

TANTEX Silver Jubilee Audit Committee Report

I. Background

At November 2011 General Body (GB) meeting of Telugu Association of North Texas (TANTEX), a committee was authorized to be formed to audit the TANTEX Silver Jubilee (SJ) event held in Dallas July 7 -9, 2011. The SJ audit committee (SJAC from here on) was to be made up of TANTEX life members, nominated by Chair/ Board of Trustees (BOT).

A. Timeline

General body instructs BOT Chair to appoint Audit team	November 2011
Team formed	mid December 2011
Sought and received feedback from General body	Late December/ early January
Rcvd bank statements, checks/ debit card/invoices	early/ mid January 2012
Additional data sought (incl. GB questions related)	mid/late January 2012
Received additional (mtg minutes, fundraising update)	Mid-late February 2012
Additional data sought	Late February 2012
Deposit matched to 6/20/11	March 2012
SJU souvenir, tickets, food analysis	March 2012
Deposits details past 6/20/11 (request bank)	March 2012
Questionnaires e-mailed	Early April 2012
Interviews	Mid/late April 2012
Final docs received	May 2012
Membership data reviewed	June/July 2012
Report drafts (SJAC internal)	June/ July 2012
Report released	Sept. 16, 2012

II. Committee Operation

All SJ Team communications (sjaudit@tantex.org) were almost exclusively with 2012 TANTEX BOT (point of contact), President and past-president. Early on, until 1st week January 2012, past BOT chair was the point of contact. All team proceedings were open, communicated to entire SJ team, who worked independently but collaborated extensively on audit results and report.

The Team met frequently, in person or via conference call, to analyze data received, request more data from TANTEX, create questionnaires, interpret questionnaire answers, interview key area lead volunteers and formulate findings in this report.

We acknowledge all the effort and time put forth by VOLUNTEERS in Silver Jubilee event. Based on requests from general body both at GB meeting and in emails received, we delved into all areas of concern, not limited to typical financial audit. The SJ audit committee summarized the findings in this report, noting any discrepancies and has made several general process recommendations. We as volunteers also, made the best possible assessment, based on data and time available. The team has given ample opportunity for TANTEX executive team to offer any additional data, to alleviate noted discrepancies.

III. Deposits / Revenues

This is a key area for the SJ team to investigate and ensure that all donations and revenue from tickets, advertisements is deposited into TANTEX account.

A. Donations/ Sponsors revenue

- Verified bank statement deposit amounts with pledges and actual deposits made through 6/20/11, using TANTEX provided spreadsheet dated December 9, 2011.
- After repeated requests for detail for deposits made after 6/20/11, TANTEX acknowledged that the treasurer had gone on vacation and therefore they did not have any further information. SJ instructed BOT to get as much detail as possible from Bank. However there were still some transactions (without deposit slips) which were not reconcilable.
- A donor who donated \$5000 was supposedly approached with the notion that TANTEX will use only the portion that was needed and return the rest to the donor. Subsequently, a \$4000 check was written to NATA, not the donor, as approved in EC and noted in minutes. Confusion reigned in the teams as to whether the discussion with the donor actually occurred after the \$4000 was already given to NATA and then the EC approval was done after the fact. If so, this is considered highly unusual. SJ audit committee member, approached the donor, who did not recall this instruction at the time of the donation but was asked much later to confirm the arrangement. Ultimately, SJAC requested the donor to reverse the transfer of funds that had gone to NATA so that they could stay at TANTEX and used for originally intended purpose (TANTEX SJ). This transfer was completed. TANTEX was requested by SJAC in May 2012 to send the donor a letter of appreciation and copy NATA as well.
- **Noted Discrepancies**
 - \$4000 Check to NATA from TANTEX SJ donor funds was quite problematic. While SJAC was able to get the funds back to TANTEX, this issue is unsettling. It is recommended that EC/GB approve refund of any funds to original donor

only after such request is made in writing and approved in EC in an open, transparent manner. Standard fundraising rules shall apply to ALL with Published benefits for each sponsor level without any other special arrangements.

- Revenue for the following was not verifiable.

Table 1. Individuals/ business amounts due				Ad tickets value				total benefits value due	
Individuals	Pledged	paid	Due	arranger	value	banquet	program	slide show	
Donor A	5000	1000	0		1200	100	200	100	1600
Donor B (core committee member)	1000	0	1000		500	100	0	300	900
Business	Also see table 3. sj souvenir ads								
total due/ revenue lost									2500

B. Souvenir Advertisements/ revenue

SJAC compared donor list in souvenir to actual donations received and advertisements placed versus revenues collected.

