

MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov
Office of Internal Audit
Tel: 305-673-7020

TO: Jimmy L. Morales, City Manager
FROM: James J. Sutter, Internal Auditor 
DATE: August 14, 2017
SUBJECT: **Miami Beach-Miami LGBT Sports & Cultural League, Inc. Financial Review**
PERIOD(S): February 15, 2013 – June 4, 2017

This report is the result of a City Administration request to review the financial records of the Miami Beach-Miami LGBT Sports & Cultural League, Inc. (LGBTSCL) regarding the 2017 World OutGames scheduled to be held from Friday May 26th through Sunday June 4th. This review primarily focused on identifying all provided sources of fund and expenditure destinations and whether the LGBTSCL properly managed these monies to stage the World OutGames Miami 2017. As this is not a recurring event, this report emphasizes the deficiencies identified but does not include recommendations and management responses to resolve these issues as found in most Internal Audit reports.

INTRODUCTION

The World OutGames are a sporting and cultural event hosted every four years to bring together lesbian, gay, bisexual and transgender athletes (LGBT) from around the world for a celebration of sport, culture and human rights, in the spirit of true inclusiveness, regardless of sexual orientation. The first World OutGames were held in Montreal, Canada in 2006 with subsequent games taking place in Copenhagen, Denmark in 2009 and in Antwerp, Belgium in 2013.

The World OutGames are licensed by the Gay and Lesbian International Sport Association (GLISA). Host cities are selected in a non-public process by its members. In February 2013, the Miami Beach-Miami LGBT Sports & Cultural League, Inc. (LGBTSCL), a Florida not for profit corporation formed to bid on the World OutGames, was selected by GLISA to host the 2017 games in Miami.

The World OutGames has three core elements according to their website:

- **Sport:** A sport component offering 8-10 sport disciplines at the Continental level and 30-35 sport disciplines at a World OutGames level. Which sports are included in an OutGames is determined by both the Host City and GLISA and can be flexible to include sports that are regional or continental favorites. Some of the sports selected for the 2017 games included badminton, basketball, beach volleyball, and field hockey.
- **Culture/Celebrations:** Cultural activities include music, dance and social activities such as country and western dance, marching bands, concert bands, big bands, color guard, cheerleading, choral festivals and leather events to name a few. The events range from participatory to observatory and from judged to non-judged. World OutGames also

typically include Opening and Closing celebrations featuring dance, music, song, choreography and athleticism.

- **Human Rights Conference:** World OutGames will play host to an International Conference on LGBT Human Rights, where delegates come together for workshops and discussions led by internationally respected leaders in human rights, researchers, legal scholars and trade organizations.

Per discussion with the LGBTSCL Chief Operating Officer, the World OutGames Miami 2017 initially started with a total of 37 sporting events. Prior to April 1, 2017, LGBTSCL cancelled fourteen of these events which consisted of cycling, rowing, netball, martial arts, wrestling, flag football, darts, dominos, bridge, rugby, poker, chess, cheerleading and billiards. Although, disk golf was added as a result of patron demand, it was subsequently cancelled along with marathon, half marathon, ballroom dancing, 5k run, 10k run and the triathlon on May 24, 2017, leaving seventeen planned sporting competitions to take place.

In an effort to help support the World OutGames, the Mayor and City Commission ratified the following Resolutions authorizing the disbursement of monies and/or the waiving of fees to LGBTSCL:

- Resolution No. 2014-28492 dated February 12, 2014 approved a \$100,000 grant with \$50,000 to be repaid once separate grant funding from the Miami Beach Visitor and Convention Authority (VCA) was disbursed. City check number 359743 dated May 1, 2014 for \$100,000 was subsequently issued and deposited intact by the nonprofit organization.
- Resolution No. 2016-29579 dated September 27, 2016 approved the disbursement of \$300,000 in three equal installments based on achieving certain fundraising goals. As a result, the City issued check number 407699 dated November 10, 2016 for \$100,000 which was to be used for the salary for development/fundraising services (\$50,000), marketing travel expenses and activation fees (\$25,000) and salary for Information Technology website/digital services (\$25,000). The remaining two \$100,000 payments were not issued to LGBTSCL as the specified fundraising goals were not satisfied.
- Resolution No. 2017-29828 dated April 26, 2017 eliminated the \$50,000 repayment provision specified in Resolution No. 2014-28492 above and it also waived Flamingo Park rental/user fees in an amount not to exceed \$3,750 plus special event permit application, permit and square footage fees in an amount not to exceed \$30,000.

Furthermore, the City reduced required deposits and extended permitting deadlines repeatedly as well as provided a number of in-kind hours by staff. The City Administration also raised monies from private companies to help pay for sporting event venues to ensure that registrants could compete. Besides these monies, fee waivers and in-kind services given by the City, the LGBTSCL was also awarded grants from the Florida Sports Foundation; Miami-Dade County; and VCA; and received donations from companies like Adidas and various individuals to help offset the costs of staging the games.

Information obtained through the registrants' database showed that a total of 2,180 persons were registered in either one or more sporting, cultural or human rights event(s). These patrons were charged registration fees that increased from \$150 for early bird registration to a maximum of \$400 as the event date approached and participation fees which ranged from \$50 to \$275 for each sporting event in which they elected to compete. Lastly, there were packages available for

anyone wishing to only attend the human rights conferences of \$150 per day or \$300 for all three days.

As late as October 2016, the event producer was still projecting an event budget between \$11.7 (full budget) and \$5 (bare bones budget) million. City staff expressed concern around the discrepancy between the budgets and fundraising efforts over the course of many months, but event organizers maintained that all events would take place as planned and refused offers to utilize low to no cost City venues up until the day before the planned opening.

Despite the aforementioned efforts and monies collected, the World OutGames Miami 2017 was cancelled by the event organizers on opening day, May 26, 2017. Although the great majority of athletes had already arrived, the event organizers announced the cancellation of all athletic events except for the aquatics, soccer, and Country Western dancing competitions. With the last minute underwriting support of the Greater Miami Convention & Visitors Bureau (GMCVB) which subsidized the venue costs, the Human Rights Conference also took place as scheduled.

City staff and community leaders rallied immediately to salvage many events for the athletes who were already in Miami Beach and in route. The Parks Department managed a robust schedule of sporting events in parks and community centers including basketball, volleyball, field hockey and more. The GMCVB partnered with the City to sponsor a welcome party for all athletes and delegates at the Miami Beach Botanical Gardens. City staff also worked closely with GMCVB staff to ensure representation at the National Hotel, the headquarter hotel, for registrants to ask questions and gather information.

OVERALL OPINION/CONCLUSION

The Miami Beach-Miami LGBT Sports & Cultural League, Inc. (LGBTSCCL) had ambitious plans for the World OutGames Miami 2017 based on previous games' turnouts and their strong beliefs in the local community. As a result, their October 2016 full budget projected \$11.7 million in revenues including \$4 million in sponsorships with 15,000 registrants which would allow them to have large opening and closing ceremonies, a main village, etc. and operate at a profit. The organization downgraded their revenue estimates to \$2.36 million in an updated budget submitted to the City in March 2017 where they still maintained that the games would be profitable. Unfortunately, their projections did not come to fruition with bank deposits in excess of \$1.4 million, the World OutGames were underfunded and a number of events had to be cancelled thereby resulting in forfeited monies and unhappy participants.

Compounding matters was the lack of sufficient, complete and organized documentation to support a portion of the monies that were received and/or disbursed. As a result, great reliance had to be placed on the integrity of the LGBTSCCL management to help explain these transactions' business purposes. In addition, there was a lack of oversight from the Board of Directors as staging the World OutGames became the responsibility primarily of a handful of individuals who appeared to struggle with staging such a large event.

