

To: BEMA Board of Directors and Members
For: February 14, 2024, Board Meeting
From: Accounting Ad Hoc Committee (Taxes)
Re: Status of BEWA and BEMA Returns

Atlas has completed the 2014 through 2017 BEWA and BEMA Federal and State returns (16 total) and has provided the same to the committee for review. As of our committee meeting on February 8, 2024, we have found all returns, except for the 2017 BEMA Federal and State, are in order and ready for an officer signature.

The committee has provided our accounting firm, Atlas, with our comments on the 2017 BEMA return and expects those to be resolved by the time of the February 14, 2024, board meeting. 2017 is the merger year for BEMA and BEWA. With that in mind, the committee has raised minimal concerns about where certain components in our returns should be reported.

This is a significant turning point for our committee's work. We appreciate the board's support and patience in allowing us to be sure all the i's are dotted, and the t's are crossed. We anticipate the remaining 2018-2022 BEMA returns can now be on the "fast-track" for completion very soon.

So, a couple of pieces of good news, the returns are in order and so far, neither Atlas nor the committee have seen any tax amounts due on the years completed thus far, nor have there been any known penalties assessed prior to our filing. Atlas has also updated our QuickBooks through 2017. This included journal entry adjustments on reconstruction expenses allocations and capital assets. There is some cautionary news, as we approach the returns after 2020. When the reconstruction expenses related to building the new assets (lakes) start to roll over into a completed asset, our equity will continue to rise. This increase will certainly increase our asset value and the new depreciation schedules will be applied and accumulated after we put the asset in use. This may have an effect on our bottom line, but we cannot forecast the tax implications just yet.

Next actions: An officer will need to sign BEWA and BEMA Federal and State Tax returns for 2014-2017 that will be residing on the ad hoc committee shared drive on the BEM site. We encourage a signature on all 16 tax forms the day following the meeting. The returns will then be submitted to Atlas, to be filed in order of tax years, from 2014 on. We will hear back from Atlas if there are any issues after filing the returns. Please note that in order to be able to assess whether or not there may be penalties for our late filings, we need to make sure that we continue to file the completed returns in order for all subsequent years. Last and importantly to note at this time is, there may still be a possibility of penalties for any late filings inclusive of the first 16 ready for filing and the others being prepared. We will keep the board closely posted.

Thank you,

Accounting Ad hoc Committee members, Bobby, Dan, and Pat

cc: Carissa Dunlap