- SJ team repeatedly requested SJ souvenir accounting - benefits rendered Vs paid for but TANTEX was not able to provide any details, other than actual SJ souvenir, (12/9/11 updated) spreadsheet with pledges made, few notes on advertisement;
- Published benefits for sponsors were as follows

Table 8: Sponsor levels and Benefit value		
<u>sponsor</u>	<u>Donation</u>	<u>benefit description</u>
Platinum	5000	1 pg color, 8 tkts pref.seat banq/event, slide, recogn.
Exclusive exhibit	5000	1 pg b/w, 2 booth, slides, 4 tkts banq/event, recogn.
Entertainment	3500	1 pg color, 5tkts banq/event, slide, recog.; announced
Gold	3000	1 pg color, 5tkts banq/event, slide, recog.
Silver	1000	1 pg b/w, 4 tkts banq/event, slides, recogn. (w/o radio, flyer)

Donation	500	1/2 pg b/w (\$125), 2 tkts banq (\$50)/4 event (\$300), rolling slides
	300	2 tkts event, souvenir mention
Benefit	Value	
full color pg	500	
1/2 color pg	300	
1 pg b/w	200	
1/2 pg b/w	125	
banquet tkt	25	
event/prog. Tkt	75	
slide show	500	

- Noted Discrepancies**

- Many donors' ads were printed in color even at \$1000 level. This benefit was originally priced at \$3000 but many exceptions were made in an adhoc manner with no previous policy or price change. If a policy is changed, all eligible donors should have been notified. Some \$1000 donors were only given black and white ads. Similarly, many donors at \$500 level, especially officers, received color ads (best wishes to Tantex SJ event etc), while other \$500 donors received black and white ads. SJAC was informed that placement of ads was randomized and that core committee members that requested color ads are required to collect the required donation for benefit value as published.
- Revenue for the following ads was not verifiable. This could be due to the fact that payments for these entities were made by individual rather than the business name.

Table 3.

			unidentified Ads (vs. paid/ deposit) in SJ souvenir		
Vendor	Paid	due	ad size/ color	vendor	due
micropix 3k	vendor	750	1 pg color	Sai Bon voyage travel	500
Bombay photo	vendor	500	1 pg color	southfork dental /dr bindu kolli	500
candor intl school		500	1 pg color	123telugu.com	500

			1/2 pg color	gate360.org	300
aloha mind math		200	1 pg b/w		
Vidyadanam		200	1 pg b/w	find dr right/ Baylor	200
Bombay sizzler		200	1 pg b/w	kairos tech	200
funasia.net		200	1 pg b/w	nationwide ins (srini chaluvadi)	200
anblicks.com		200	1pg b/w	little elm-Frisco children's clinic	200
Dr hima doppelpudi		200	1 pg b/w	my tax filer	200
1/2 pg TANA (pt)		200	1pg b/w	NATA	200
			1 pg b/w	omega travel (Rtn'd 1500), ruchi palace	400
krishnanri.org,		200	1/2 pg b/w	ace dental, ventra infosys, Dr kumar gutta,	375
		0	1/2 pg b/w	nth talent, sri laksmi auto	250
dr yugander		125	1/2 pg b/w	kavita venkat, rsm tech,desiplaza.us	375
3475			Total due	4700	

Table 7. Advertisements

Ads	Ad value	paid	due	Arranger
siri events (bk of tkt)		0	500	
kota realty (bk of tkt)	500	0	500	

Tickets			total benefits value due
banq.	event	slide show	
		500	500
		500	500

C. Event/ venue seating revenue

Event seating revenue is listed in table below.

Though many thought that venue was sold out ahead of time, there were ticket sales on the day of event. Some were perhaps returned by EC volunteers who could not pre-sell them. However, we were not able to find complete account of actual tickets sold on that day. There were some different explanations from officer volunteers involved.

TANTEX Silver Jubilee Ticket Collection Summary					
	Adults	Kids	Students	Tickets	\$
1. allocation to donors				625	
2. Online	195	67	17	279	\$14,346.00
3. Ticket sold and collected from committee distribution	163	96	11	270	\$10,710.00
4. Tickets in market	62	256	44	362	\$11,255.00
5. Tickets left				69	
6. First A,B,C,D rows for Guest and \$3000 and above donors				122	
Total				1727	\$36,311.00

Item # 4 - This includes 101 tickets sold by mydealshub.com. As per mydealshub.com report, they sold 77 adult tickets. Whereas total adults tickets realized is only 62. This item is not reconcilable.