On a positive note, internet research subsequently performed did support management's claims as to their vendors' existence and the type of services received from them. However, given lapses in maintained documentation and identified internal control deficiencies, Internal Audit could not feel reasonably assured that all monies were accounted for. The following summarized shortcomings were noted during this review:

1. The maintained general ledger was not necessarily accurate due to incorrect check numbers and misclassified disbursements. It was determined that LGBTSCL's total bank deposits equaled \$1,449,755.40 while withdrawals totaled \$1,442,032.53 between February 15, 2013 and June 4, 2017.
2. Sufficient supporting documentation was not provided for 51 of the 349¹ (14.61%) checks and 30 of the 311 (9.65%) non-check transactions paid (e.g. ATM withdrawals, wire transfers, debit card payments) totaling \$149,981.13.
3. Previously awarded reimbursement grants totaling \$68,045 have been recently denied payment while a \$200,000 Florida Sports Foundation, Incorporated grant remains outstanding.
4. At least \$295,100 continues to be owed to four hotels for unfilled rooms during the World OutGames Miami 2017 according to furnished documentation.
5. LGBTSCL paid only two out of five minimum guarantee license fee installments and therefore apparently owes \$81,541.79 in U.S. dollars to GLISA (a Canadian company). The total license fee for the event was \$175,000 and penalties of \$1,500 per week may be due based on Appendices 3 and 4 of their February 28, 2013 signed agreement.
6. Six primary fundraisers were held during the reviewed period whereby a net total of (\$1,387.06) was lost based on the documentation provided with the last one being held in September 2016 which was eight months before the World OutGames Miami 2017 started.
7. Happy Copenhagen remitted \$20,000 in wire transfers of the \$25,000 specified in their signed agreement with LGBTSCL but did not receive most of the designated benefits due to the cancellation of the OutGames Village and the opening ceremonies.
8. Payments totaling \$394,542 of \$1,442,032 (27.4%) were identified as strictly related to staging the games for facilities rental; venue insurance; lodging for sport officials, human right presenters and speakers; and outside organizations hired to organize and manage individual sporting events.
9. Over 12% of all identified payments (\$174,250 of \$1,442,032) were forfeited through deposits or installments for venues and/or events that were eventually cancelled.
10. Operational practice shortcomings noted included not filing income tax returns since their inception; bank reconciliations were frequently not completed timely by individual's independent of LGBTSCL; having one signatory sign all checks; etc.
11. The fiscal agent relationship between the LGBTSCL and the Miami-Dade Gay & Lesbian Chamber of Commerce Foundation, Inc. was used for more than the agreed upon grant reimbursement purpose.
12. LGBTSCL did not submit fully accurate and timely financial reports to the City as required by their signed grant agreement.
13. Temporary alcohol permits were obtained from an independent nonprofit organization during the reviewed period but the terms of the arrangements appear to contradict Florida Statute 561.422.
14. City Resolution No. 2014-28492 required LGBTSCL to reimburse the City \$50,000 of its \$100,000 award upon receipt of funding by the Miami Beach Visitor and Convention Authority that was not repaid despite getting \$50,000 annually in the 2014, 2015 and 2016 fiscal years until being waived by Resolution No. 2017-29828.
15. LGBTSCL's Chief Operating Officer charged \$94,006.35 in business expenses to his personal credit card to facilitate operations when monies were low of which \$32,513.10 has not been repaid to date.
16. The Board of Directors infrequently met after December 2013 based on provided minutes

1 - The total number of checks issued for the reviewed period is 525 before excluding rent and consulting fee payments.

and agendas plus directors resigned but were not timely replaced or removed from the Florida Division of Corporation's records.

17. Commission fees of 10% totaling \$5,876 were paid on seven (7) donations although this practice was not knowingly documented or approved by the Board of Directors.
18. Two (2) consultants received \$36,792 which was not reported to the Internal Revenue Service and detailed records describing the work performed and hours worked by contractors were not typically documented.
19. No detail on submitted local meal expenditures was provided to indicate the business purpose or the attendees present in support of the eight (8) related transactions totaling \$634.27.
20. LGBTSCL did not obtain their annual business tax receipts for the 2014/15, 2015/16 and 2016/17 fiscal years.

PURPOSE

The purpose of this review is to determine whether Miami Beach-Miami LGBT Sports & Cultural League, Inc. was fiscally responsible in managing and spending the monies received to stage a successful World OutGames Miami 2017 and that all tested monies were accountable.

SCOPE

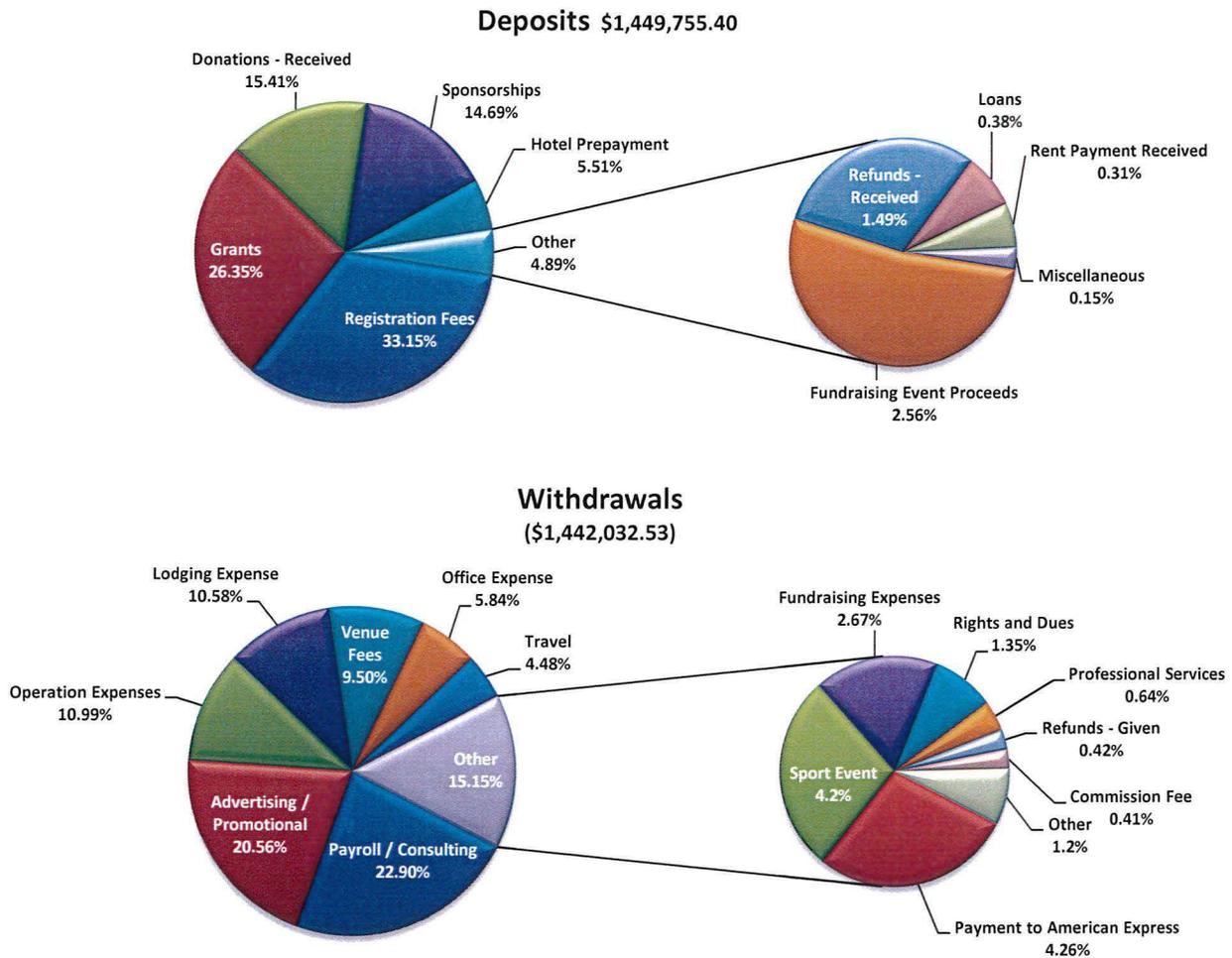
1. Confirm the total amount of monies raised and spent by the Miami Beach-Miami LGBT Sports & Cultural League, Inc. (LGBTSCL) during the reviewed period.
2. Confirm that the LGBTSCL's maintained accounting records and supporting documentation were organized, complete and sufficient.
3. Confirm that the internal control process and their established segregation of duties are adequate.
4. Confirm that all tested monies received from various revenue sources were deposited intact in the LGBTSCL's bank accounts and were properly reported.
5. Confirm that all tested monies received were expended in accordance with any documented requirements established by the donor.
6. Confirm that tested expenditures were aligned with the LGBTSCL's business purposes.
7. Confirm that the LGBTSCL is current with the City concerning business tax receipts, special event deposits, etc.

