasurer to obtain. In addition, we will be finalizing electronic data transmission from financial institutions. We recommend reviewing the challenges listed above (prior years) and implementing procedures to ensure that all documentation is collected and stored. The bookkeeping software that we use (Xero) allows for documentation uploads that attach with the transactions. We plan to train specific personnel on utilization which will help to streamline the data collection process.

If you have any questions, please feel free to contact our office: (503) 444-3853. Please note, our office will be closed July 3rd through July 15th. If there is an emergency, please contact me directly at (503) 422-9475 or srandall@oastax.com. I will respond as quickly as I can.

Regards,

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