- **Noted Discrepancies**

- Actual venue seating accounting: unused of 122 (3k+ donors), 625 donor allocated; It is not clear as there is no documentation of 69 tickets left, if given out as complementary, by who and to whom.
- Mydealshub.com sold 77 adult (@\$50), 15 child (@\$25) and 9 students (@\$40)= 101 tickets for \$4585 – they gave discount on their own as their marketing cost, paying TANTEX face value; other accounting came up with 62 adult tickets

D. Exhibits/ Booth revenue

SJ team repeatedly requested update of outstanding balances/ dues for service rendered to individual and businesses and associated 'arranger' or core committee member. TANTEX replied that they have given us everything they had, including list of dues and that all remaining will be written off. While SJ team agrees that pledged versus the actual given is NOT a major issue, we believe that when benefits are rendered such as tickets, advertisements especially to businesses that do not pay as promised it is “revenues lost” by TANTEX.

As we have not received a composite, updated list as requested, we complied one based on analysis of available data

Table 5. Exhibits

Exhibits	Price/ Paid	Due
desi sauda		500
shivani designs		500
nonprofit/indu		250
Total		1250

Recommended Standard Operating Procedures (SOP)

1. All deposits must have detail/ notes on the checks (with copy required over \$75), cash source
2. Donors would expect receipts tax deduction purposes. It is recommended that proper donation records are kept so that this can be accurately provided to donor. TANTEX also advises that in the donation statement, a phrase be added as to the non-deductibility of the face value of tickets/benefits received and that donor should seek the advice of a CPA.
3. Benefits must be rendered equitably, as published, per ACTUAL donation received and deposited, not just pledged. This recommendation would alleviate, arrangers aggressively estimating pledges versus actual donations received/deposited and discrepancies in benefits versus actual donation. It is further recommended that a 'freeze' date be established for funds due and received prior to benefit disbursement i.e. event tickets. In the case of advertisements in published material, the beneficiary (likely a commercial entity) should be asked to sign order form and billed later if order is not paid. Multiple unpaid bills shall be brought to EC/ BOT review to resolve and course of action for future orders form that particular commercial entity/donor.
4. A dedicated treasurer who is available for the entire event (planning thru' conclusion) or team of two must be used to maintain continuity
5. Standard accounting software such as "QuickBooks" is recommended to ensure proper accounting documentation and controls.
6. Policy regarding donation amount tiers and eligibility for benefits shall be published and adhered to. As rebates are negotiated, event/EC committee shall note, discuss and approve the same, so that equity is maintained. It is recommended that this be strictly followed to ensure that a 'particular arranger or donor' does not game the system and repeatedly gain more benefits than others who contributed the same amount in 'good faith'
7. Major event tickets should be strictly accounted for by treasurer and/or team lead. Committee members should be held accountable for any tickets provided in advance. Returned tickets and venue/ site ticket sales should be strictly accounted for. This would significantly reduce or eliminate any revenues lost or complementary tickets given out without transparency
8. Valuation of Airline miles should be standardized and uniformly applied. For ex. 50K miles were valued at \$500 but 12.5K miles were also valued at \$500.

IV. Expenses

This is a key area for the SJ team to investigate and ensure that all expenses are proper, from a budget, variance approval, and actual reimbursements from receipts

1. Verified Expense checks: bank statements reconciled to specific expense using TANTEX provided check imprints and invoices
2. Approved (revised) budget was exceeded by 21% according to TANTEX (see table below)
 - Food was the biggest variance, up 70% by \$20K +, though intermediate estimate (\$45k?) was approved, still 25% over
 - Cultural was up 20% over budget by \$10K
 - Extra baggage, an unbudgeted item was \$7.7K!
 - Spent less than budgeted for literary and audio/video by 8k and 3.5k
 - Non-budget item 3K donation to cancer hospital/ basavatarakarama
3. Some of the check stubs notes were inconsistent with check (to, amount, memo etc)