FINDINGS

1. Among other requested documents, Miami Beach-Miami LGBT Sports & Cultural League, Inc. or LGBTSCL provided their QuickBooks prepared general ledgers, bank statements (Wells Fargo checking and saving accounts from July 2013 through June 2017, a Bank of America checking account from February 2013 through June 2017 and a PayPal account from June 2015 till June 2017) and supporting documentation for many of these transactions. In reviewing these documents, it became apparent that the general ledger was not necessarily accurate as it was found to contain incorrect check numbers and disbursement classification errors. Supporting documentation deficiencies are addressed separately in finding #2.

Internal Audit also made inquiries to LGBTSCSCL management and vendors' internet information was compared to the World OutGames Miami 2017 work needs to help correct these identified deficiencies. All this information was then compiled and an updated transaction history was created with more accurate check numbers and classifications. Internal Audit had no knowledge of any services paid for but not received or of any personal relationships with these vendors that may exist. Lastly, this analysis does not include any in-kind funding that may exist or anyone who directly paid monies to vendors for products and/or services rendered as all transactions were centered on the bank statements.

Based on this updated transaction history, the following two charts were created to show that LGBTSCSCL's deposits totaled \$1,449,755.40 while withdrawals totaled \$1,442,032.53 between February 15, 2013 and June 4, 2017. Detailed dollar amount information can be found in Exhibit A located at the end of this report.



- It was noted that 51 of the 349² (14.61%) checks and 30 of the 311 (9.65%) non-check transactions paid (e.g. ATM withdrawals, wire transfers, debit card payments) totaling \$149,981.13 were missing supporting documentation. Similar issues occurred with the

2 - The total number of checks issued for the reviewed period is 525 before excluding rent and consulting fee payments.

deposits where there was not always sufficient information present to indicate the source of the monies. Listed below are three different types of disbursement transactions that are not considered as a business best practice and go beyond a supporting documentation issue.

- a. Two separate checks payable to the LGBTSCL's Sports Director were issued so that he could obtain cash to pay others. Check #2085 dated May 30, 2017 for \$5,000 was written so that the obtained monies could be used to pay the soccer officials. As no supporting documentation was present, Internal Audit requested verification that these monies were appropriately paid to the officials. After several days, an email dated June 11, 2017 and a copy of a Soccer Officials Receipt Sheet signed by an International Gay & Lesbian Football Association (IGLFA) representative was provided. However, it still was not signed by the individuals who supposedly received the payments. Similarly, check #1929 dated February 17, 2017 for \$396.86 was written to the Sports Director to supposedly pay \$375 to a rowing coach plus \$21.86 for ground transportation but there was no evidence verifying this transaction.
 - b. Checks #999 dated October 15, 2013, #1000 dated January 10, 2014 and #1539 dated August 4, 2014 for \$2,000, \$750 and \$1,200 respectively were identified as cash advance payments issued prior to traveling. However, no documentation was provided showing a reconciliation of the corresponding individuals' actual expenses with the monies advanced after they returned home.
 - c. Eighteen ATM cash withdrawals occurred for a total of \$4,471 but no documentation was provided showing how the monies were actually spent.
3. The information listed below refers to reimbursement based grants that were either recently denied or are on pending status as of the World OutGames June 4th conclusion:
- a. An \$18,000 tourism development grant and a \$5,045 cultural grant awarded by Miami-Dade County were not approved for reimbursement by the County Commission after the games ended in June 2017.
 - b. A \$45,000 grant from the Miami Beach Visitor and Convention Authority (VCA) was rescinded in June 2017 as the Miami Dade Gay & Lesbian Chamber of Commerce Foundation, Inc. (MDGLCC Foundation, Inc.) has withdrawn its fiscal agency and no monies will be paid out according to the VCA's Executive Director.
 - c. The required documentation for a \$200,000 grant awarded by the Florida Sports Foundation, Incorporated is currently being prepared. It is unknown at this time whether this grant will be approved for reimbursement.
4. According to information provided, four hotels claim that LGBTSCL still owes them money regarding guaranteed unfilled rooms. Hotels' names and amounts claimed are the Marriott Stanton South Beach (\$141,293), National Hotel (\$83,946), Courtyard Miami Coconut Grove (\$69,861), and an undetermined amount to the Doubletree by Hilton Miami Airport & Convention Center.
5. The World OutGames are licensed by the Gay and Lesbian International Sport Association (GLISA). In February 2013, the LGBTSCL was selected by GLISA in a non-public process by its members to host the 2017 games in Miami. The corresponding comprehensive

agreement signed on February 28, 2013 detailed the responsibilities of both parties associated with staging the games. Among its terms, Appendix 3 specifies the date and amount in Canadian dollars (CAN) that each of the five licensing fee installments totaling \$175,000 CAN are due while Appendix 4 states that penalties of \$1,500 are to be assessed for each week or part of each week that the payment is late. The table in Exhibit B located at the end of this report shows LGBTSCL's compliance with these terms and the corresponding amounts (excluding penalties) apparently owed to GLISA as of August 1, 2017.

The Greater Miami Convention & Visitors Bureau or GMCVB timely remitted \$50,849.18 U.S. dollars or \$51,781.63 CAN on behalf of LGBTSCL as the first installment of the minimum guaranteed license fee. Since these monies were paid directly to GLISA and were not deposited into LGBTSCL's bank accounts, they are not included in finding #1 and Exhibit A.

The table in Exhibit B shows that LGBTSCL apparently owes \$81,541.79 in unpaid installments. Penalties of \$1,500 per week may be levied if GLISA elects to charge them. Internal Audit has no knowledge of any abatement in license fees and/or penalties reached between the two parties.

6. Fundraising should be an integral part of the World OutGames Miami 2017's bank deposits as LGBTSCL strived to increase revenues. Yet, only the following six primary fundraising events were staged on the listed dates with the last one being held in September 2016:

DineOut at City Hall Restaurant	07/08/2015
DineOut at Poseidon Greek Restaurant	10/05/2015
White Splash	11/28/2015
An Evening of Empowerment with Martina Navratilova	12/11/2015
ArtScape at Collins Park	06/04/2016
Silver Soiree	09/08/2016

Lastly, Internal Audit's created transaction history showed that these fundraisers earned \$37,086.91 but spent \$38,473.97 for a combined net loss of (\$1,387.06) based on the information provided by LGBTSCL management which indicates that these events were not successful. However, these figures may or may not be totally accurate as there are some unsupported documentation transactions that were assumed to be fundraising related that were included in these calculations. Lastly, any in-kind donations or services received are excluded as there is no known means to confirm or verify these transactions.

