

June 8, 2022

To the Bridge and Membership of District 5, aka ABC Mid-Atlantic

The results of this report are intended only for the use of its members, and can not be relied on by outside parties. It was prepared in accordance with the Treasurer's Manual of the United States Power Squadrons. It is not an audit as prescribed by the American Institute of Certified Public Accountants, is not performed by independent auditors, is not prepared according to GAAP, doesn't portray conventional financial statements, doesn't provide attestation services, nor an opinion of the amounts reported on. It doesn't examine the efficacy of its internal control, doesn't address the COSO of the Treadway Commission, and relies solely on management assertions and a review of bank statements. It's designed neither to discover fraudulent activity, nor material misstatements of financial accounts, though they would be mentioned if discovered while preparing this report.

The books and records of District5, ABC Mid- Atlantic are in wonderful condition due to the skill and dedication of D/Lt/C Nicholas Montalto, SN .They are accurate, orderly, and always timely. D/Lt/C Montalto's financial leadership and judgment are invaluable to this organization. This committee commends him for an outstanding job as Treasurer, and welcomes him to the Audit Committee.

The Committee also extends its commendations to CDR Payne and his Bridge for their commitment and steadfastness in the face of formidable COVID challenges for the 2nd year running.

ABC Mid Atlantic began the year (4/1/2021) with 57.9 K in its checking a/c (PNC and Edward Jones combined) and ended it (3/31/2022) with 57.6 K in combined checking.

It's 60K cash reserves at Edward Jones continue to earn interest, and our new Treasurer will be reinvesting these funds in a higher yield account.

This performance is a reflection of strong D5 leadership and a continued interest in Power Squadron Membership during this extraordinary year.

The auditors also commend the Sweet Trust for its generous donation of two years' of membership dues, now in the 2nd year.

D5 has strong cash reserves and could continue to operate for a couple of decades at its current level.

However its risks are:

- USPS may decide to reorganize and eliminate Districts. If so, does the Bridge wish to consider how to liquidate its assets?
- Steady declines in Membership could affect D5's nonprofit status in the future, and it may need to reorganize as a for profit entity someday.
- D5 has pledged to cover Squadron losses at any D5 events. Magnificent planning and execution by Squadrons has avoided this, but each event should continue to be examined closely.

Respectfully Submitted,

D/Lt/C Rick Marinelli, SN , Chair

D/Lt Louis Kates, AP,

D/Lt/C Nicholas Montalto, SN

D5 Audit Committee