A. Budget Vs Actual

SJ Budget Summery

S No	Description	Budget	Actual
1	Audio Visual	\$8,000.00	\$4,456.54
2	Commercial Exhibits	\$3,000.00	\$1,900.00
3	Literary	\$10,000.00	\$2,097.00
4	Decoration	\$3,000.00	\$3,944.00
5	Food	\$35,000.00	\$56,528.39
6	Hospitality	\$2,000.00	\$4,481.17
7	Fund rising	\$1,000.00	\$925.00
8	Transportation	\$1,000.00	\$1,986.18
9	Marketing and Promotion	\$2,000.00	\$700.00
10	Souvenir (1000 copies)	\$10,000.00	\$11,000.00
11	Venue	\$25,000.00	\$28,297.30
12	Cultural	\$35,000.00	\$46,877.29
13	Reception	\$3,000.00	\$897.54
14	Registration	\$10,000.00	\$5,731.00
15	Senior Citizens	\$1,000.00	\$000.00
16	Volunteers	\$500.00	\$738.59
17	Website	\$500.00	\$573.10
18	Youth and Sports	\$4,000.00	\$4078.59
19	Donation – Basavatarakam		\$3,000.00
20	Extra Baggage, Refunds & Misc		\$7,747.00
		\$154,000.00	\$185,958.69

We exceeded our Budget by Approx : 21%

B. Food

Early planning notes showed typical 15% overage on food provided i.e. Order for 1500 should cover 1725 people. Though hall capacity was only 1450, apparently there were many volunteers, artists, booth and event site (non Tantex) personnel who ate. During SJAC interviews, we were informed by TANTEX officer involved that, due to shortage in years past (and already discounted cost); TANTEX had to pay for exact number of people. However, planning did not take this view into account and documented likewise and in budget. Contracts were developed but not executed.

**Table 4. Catering
expense**

Overage

Restau rant	Meal Type	Orde red	Rate	Adv paid	extra expense	old due	Grand Total	Sponsor ship	Amount Due /pd	SJ Audit Notes	
Mayuri	Banquet Dinner	500	\$12.00	\$2,500.00	\$0.00	0	\$6,000.00	\$1,000	\$2,500.00	inv. 500@12=6k (1k spons);Pd Thurs 7/7 2.5k+ 7/20 3.5k	
Ohrys	Breakfast	500	\$3.00	\$750.00	\$0.00	0	\$1,500.00	\$500	\$250.00	7/7 750	
Ourplace	Lunch	1650	\$10.60	\$6,500.00	\$50.00	\$950.00	\$17,540.00	\$3,300	\$6,790.00	accounted for 1725@10.6 (-\$2 spon.); Pd 7/7 6.5k, 7/18 10.9 k= 17.4	
Pasand	Dinner	1700	\$10.71	\$6,500.00	\$0.00	\$0.00	\$18,207.00	\$3,400	\$8,307.00	inv. 1725 @8.8 (i.e 10.8-2)=15180 +360 sun night?; 7/7 6.5 k; 7/16 3.45k + vindu 7/16 9k	

- Noted Discrepancies**

- Contracts were not signed by food vendors. Though contracts were prepared, apparently it is not customary for food vendors to sign them. Invoices were made including rebates as donations to TANTEX.
- It is recommended that a few EC (tantex president, food chair) hold competitive bidding for major events so that pricing is competitive and costs are controlled.
- Ticket checking personnel at food entry point should be there throughout food service time slots to consistently and professionally check credentials.

C. Misc – Banners, Dresses, Decoration, parking, Extra Luggage

Cash payments were made to artists for around \$30K. Copies of Receipts were observed. Hotel and airline expenses invoices and payments incl. reimbursements were noted.

There were many others expenses incurred at the SJ event due to the size of the event; Bulk parking was purchased for resale at event but revenue loss was around \$800! EC approved Clothing for past president's stage performances were reimbursed without a proper invoice. Cost of banners and excess baggage were reimbursed without proper invoice. Questions were raised regarding travel expenses (from India) for a person. EC Approval for this could not be confirmed

- **Noted Discrepancies**

Several expenses were reimbursed without proper receipts

- a. SJ decoration
- b. Sports
- c. Extra Baggage
- d. Logo design
- e. Souvenir printing
- f. Photo session
- g. Inconsistent payment for airline mileage

Detailed list of missing invoices for expenses/ reimbursements is listed below in table with date, check # etc (names omitted). Many of these details came from TANTEX. Organization is advised to follow-up and collect proper invoices per accounting and IRS requirements.