7. Happy Copenhagen, a joint project organization of Pan Idraet sports club and Copenhagen Pride, entered into a strategic partnership agreement on December 15, 2015 with LGBTSCL for the purpose of promoting international LGBT culture at World OutGames Miami 2017. The short two page agreement requires Happy Copenhagen to remit \$10,000 on February 1, 2016; \$10,000 on July 1, 2016; and \$5,000 on January 1, 2017 for a total of \$25,000. In return, they were to receive on-site event placement (expo booth, stage presence, destination videos, etc. in the OutGames Village and opening ceremonies); brand placement (premium brand placement as partner city, four (4) social media posts, one (1) full page color ad in Souvenir Book, etc.); and four (4) All VIP access passes.

Happy Copenhagen remitted two \$10,000 wire transfers (\$19,944 was actually received

after \$56 in bank fees were deducted) were deposited by LGBTSCL into their Bank of America checking account on March 2, 2016 and July 15, 2016. However, LGBTSCL cancelled the OutGames Village and opening ceremonies so Happy Copenhagen did not receive many of the specified benefits.

8. Bank withdrawals totaling \$394,542 of \$1,442,032 (27.4%) were identified as strictly related to staging the sporting, cultural and human right's events which includes payments for facilities rental; venue insurance; lodging for sport officials, human right presenters and speakers; and outside organizations hired to organize and manage individual sporting events. The aforementioned amount includes \$170,200 of deposits or installments for venues and/or events that were subsequently cancelled (see finding #9). If expenditures on cancelled venues and/or event planning are not considered, the total disbursement amount for staging these events would be \$224,342 or 15.6% of total disbursements. One would believe that this figure is low considering that the sporting, cultural and human rights events are the underlying reason as to why the participants and their families come to the World OutGames.

9. Payments totaling \$174,250 were identified as deposits or installments for venues and/or events that were subsequently cancelled. According to LGBTSCL's Chief Operating Officer, the not for profit corporation experienced cash flow shortages at critical times which prevented them from taking advantage of opportunities and caused the forfeiture of non-refundable monies previously remitted. The following breakdown provides details on these forfeited monies:

Amount	
For Opening and Closing ceremonies (Not Held)	
\$75,000	Plans for large opening and closing ceremonies were initially drafted whereby LGBTSCL would sell tickets and food/beverages as a means to raise revenues. Consequently, they signed an agreement for the rental of the Marlins Stadium to host these ceremonies at a total cost of \$430,034. Three payments of \$25,000 each were made to Marlins Stadium Operator, LLC through check #1872 dated 12/9/2016, check #1885 dated 12/20/2016 and check #1916 dated 1/27/2017 before they defaulted.
\$27,000	Impression Group South, Inc. was hired to plan the opening and closing ceremonies. As a result, five checks between 3/29/2017 and 5/18/2017 were paid to this event planning and promotion company.
\$16,700	Live Nation/The Fillmore was paid \$5,000 through check #1998 dated 5/1/2017 and \$11,700 through a 5/24/2017 wire transfer to host the opening and closing ceremonies after the planned rental of Marlins Park fell through.
Other Consulting Expenses	
\$37,500	Operations & Production Specialists or OPS received seven different checks between 10/20/2016 and 5/3/2017 to provide on-site management for the sporting events. OPS announced their separation from LGBTSCL on 5/25/2017, the day before the games started, due to a lack of continuing payments.
\$9,000	Paul Mokha was a rowing coach who received four separate checks between 2/6/2017 and 5/8/2017 for managing and producing the rowing event which was ultimately cancelled due to the perceived high cost (LGBTSCL had a signed agreement with Paul Mokha for \$15,000).
\$5,000	Run The City, Inc. was hired to run the marathon, half marathon, cycling, etc. which was expected to cost close to \$200,000 for which only one \$5,000 payment was processed on 04/20/2017.

\$4,050	Monies paid to Event CAD Plans, Inc. between April 2016 and May 2017 to draw up site plans for the main village before being cancelled by LGBTSCL.
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10. A review of LGBTSCL's operational practices identified the following shortcomings:

- a. No Internal Revenue Service tax returns have been filed since the not for profit corporation's inception.
- b. Bank reconciliations for the provided Wells Fargo checking and savings accounts as well as the Bank of America checking account were not completed timely. Although the bank reconciliations' due date was not knowingly documented anywhere, standard industry practice is to require their completion by the end of the following month (ex. October 2015's bank statements should be reconciled by November 30, 2015 and so on).
 - Testing found that 44 of the 47 Wells Fargo checking account monthly reconciliations were not completed timely (93.62%), 45 of the 47 Wells Fargo savings account reconciliations (95.74%) and 50 of 53 Bank of America checking account reconciliations (94.34%).
 - The Wells Fargo joint checking and savings accounts from July 2013 through January 2016 were reconciled in February 2016 by the LGBTSCL's Chief Operating Officer while the remaining months through May 2017 were reconciled in late May by an individual independent of the organization.
 - The February 2013 Bank of America reconciliation was completed on February 5, 2016, those for March 2012 through January 2016 were done in February 2016 by the Chief Operating Officer and those for February 2016 through May 2017 were finished in late May 2017 by an individual independent of LGBTSCL.

A better segregation of duties would have occurred if the individual independent of LGBTSCL would have completed all the bank reconciliations since the Chief Operating Officer was in charge of finances and individually prepared most of the checks reviewed. Furthermore, these completed bank reconciliations contain a number of entries labeled "expense" or "deposit" that contained only the date and the corresponding amount so that it balances. As a result, one has to spend time reviewing the supporting documentation (if any exists) to determine the business purposes for these transactions.

- c. LGBTSCL's Chief Operating Officer and the Chief Executive Officer were primarily responsible for setting policies and running operations. The Chief Operating Officer, who was also the Board of Director's Treasurer as of May 2014, individually signed virtually every reviewed check. A recommended practice would have been to require all checks above a designated threshold to have a second signatory and to have an active Board of Directors reviewing and approving all financial transactions.
- d. The same expenses were submitted twice by the former Chief Executive Officer for reimbursement. This duplication went unnoticed and resulted in a \$696.20 overpayment due to their inclusion in check numbers 1636 and 1654 dated November 19, 2015 and December 18, 2015 respectively. This money should be repaid to the not for profit Florida corporation and paid out to creditors.

- e. Donor appreciation letters were not maintained which could be compared to the deposit amount to provide greater assurance that all monies received were deposited intact.
 - f. Net income reports were typically not prepared for fundraisers to help determine events' profitability and whether they should be held again. In addition, these documents would help give better assurance that all monies were accounted for, especially since some workers at fundraisers were knowingly paid with cash for their services rendered.
11. LGBTSCL and its donors realized the benefits afforded to section 501(c)3 organizations despite not actually receiving this designation and the MDGLCC Foundation, Inc.'s fiscal agent relationship was used for more than the agreed upon grant reimbursement purpose. The MDGLCC Foundation, Inc. is currently a registered Section 501(c)3 organization with the U.S. Department of Treasury through the Internal Revenue Service. Benefits of this designation include the federal income tax deductibility of donations and many states (including Florida) which allow 501(c)3 organizations to be exempt from sales tax on purchases. The LGBTSCL Board of Directors recommended applying for the 501(c)3 designation in 2013 but for unknown reasons it was never applied for.

The MDGLCC Foundation, Inc. stated in a June 7, 2017 email that they acted as a fiscal agent for the World OutGames for reimbursement grants only and LGBTSCL was never authorized to use this arrangement in any other manner. A fiscal agent involving nonprofit organizations is defined as an agreement for a tax-exempt charitable organization (MDGLCC Foundation, Inc.) to accept donations on behalf of an organization (LGBTSCL) that has not been granted tax-exempt status by the Internal Revenue Service. The fiscal agent merely acts as a pass-through organization to allow the other organization to receive the donation.

