

Todd Muslow, CPA on Why Affiliated Entities Need Separate Books Before They Are Tested

A Shreveport accountant argues that multi entity structures fail through ordinary habits, not dramatic errors.

Shreveport, Louisiana Jul 17, 2026 (IssueWire.com) - Shreveport, Louisiana An owner forms a second company to hold the equipment, a third to hold the real estate, and keeps the original for the operations. The structure is deliberate, lawyer drafted, and sound. Then the operating company pays the real estate company's insurance one week because it happened to have the cash, and nobody records what that was.

[Todd Muslow, CPA](#) and Chartered Global Management Accountant, describes that moment as the beginning of most multi entity failures he encounters. He is a partner of Muslow+Agnew Group, LLC in Shreveport, Louisiana, and previously served as Chief Accounting Officer of O'Brien Resources, LLC, overseeing financial reporting, tax compliance, and audit matters across affiliated entities.

The structure did not fail. It was never operated.

The Problem With Treating the Group as One Business

Todd Muslow observes that owners think of affiliated companies the way they experience them, which is as one enterprise they built. The boxes on the organizational chart feel like an accounting convenience rather than a set of distinct legal persons.

That perception drives behavior. Cash moves to wherever it is needed. One bookkeeper handles everything. Invoices get paid by whichever entity has room in the account that week.

"Owners treat the second entity as a formality until someone outside the company asks which one earned the money," Muslow says. By then the answer has to be reconstructed, and reconstruction is not evidence.

What the Separation Was Purchased For

Each entity exists for a stated reason. Isolating liability from an operation. Holding an asset apart from the business that uses it. Admitting different owners to different pieces. Satisfying a lender that wanted collateral in a specific box.

[Todd Muslow](#) points out that every one of those purposes depends on the entities behaving as separate companies rather than on the documents that created them. Formation is a filing. Separation is a practice.

"The structure was built for a reason," Muslow says. "Separate entities, separate records, or the reason disappears."

Movement Is Fine. Undocumented Movement Is Not.

Muslow is careful to distinguish the transaction from the failure. Money moving between affiliated companies is ordinary and expected in a closely held group.

"Intercompany transfers are not errors," Muslow says. "Undocumented intercompany transfers are."

The question each transfer raises has four possible answers, and they are not interchangeable. A loan, a capital contribution, a distribution, or payment for services. Each carries different tax treatment, different rights, and different consequences if challenged.

When nobody decides at the time, Todd Muslow notes, the decision still gets made. It is made later, by someone whose interests run opposite to the owner's, working from a record that was never built to answer the question.

The Account That Was Named After a Hope

The illustration Muslow returns to is familiar to anyone who has reviewed a closely held group. An account labeled Due To Affiliate that has grown for six years without a note, an interest rate, a maturity, or a single payment.

It was called a loan because the balance sheet required a label. Whether it is a loan is a factual question decided on facts, and the facts here describe something else.

"You do not get to reconstruct the boundary after the fact," Muslow says. "It either existed in the ledger or it did not."

Pricing Between Affiliates Has to Be Explainable

Where one affiliate charges another, Todd Muslow argues the rate should resemble what an unrelated party would charge for the same thing. Equipment rented between related companies at an arbitrary number moves income between entities, and income moving between entities is what invites questions.

Management fees receive the same scrutiny. A fee should correspond to something the charging entity actually did, at a rate someone can defend without embarrassment.

Muslow does not argue that closely held groups need formal studies for most arrangements. He argues they need a written basis for the number and evidence that the number was applied consistently through the year rather than adjusted in December to reach a result.

What the Discipline Actually Requires

The practices Todd Muslow describes are modest. Separate bank accounts for separate companies. Written terms for anything that moves between them. Pricing with a documented basis. Intercompany accounts reconciled monthly rather than at year end.

Monthly reconciliation is the item owners resist and the one he considers least negotiable. A single month's difference between two affiliates is a phone call. Twelve months of accumulated differences is a research project, and the research produces an estimate rather than a record.

Todd Muslow adds a test he applies to closely held groups. Each entity should be able to produce financial statements that stand on their own, without reference to its affiliates. An entity whose statements only make sense as part of the group has stopped operating as a separate company, whatever its formation documents say.

Disclosure follows the same logic. Related party transactions belong in the financial statements, described plainly. Muslow notes that a lender who finds a related party guarantee during due diligence rather than reading it in the notes has learned something about the borrower beyond the guarantee.

Separation Is Tested on Someone Else's Schedule

Todd Muslow of Shreveport, Louisiana, works with closely held business owners on corporate taxation, financial reporting, and consulting across multi entity structures through Muslow+Agnew Group, LLC. His view is that the test always comes, and it never comes when the records are ready.

The Cost of Reconstruction

Owners who recognize the problem late generally propose to fix it retroactively. [Todd Muslow](#) describes that instinct as understandable and largely futile, because reconstruction produces a document created for the purpose of answering the question it is answering.

A contemporaneous record has a quality that a reconstructed one cannot acquire, which is that it was written before anyone knew it would matter. That is precisely what gives it weight, and it is not a quality that can be added afterward.

The reconstruction also tends to be expensive. Muslow notes that untangling several years of commingled activity across three entities costs more in professional time than a monthly reconciliation would have cost across the entire period, and it produces an estimate where a record was available.

A claim. A buyer's diligence. A partner who wants to know how a fee was calculated. A dispute between owners who agreed about everything until they did not. Each arrives asking the same question, which is whether the entities were what they claimed to be.

He earned his CPA credential in 2002 and his CGMA designation in 2014, and his work spans corporate and personal taxation, business accounting services, and consulting for closely held businesses across the United States.

"None of this is [complicated](#), and that is what makes it easy to skip," Muslow says. "You built the structure on purpose. Separate entities, separate records. Otherwise you have paid for a protection you never actually used."

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