TANTEX SJ event: missing invoices (for checks)

ck#	date	To	amount	purpose	issue
TANTEX SJ Audit Committee report					Sept. 16, 2012
1005	6/16/2011		240	shuttle tourney	No invoice?
1036	7/7/2011	aladdin table cloth	770	stub was star park 2780;	
1059	7/17/2011	sridhar reddy korsapati	300	maha TV tips (3)	no receipt, approval?
1060	7/17/2011	sridhar reddy korsapati	927	banners, excess bag'g(200), excess wt(70)	no receipt/ invoice fro exc. Bagg(LH)
1061	7/17/2011	sridhar reddy korsapati	1470	past pres dress	
1028	6/29/2011	sridhar reddy korsapati	300	logo design	
500-300=200donor	6/22/11?	ravi mantena	300	excess baggage (shawls, badges)	6/22 BA invoice(6770+3010/44.9=217.8)
1029	6/29/2011	ohry's	300	Photo session??	no proper invoice/ description
1031	6/30/2011	Indu reddy mandadi	687.39	decoration	no invoice, possible 1099 due
1069	7/20/2011	Indu reddy mandadi	500	Exchange for sponsor chk006055(holiday inn check)?	
1073	7/20/2011	sirisha Bavireddy	1950	stage décor, pillar rental, helpers(300)	no proper invoice (just exp. Reimb form)
1072	7/20/2011	sirisha Bavireddy	809	van (327), banner print, flowers	incomplete/no invoice
1035	7/5/2011	sirisha Bavireddy	1185	parking 550 slots (décor in stub; appr nms/rk sign)	no invoice
		sirisha Bavireddy			
1016	6/26/2011	balki chimkura	1879 (458)	volleyball, sports (T shirt expense)	partial receipt/ invoice
1088	7/25/2011	balki chimkura	291.35	volleyball, sports	no receipt/ invoice
1066	7/21/2011	raja reddy	1746	transportation (van, uhaul+)	no receipt/ invoice/ exp. Reimburse form
		Vijay Kakarla			
1011	6/21/2011	TVP graphics (NRU approved)	5000	advance payment for souvenir	no proper invoice
1030	6/30/2011	TVP graphics (NRU approved)	5000	Final? For souvenir	no invoice
1095	7/20/2011	NATA	4000	TANTEX SJ donation, bulk sent to NATA	No letter/ instr. From sponsor
1066	7/16/2011	binary creations LLC	500	sj website	no invoice/ receipt
1090	26-Jul	sreedhar chintalapaty	483	tantex sj song expense	no invoice
Z	7/29/2011	shashi kanta kanapathi?	600	for miles given towards tickets	no invoice (cannot pay for miles)/requires 1099
1093	7/28/2011	NRU	1000	ashtavadanam	receipt required

1098	7/30/2011	fun asia	2000	appreciation dinner	
1062	7/17/2011	Rk	1163	shawls (40500 @405 rs);badges 10640(58@190)	51140, 6/21/11 44.9=1147; 7/17 @44.5=1158

Recommended Standard Operating Procedures (SOP)

1. Check writing should be performed strictly per bylaws, preferably by 1 person, treasurer or, in absence, by joint treasurer
2. All expenses (above \$500) should be approved by EC per bylaws as recorded in meeting minutes prior to expenditure
3. All expenses (over \$75) MUST be reimbursed only with properly completed expense reimbursement form and proper receipts
4. 1099-Misc must be issued to unincorporated vendors for payments greater than \$600
5. Avoid conflict of interest especially to EC member/ family owned or affiliated company; this is standard to any organization, especially non-profit as any EC member in authority benefiting personally (or own business) from the organization erodes confidence of donors and opens the organization for abuse. See related item 8 below.
6. Competitive bidding by at least 2 vendors for any expenditure exceeding \$1000
7. Food service should be competitively bid – preferably under sealed bid (president, Treasurer and food chair); selected vendor should be informed to EC without details (to protect competitive bid)
8. All incoming EC members sign a Non Disclosure Agreement and Code of Ethics Agreement
9. Must have ONE person writing checks for special events (treasurer or jt treas. Who is available for the entire period of event planning to completion)
10. Membership rules must be followed completely
 - a. A person applying for life membership should write a personal check or pay via PayPal for him/herself and immediate family only and not for anyone else.

V. Miscellaneous Member concerns

At the outset, the TANTEX Silver Jubilee Audit Committee requested BOT chair to solicit member concerns re: event.

A. Membership

SJAC reviewed membership data (provided to TANTEX) from May to august 2011

- Most life members paid with check but some paid via PayPal.
 - Through checks we were not able to clearly confirm that payments were not paid properly.
 - In a PayPal transactions reviewed, a discrepancy was observed and noted below
- **Noted Discrepancies**
 - a. There were about 4 PayPal payments made by 1 individual for different members. This should have been deemed ineligible

B. Process

Several life members expressed concerns about process issues; SJAC attempted to identify issues related to audit but not others. The existing (and future) TANTEX bylaws should be followed and standard operating procedures applied should address these concerns.