The MDGLCC Foundation, Inc. and the LGBTSCL created a joint Wells Fargo checking and saving account for which one representative from each organization was designated as a signatory. Donations to the World OutGames Miami 2017 would typically be deposited into the Wells Fargo joint checking account so that the donor could benefit from the federal income tax deduction provision. LGBTSCL management would then transfer monies from this account as needed into their Bank of America checking account for which only their Chief Executive Officer and Chief Operating Officers were signatories.

LGBTSCL management stated that they told vendors of their fiscal agent relationship with the Section 501(c)3 registered MDGLCC Foundation, Inc. which resulted in an estimated 76 transactions totaling \$15,600 in unpaid state sales taxes based on Internal Audit's calculations. LGBTSCL maintains that vendors' decisions to charge state sales tax was ultimately their own but this could not be verified except for the National Hotel. A June 7, 2017 email was received from the MGCLCC Foundation, Inc. which explicitly states that LGBTSCL is not authorized to use their tax exempt certificate for their contract with the National Hotel. State sales tax of \$10,918.26 is included in the \$83,946.40 owed to the National Hotel as addressed in finding #4 so this amount is not included in the aforementioned \$15,600 figure.

12. LGBTSCL did not submit accurate and timely financial reports to the City. Exhibit 3 of the grant agreement approved via City Resolution No. 2016-29579 requires LGBTSCL to submit a copy of their financial reports to the City every two months starting with October 31, 2016 as a requirement for accepting \$100,000 and potentially another \$200,000 if the designated

financial benchmarks are satisfied. After several requests from the City, the LGBTSCL provided two separate financial reports in April and May 2017 showing the amount of grants and donations committed and received plus any in-kind services.

Closer inspection of these reports found inconsistencies between the amount of revenues received and the amounts actually collected. For example, the report received on March 29, 2017 shows that a Miami-Dade County Commissioner donated \$25,000 when the information provided by the Chief Operation Officer shows \$35,000 and conversely the report lists Centerplate as giving \$25,000 when the records report only \$6,471. The City had previously determined that these reports included both confirmed and pending sponsorships and commingled monies received with in-kind services. Lastly, no supporting documentation was furnished to the City despite several requests.

13. A nonprofit organization obtained alcohol permits for the LGBTSCL's White Splash functions in return for a negotiated flat fee. However, this arrangement appears to contradict Florida Statute 561.422 as the events were not held on their premises but at the Aloft Hotel. Furthermore, the nonprofit organization received a negotiated flat fee for the use of their alcohol permit rather than LGBTSCL retaining all the net profits.

Florida Statute 561.422 states "... the director of the division may issue a permit authorizing a bona fide nonprofit civic organization, charitable organization, municipality, or county to sell alcoholic beverages for consumption on the premises only, for a period not to exceed 3 days, subject to any state law or municipal or county ordinance regulating the time for selling such beverages. All net profits from sales of alcoholic beverages collected during the permit period by a nonprofit or civic organization must be retained by such organizations..."

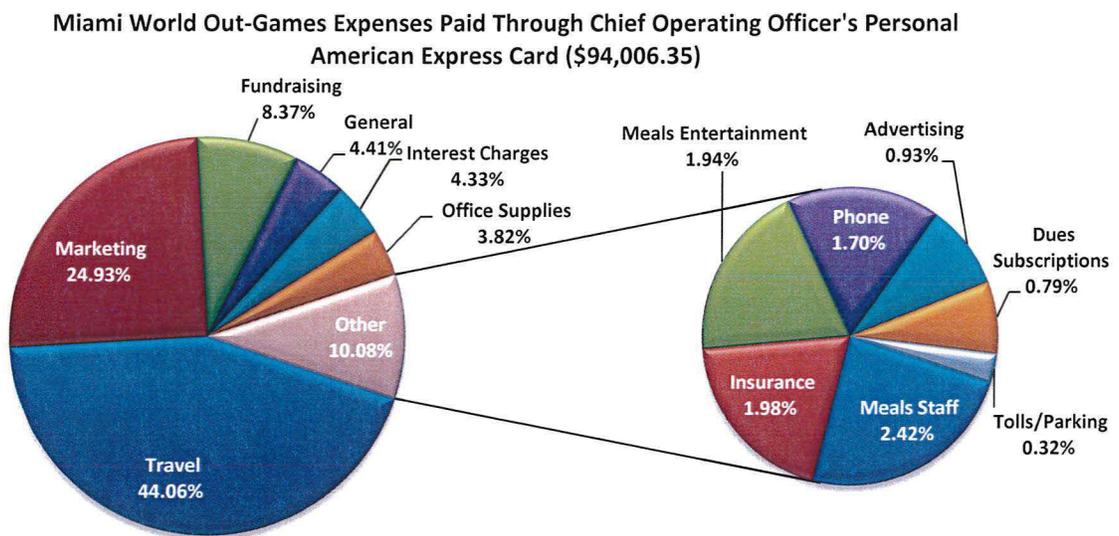
In addition, LGBTSCL's Chief Operating Officer stated that a nonprofit organization obtained an alcohol permit for a booth on Lincoln Road during a Halloween event. Profits were to be split between LGBTSCL and the sponsoring nonprofit organization obtaining the permit. Although there were supposedly no profits earned, this arrangement may not be in compliance with Florida Statute 561.422.

14. LGBTSCL did not repay the City the \$50,000 owed timely upon receipt of the VCA monies. City Resolution No. 2014-28492 required LGBTSCL to reimburse the City \$50,000 of its \$100,000 award upon receipt of funding by the VCA. These monies are in addition to the \$100,000 aforementioned payment issued in October 2016. Although additional monies were received annually from the VCA during 2014, 2015, and 2016, they did not reimburse the City. The City Commission ultimately adopted Resolution No. 2017-29828 effective April 26, 2017 thereby eliminating this repayment provision.
15. According to the Chief Operating Officer, the not for profit corporation did not have sufficient assets to secure company credit cards. Therefore, he used his personal credit card to pay for organizational expenses, especially when the LGBTSCL's reserves were low. As funds were subsequently received, he would periodically pay down his credit card's outstanding balance. The commingling of business and personal purchases is not considered a business best practice and has complicated the reconciliation process.

The Chief Operating Officer tagged \$94,006.35 in purchases between May 2015 and June 2017 as World OutGames expenses through his American Express credit card. Internal Audit had to rely on these tags as accurate because no other supporting documentation for

these purchases were typically maintained other than the information present on the credit card statement. For this reason, these expenditures were not included in the deposits and withdrawals chart in Exhibit A located at the end of this report.

Three payments were made to American Express (check #1833 – October 19, 2016 for \$13,573.91, check #2022 – May 8, 2017 for \$27,000.00 and check #2071 – May 30, 2017 for \$20,919.34), for a total of \$61,493.25. As of completion of this review, LGBTSCL's Chief Operating Officer claims an unpaid balance of \$32,513.10. Distribution of card expenditures is shown in the graph below, and detailed dollar amount information can be found in Exhibit C located at the end of this report.



- LGBTSCL created detailed policies and procedures that were approved on January 15, 2014 which included a description of the Board of Directors' roles. Among other duties, the Board of Directors are to seek and secure sufficient resources to adequately finance the organization's programs and objectives; ensuring prudent and judicious management of the organization's resources; and supervising the development and approval of a strategic plan, operating plan and operating budget.

The Board of Director meetings were not routinely held so sufficient supervisory oversight might not necessarily have been received. Although ten (10) meetings were held between December 2012 through December 2013, fewer meetings were held as the World OutGames Miami 2017 drew nearer based on provided documentation (5 agenda/minutes present for 2014; 1 for 2015; 3 for 2016 and none for 2017).

Furthermore, LGBTSCL's Chief Executive Officer stated that five (5) of the ten (10) Board of Directors members resigned, but were not replaced. In fact, a printout obtained from the Florida Division of Corporations on May 26, 2017 still listed three (3) individuals as directors despite apparently resigning months earlier.

- As a financial incentive, the Chief Operating Officer stated that fundraisers had the option of receiving a 10% commission payment on any donations secured that exceeded \$1,000. Testing found that \$5,876 was disbursed on seven (7) separate donations which was

comprised of \$4,376 paid to LGBTSCL's Chief Executive Officer and \$1,500 to Arc and Arrow Inc. (a LGBTSCL vendor). This policy was not knowingly documented or approved by the Board of Directors or disclosed to donors.

18. LGBTSCL claimed that they did not have any employees as all staff members were paid as independent contractors and no federal income taxes were withheld. A form 1099 contains information about any income that has been received by the listed individual, or corporation that would not normally be listed on a W-2 form. It is to be prepared and submitted for designated workers whose annual income exceeded \$600.

As mentioned previously, all provided general ledger and bank deposit transactions during the reviewed period were analyzed. In doing so, each consultant's total annual fees paid was calculated and compared to the form 1099s submitted to ensure that the correct amount was reported. Testing identified the following differences totaling \$36,792:

- a. Individual fees of \$14,292 paid to the Chief Executive Officer were not reported in the 2014 calendar year.
- b. One consultant who formed a single member LLC should have received a form 1099 that reported fees of \$22,500 during the 2016 calendar year, but did not.

Lastly, it was noted that LGBTSCL's independent contractors received fixed checks depending on the availability of funding. There was typically no supporting documentation provided showing how many hours were actually worked during the pay period or the tasks completed. The only exception noted was when LGBTSCL's Chief Executive Officer was paid an hourly rate prior to receiving his monthly flat rate in October 2015.

19. No detail on submitted local meal expenditures was provided to indicate the business purpose or the attendees present in support of the eight (8) related transactions totaling \$634.27.
20. LGBTSCL did not obtain their annual business tax receipts which operated since March 2015 from their offices located at 1220 Washington Avenue. As a result of their nonprofit status, they should have received annual business tax receipts from the City but would have only been liable to pay the fire inspection fees component. Yet, a review of the City's Financial Systems showed that annual business tax receipts were not billed or received for the 2014/15, 2015/16 and 2016/17 fiscal years.

JJS:MC:NB

Review performed by Assistant Internal Auditor Mark Coolidge and Senior Auditor Norman Blaiotta

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cc: Kathie Brooks, Assistant City Manager
Daniel J. Oates, Police Chief
John Woodruff, Chief Financial Officer
Eva Silverstein, Tourism, Culture and Economic Development Department Director
Keith Hart, Chief Operating Officer, Miami Beach-Miami LGBT Sports & Cultural League, Inc.

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Exhibit A – Deposits and Withdrawals

MIAMI BEACH-MIAMI LGBT SPORTS & CULTURAL LEAGUE

Deposits and Withdrawals

February 15, 2013 - June 4, 2017

Description	\$ Amount	% From Total			
Deposits by Source					
Registration Fees	\$480,590.41	33.15%			
Grants	381,941.00	26.35%			
Donations - Received	223,464.18	15.41%			
Sponsorships	213,029.12	14.69%			
Hotel Prepayment	79,848.01	5.51%			
Fundraising Event Proceeds	37,086.91	2.56%			
Refunds - Received	21,588.80	1.49%			
Loans	5,500.00	0.38%			
Rent Payment Received	4,500.00	0.31%			
Miscellaneous	2,000.11	0.14%			
Initial Deposit	200.00	0.01%			
Fee reimbursement	6.86	0.00%			
Deposits Total	\$ 1,449,755.40	100%			
Withdrawals by Expense Classification					
Consulting Fees	\$330,217.57	22.90%		0	\$330,217.57 22.39%
Advertising / Promotional	296,498.27	20.56%	24,310.89 *	320,809.16	21.76%
Operating Expenses	169,013.94	11.72%	4,149.18	173,163.12	11.74%
Lodging Expense	152,610.83	10.58%	0	152,610.83	10.35%
Venue Fees	121,563.95	8.43%	0	121,563.95	8.24%
Office Expense	84,184.43	5.84%	5,191.43 **	89,375.86	6.06%
Sporting Events	65,475.00	4.54%	0	65,475.00	4.44%
Travel	64,630.68	4.48%	41,714.88 ***	106,345.56	7.21%
American Express	61,493.25	4.26%	(61,493.25)	0.00	0.00%
Fundraising Expense	38,473.97	2.67%	7,866.58	46,340.55	3.14%
Licensing Fees	19,444.25	1.35%	740.00	20,184.25	1.37%
Professional Services	9,300.00	0.64%	0	9,300.00	0.63%
Refunds - Given	6,092.52	0.42%	0	6,092.52	0.41%
Commission Fee	5,876.40	0.41%	0	5,876.40	0.40%
Loan Repayment	4,500.00	0.31%	0	4,500.00	0.31%
ATM - Cash Withdrawals	4,471.12	0.31%	0	4,471.12	0.30%
Miscellaneous	2,000.00	0.14%	0	2,000.00	0.14%
Bank Fees	1,855.88	0.13%	0	1,855.88	0.13%
Donations - Given	1,000.00	0.07%	0	1,000.00	0.07%
Loan - Returned by Bank	1,000.00	0.07%	0	1,000.00	0.07%
Insurance	1,000.00	0.07%	1,860.59	2,860.59	0.19%
Duplicate Payment	696.20	0.05%	0	696.20	0.05%
Meals (Local)	634.27	0.04%	4,106.88 ****	4,741.15	0.32%
AMEX Interest Charges			4,065.92	4,065.92	0.28%
Withdrawals Total	\$1,442,032.53	100%	\$32,513.10	\$1,474,545.63	100%

Note: Deposits and Withdrawals chart includes transactions from Wells Fargo, Bank of America and PayPal. Further details on next page. American Express expenditures and applicable percentage distribution are shown in right pane.

* Includes AMEX expenditures tagged by LGBTSCL Management as "Marketing" and "Advertising"

** Includes AMEX expenditures tagged by LGBTSCL Management as "Office Supplies" and "Phone"

*** Includes AMEX expenditures tagged by LGBTSCL Management as "Travel" and "Tolls/Parking"

**** Includes AMEX expenditures tagged by LGBTSCL Management as "Meals Staff" and "Meals Entertainment"

Notes on Deposits and Withdrawals Chart (Exhibit A)

Deposits by Source

Registration Fees: Consists of payments received by World OutGames sporting, cultural and human rights events' participants.

Grants: Complete breakdown

City Of Miami Beach	\$200,000
Miami Beach Visitor and Convention Authority (VCA)	150,000
Miami-Dade County Tourism Development Council	20,000
Greater Miami Convention & Visitors Bureau	5,500
Miami Dade County Cultural Grant	4,941
VCA reimbursement	<u>1,500</u>
Total	\$381,941

Donations – Received: Donations received from multiple sources (individuals/corporations). This classification would include monies to pay for services (e.g. fundraising event tickets, lodging, and registration fees) but they were excluded due to the lack of detailed information. Within the total amount is \$18,000 from AIDS Healthcare Foundation and \$8,366 (net of collection fees) raised through the Generosity-INDIEGOGO website by the Miami-Dade Gay & Lesbian Chamber of Commerce Foundation, Inc.

Sponsorships: Complete breakdown

Adidas	\$100,000
Blackpool Promotions	49,965
My Gay Miami Sponsorship	20,000
Happy Copenhagen	19,944
Fentress Architects	5,000
Hill International	5,000
Centerplate	6,471
Global Spectrum	4,854
Federation of Gay Games	1,005
Advertising Proceeds	<u>790</u>
Total (Rounded)	\$213,029

Hotel Prepayment: Deposits received by LGBTSCL from registrants, allocated to pay for lodging at the National Hotel only. Within the total amount is \$39,553 in wire transfers received from Happy Copenhagen and \$19,713 from Pan Idraet (a Copenhagen sports club).

Fundraising Event Proceeds: Deposits that are tied to monies earned at fundraising events such as White Splash, Silver Soiree and ArtScape Collins Park.

Refunds – Received: Complete breakdown

City of Miami Beach (CMB) deposit refunds	\$10,894
Refund Spectra	10,000
Refund Light House Project	500
Fee Refund / Other Refund (Bank Fees Related)	<u>195</u>
Total (Rounded)	\$21,589

CMB deposit refunds breakdown:

- \$5,000 deposit refund for fundraising event held at Collins Park on 6/4/2016 entitled Artscape Collins Park.
- \$2,500 deposit refund for fundraising event held at Aloft Hotel on 11/28/2015 entitled White Splash Pool Party.
- \$3,394 partial deposit refund for a fundraising event on 10/31/2015 entitled Halloween on Lincoln Road.

Note on Refunds - Received: LGBTSCL initially remitted \$500 to the Light House Project to rent a room for a meeting. However, the meeting was subsequently cancelled and the monies were refunded. Similarly, the \$10,000 payment from Spectra, who manages the Miami Beach Convention Center for the City, was refunded to LGBTSCL because the property was being renovated and could not accommodate the planned World OutGames activities. LGBTSCL's initial \$10,000 payment is recorded in Exhibit A as "venue fees" under the Withdrawals by Expense Classification section.

Loans: Loans given by the Chief Operational Officer when LGBTSCL's funds were low.

Rent Payments Received: For sub-renting office space to Miami Beach Gay Pride Inc.

Miscellaneous: \$2,000 erroneous bank transaction. It is offset with a \$2,000 withdrawal also classified as miscellaneous.

Initial Deposits: Deposits related to opening the bank accounts.

Section intentionally left in blank.

Withdrawals by Expense Classification

Consulting Fees: All individuals, corporations and single-person limited liability corporations (LLCs) who received monies in exchange for hours worked during the reviewed period. A complete breakdown is shown below.

Ivan Cano (Chief Executive Officer)	\$106,992
Lynare Robbins (human rights/diversity)	69,400
Carol Coombes (culture, arts and film)	57,344
Marc Brown (former Sports Director)	28,308
Jordan Selders (current Sports Director)	25,894
P3P, LLC (fund raising)	24,000
Kiana Wise (marketing)	9,100
BravaBravo (project management)	7,500
Scott Galvin (volunteer recruitment)	680
Melba DeLeon (2 week assignment)	500
James Ambrose (2 week assignment)	500
Total (Rounded)	\$330,218

Note on Consulting Fees: Chief Operating Officer, Keith Hart, did not receive any consulting fee payments during the reviewed period.

Advertising / Promotional: This classification includes all expenditures related to advertising and promotions. Companies which received payments of \$10,000 or more are shown below.

Arc & Arrow Creative/ QLIXI Marketing Group/ Lion Creative	\$140,337
Goodman Public Relations	30,600
Multi Media Platforms Worldwide Inc.	23,400
Murry Agency	18,098
Gayhills Inc.	10,000
Total (partial)	\$222,435

Note 1 on Advertising / Promotional: Arc & Arrow Creative, QLIXI Marketing Group, and Lion Creative were grouped together based on information provided by LGBTSCL's Chief Operating Officer and were later confirmed through an internet search which disclosed that Arc & Arrow Creative Group LLC and QLIXI Marketing Group were the same company and subsequently Lion Creative, LLC acquired Arc & Arrow Creative Group LLC in 2015. These three companies were compensated for creating LGBTSCL's website and logo as well as for providing professional marketing and branding.

Note 2 on Advertising / Promotional: The total for this classification do not include expenditures made through LGBTSCL Chief Operating Officer's personal American Express credit card. According to tags made by the Chief Operating Officer, a total of \$24,310.89 (\$23,434.45 on "marketing" and \$876.44 on "advertising") was expended. If these amounts were considered, expenditures would equal \$320,809.16 which is 21.76% of total expenditures.

Operating Expenses: This classification includes catering, music, moving expenses and expenses related to the cancelled open & closing ceremonies as mentioned previously in the report:

- Marlins Stadium Operator, LLC \$75,000
- Impression Group South, Inc. \$27,000
- Live Nation \$16,700

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Note on Operating Expense: Totals for this classification do not include expenditures made through LGBTSCL Chief Operating Officer's personal American Express credit card. According to tags made by the Chief Operating Officer, a total of \$4,149.18 was expended under the classification called "General". If these amounts were considered, expenditures would equal \$173,163.12 which is 11.74% of total expenditures.

Lodging Expense: Complete breakdown

National Hotel	\$112,000
Officials and Presenters (Marriott Stanton South Beach)	25,000
Aquatics – Officials (Marriott Stanton South Beach)	11,186
Human Rights Speakers (Marriott Stanton South Beach)	<u>4,425</u>
Total (Rounded)	\$152,611

Amounts reported for the National Hotel represent monies LGBTSCL received directly from registrants to pay for lodging, which were subsequently transferred to the National Hotel. Conversely, the payments to the Marriott Stanton South Beach Hotel represent rooms paid by LGBTSCL for the listed groups at no charge to the group.

Venue Fees: Organizations receiving payments of \$10,000 or more are shown below.

Operation & Production Specialists (OPS)	\$37,500
Aquatics - Ransom Everglades School	25,000
New World Symphony	17,231
Miami Theater Hub Inc.	10,449
Doubletree Miami (Flooring)	10,000
Spectra	<u>10,000</u>
Total (partial)	\$110,180

Note on Venue Fees: LGBTSCL's \$10,000 payment to Spectra, who manages the Miami Beach Convention Center for the City, was subsequently refunded because the property was being renovated and could not accommodate the planned World OutGames activities. The return of these monies is recorded in Exhibit A as "refunds – received" under the Deposits By Source section.

Office Expense: This classification includes expenditures directly related to the general operation of the organization. The highest disbursement in this group is LGBTSCL's office rental payments of \$57,189.

Note on Office Expense: Totals for this classification do not include expenditures made through LGBTSCL Chief Operating Officer's personal American Express credit card. According to tags made by the Chief Operating Officer, a total of \$5,191.43 (\$1,596.43 on "phone" and \$3,595.00 on "office supplies") was expended. If these amounts were considered, expenditures would equal \$89,375.86 which is 6.06% of total expenditures.

Travel: It includes air fare, lodging, ground transportation, meals, and travel reimbursements.

Note on Travel: Totals for this classification do not include expenditures made through LGBTSCL Chief Operating Officer's personal American Express credit card. According to tags made by the Chief Operating Officer, a total of \$41,714.88 (\$41,417.66 on "travel" and \$297.22 on "tolls/parking") was expended. If these amounts were considered, expenditures would equal \$106,345.56 which is 7.21% of total expenditures.

Through inquiries to LGBTSCL management, travels were identified and summarized in the chart shown below.

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Year	Month	Location	Reason
2013	February	Antwerp , Belgium / Amsterdam, Netherlands	Antwerp - Bid presentation for World OutGames Amsterdam - marketing, public relations and talent recruitment
	June/July	Santo Domingo, Dominican Republic	Latin American Marketing - Santo Domingo Pride
	August	Antwerp, Belgium	Attendance at OutGames III - Marketing, receiving GLISA Flag as next host, observation and interviews of sporting events.
2014	January	Las Vegas, NV	Sin City Shoot Out - Multi Sports Tournament
	March	Ljubljana, Slovenia	European Gay & Lesbian Sports Foundation (EGLSF) - AG
	June	Buenos Aires, Argentina	G Network Conference and Sports Recruitment in LA - GMCVB
	June	Portland, OR	LGBT Sports Summit
	July	Santo Domingo, Dominican Republic	Meeting with Dominican Republic's Ministry of Sport. With Jose Luis Suero
	August	Copenhagen, Denmark	Copenhagen Pride - Meeting with COP and Ambassador Gifford
	November	Buenos Aires, Argentina	Copas de la Americas
2015	March	Krakow, Poland	EGLSF - AG
	June	Tel Aviv, Israel	Israel PRIDE - Tel Aviv - PAID BY ISRAELI TOURISM
	June	Portland, OR	LGBT Sports Summit
	August	Stockholm, Sweden	EuroGames 2015
2016	March	Los Angeles, CA	To Meet with Jason Collins and Cyd
		Glasgow, Scotland	EGLSF - AG
	July	Atlanta, GA	HOOP - Basketball Tournament in Atlanta
	August	Copenhagen PRIDE	Copenhagen Pride
			Sporting Event
			Meeting with EGLSF Marketing Partner
			Basketball Tournament
	December	Asian Promo for 7 cities in 17 Days	Sydney/Brisbane/Adelaide/Melbourne/Auckland Sports Teams
Bangkok - ILGA - Human Rights Conference			
Hong Kong - Sports Team			
2017	January	Las Vegas, NV	Sin City Shoot Out - Multi Sports Tournament
	March	Dusseldorf, Germany	EGLSF - AG
		Nuremberg, Germany	Meeting Adidas to finalize sponsorship

American Express: These numbers refer to three (3) payments made to LGBTSCS Chief Operating Officer's American Express credit card through check #1833 - 10/19/2016 for \$13,573.91, check #2022 - 5/8/2017 for \$27,000 and check #2071 - 5/30/2017 for \$20,919.34, for a total of \$61,493.25. These expenditures were not included in the Deposits and Withdrawals chart (Exhibit A) and are shown in Exhibit C.

Sporting Events: Expenditures relating to planning and operating sporting events. Complete breakdown

Aquatics - Nadadores of South Florida	\$26,960
Soccer - Soccer Marketing Promotions	12,855
Rowing - Paul Mokha	9,000
Badminton / Thomas Shek	6,235
Jordan Selders (Soccer Referees)	5,000
Track & Field - Run the City	5,000
Jordan Selders (Rowing)	375
Aquatics - Florida Gold Coast	<u>50</u>
Total	\$65,475

Fundraising Expense: Withdrawals/payments that are tied to fundraising events.

Note on Fundraising Expense: Totals for this classification do not include expenditures made through LGBTSCL Chief Operating Officer's personal American Express credit card. According to tags made by the Chief Operating Officer, a total of \$7,866.58 was expended. If these amounts were considered, expenditures would equal \$46,340.55 which is 3.14% of total expenditures.

Licensing Fees: Includes one payment of \$19,144 to Gay and Lesbian International Sport Association (GLISA).

Note on Rights & Dues: Totals for this classification do not include expenditures made through LGBTSCL Chief Operating Officer's personal American Express credit card. According to tags made by the Chief Operating Officer, a total of \$740.00 was expended. If these amounts were considered, expenditures would equal \$20,184.25 which is 1.37% of total expenditures.

Professional Services: Computer aided design or CAD, engineering and lawyer services.

Refunds – Given: Refunds given to participants.

Commission Fee: 10% commission fee paid on seven (7) received donations.

Loan Repayment: Payments related to short term loans made to LGBTSCL by its Chief Operating Officer.

Miscellaneous: \$2,000 erroneous bank transaction. It is offset with a \$2,000 deposit also classified as miscellaneous.

Bank Fees: Includes overdraft, returned check, foreign transaction, ATM fees, among others.

Donations – Given: To the International Gay and Lesbian Aquatics (IGLA) organization.

Loans – Returned by Bank: A \$1,000 loan was received and returned by the bank.

Insurance: Performance Bond

Note on Insurance: Totals for this classification do not include expenditures made through LGBTSCL Chief Operating Officer's personal American Express credit card. According to tags made by the Chief Operating Officer, a total of \$1,860.59 was expended. If these amounts were considered, expenditures would equal \$2,860.59 which is 0.19% of total expenditures.

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Meals: Local meals

Note on Meals: Totals for this classification do not include expenditures made through LGBTSCL Chief Operating Officer's personal American Express credit card. According to tags made by the Chief Operating Officer, a total of \$4,106.88 (\$2,270.62 on "meals staff" and \$1,836.26 on "meals entertainment") was expended. If these amounts were considered, expenditures would equal \$4,741.15 which is 0.32% of total expenditures.

Duplicate Payment: Expense reimbursement paid twice with checks #1636 and #1656.

Exhibit B – GLISA Licensing Fees

GLISA Licensing Fees

GLISA LICENSING FEES INSTALLMENT NUMBER	YEAR	GLISA LICENSING FEES AMOUNT DUE (CAD)	DUE DATE	PAYMENT AMOUNT (US) *	PAYMENT AMOUNT (CAD) **	PAYMENT DIFFERENCE (CAD)	PAYMENT DIFFERENCE (US) ***	PAYMENT DATE
1	2013	\$50,000.00	06/30/2013	\$50,849.18	\$51,781.63	\$1,781.63	\$1,749.55	06/10/2013
2	2014	\$20,000.00	06/01/2014	\$19,144.25	\$20,797.17	\$797.17	\$733.82	05/30/2014
3	2015	\$20,000.00	06/01/2015	\$0.00	\$0.00	(\$20,000.00)	(\$16,004.79)	N/A
4	2016	\$35,000.00	06/01/2016	\$0.00	\$0.00	(\$35,000.00)	(\$28,008.39)	N/A
5	2017	\$50,000.00	03/27/2017	\$0.00	\$0.00	(\$50,000.00)	(\$40,011.98)	N/A
TOTAL		\$175,000.00		\$69,993.43	\$72,578.81	(\$102,421.19)	(\$81,541.79)	

FOOTNOTES:

* The GMCVB made the first licensee installment payment to GLISA on behalf of LGBTSCL. Although the first installment payment actually equaled \$50,849.18 U.S., no documentation was received to explain the reasons for the overage so it was all assumed to have been paid to GLISA.

** The agreement requires all payments to be in Canadian dollars so the exchange rates as of the 06/10/2013 and 06/30/2014 payment dates were 1.0183376359 and 1.0863404929 respectively.

*** \$1 CAN equaled \$.9819925576 and .9205217025 U.S. dollars as of the 06/10/13 and 05/30/14 payment dates
 August 1, 2017's exchange rate of \$1 CAN equals \$.8002395953 U.S. was used in those instances whereby no payment has been received to date

Exhibit C – World OutGames Miami 2017 Expenses Paid through American Express

World OutGames Miami 2017 Expenses Paid through American Express

AmEx Tags	Total Expenditure \$	%
Travel	\$41,417.66	44.06%
Marketing	23,434.45	24.93%
Fundraising	7,866.58	8.37%
General	4,149.18	4.41%
Interest Charges	4,065.92	4.33%
Office Supplies	3,595.00	3.82%
Meals Staff	2,270.62	2.42%
Insurance	1,860.59	1.98%
Meals Entertainment	1,836.26	1.95%
Phone	1,596.43	1.70%
Advertising	876.44	0.93%
Dues Subscriptions	740.00	0.79%
Tolls/Parking	297.22	0.32%
Total	\$94,006.35	100.00%

Note: Expense classification on Chief Operating Officer's American Express are based on the tagged reports provided.