

I was on the audit committee this year along with Kimberley Lafferty-Stonier and Patsy Verhoeven. We had volunteered for this due to our concern for the club's confusing financial reporting. Quana was the treasurer and she appeared to be in a constant state of confusion about what she was doing and the reports she was producing. The problem was obvious enough that the board asked if anybody could help her. I volunteered to coach her along at one of the earlier board meetings. I asked her when we could get together several times and got a negative response. At one point she tactfully said that she had it handled and that she would appreciate it if I would stop asking. Since she was not open to my help, I had to drop the issue. What I have learned since the audit is that she actually thought that she was doing a good job.

I am an accountant and computer programmer by occupation. During a financial review or an audit, we have to deal in facts, not emotion. The first fact was that Quana did not know how much money was turned over to her, Bill Holbrook, and Jan St. Pierre from Sandy Elterich (the resigning treasurer). She did not have a copy of the sheet of paper that had all the amounts of paper and coin currency that all three of them had signed when picked up from Sandy. Quana had listed the amount of all the cash that had been turned over with the exception of the amounts that we think were in envelopes for the charity, emergency, charity beach party, and a few other items. Since we did not have a copy of the money turned over and signed for we started off with the sheet that Quana turned over to us when she delivered the money and the files. We spent several hours counting all the cash, spot checking the reports for backup in the files. It was an overview. At the end of the evening, we were something like 1,500.00 pesos short but figured that was close enough and went home. Because Quana was not sure about the beginning number and knowing that Sandy is diligent in her record keeping we knew that she would have a copy of the signed sheet of money turned over at the time of her resignation. We decided to follow through with what we should do and check with her which we did the next day. Sandy turned over the sheet that was given to and signed by Bill, Jan, and Quana. The sheet that we got from Sandy stated a difference of more than twice the amount that Quana stated in the sheet she provided us the night before. When we left all three of us knew what we had to do before we even spoke a word to each other. We had to dig into everything! With a sick feeling in all of our stomachs we took all the files with all the reports and recreated six months of accounting. Each of us took the same section of each month's records and diligently added up every receipt, every merchandise report, and every monthly recap. Kimberley created an Excel Spreadsheet that showed what Quana reported versus what the actual records supported. The variances were significant. It was clear that Quana was not capable of being a treasurer. We were hunting for any receipts that could possibly support the loss of over 139,000 pesos. We did not want to believe that pesos had been stolen. As we marched through each month we found no receipts that supported the loss. We then started comparing money from past years to see if things were within a reasonable range in general. We did have more expenses than the prior year which made sense, prices had gone up. We thought about what the club spent money on and looked for those items to be sure that this was not a matter of lost receipts. We could not think of any expense that was missing. When we finished all three of us were sick to our stomachs. Plain and simple the money was GONE.

Now, let's look at how the money was handled according to what Bill and Quana told us. The day of the handoff of money from Sandy the total treasury was handed to Quana to take home, not to put into the club's safe. The next morning she gave the money to Bill to put into the safe. She did not want to know the combination. According to Bill, he put it into the safe. No, it was not counted at that time. We do not know if Quana held some out for reimbursements at that time. During the season Quana collected the coffee money, the money from functions such as the St. Patrick's dinner, the charity beach party, the Bayfest hot dog party, wine tasting, etc. She did not put that money into the safe for quite some time. According to Quana, when the audit was coming up she decided to get the money from the safe, count it, and put what she thought was the beginning balance from Sandy back into the safe. She gave the money to Bill to put into the safe; again, it was not counted. All the rest of the money was kept in a drawer under her bed at home, had to be over a hundred thousand pesos. On May 5th she got Bill to take out the money, added the money from her drawer and brought it all to us in the Vista room for the audit. After Patsy, Kimberley, and I counted the money we returned the money to Quana. She told us that she would give it to Bill the next morning to put into the safe. Bill was not available that day.

In the interim Bill had gotten into the safe (other than the times listed above) to pay for the tamales for Kings Day and to take out the money for the 3 charities in the April general meeting. That is what he says. At no time was the money ever counted going into or coming out of the safe.

As I stated at the meeting before the May board meeting when we presented the audit review, this money is gone. It is not due to an accounting program. I find it hard to believe that confusion can account for over \$7,000.00, dollars, not pesos, to disappear over a 6 month period of time. Bill is the only one with the combination, Quana held entirely too much money in her home with other people around.

After the transition board meeting followed by another special meeting called by the prior board, we went to take the money out of the safe, change the combination, count the money with the audit committee and the new Commodore, Teri Hagen. Well, the safe was open and empty! We were shocked but Kimberley had the presence of mind to call Quana. She had the entire treasury of Club Cruceros in the drawer under her bed. She had yet again not taken the money over to get it put into the club safe a week after we had counted it for the financial review. Teri Hagen had told her that we were going to count it and return it to the safe the day of the board transition yet she did not bring it to the transition meeting, she left it at home in a drawer under her bed.

There is a report of the money transferred to the old board from Sandy, signed by Quana, Bill, and Jan reporting 236,491.50 pesos handed over. Every function the club had this past season made money. The St. Patrick's dinner made over 25,000 pesos, the Wine Tasting made over 4,000 pesos, the Charity Beach Party made something like 35,000 pesos, those are just what I can remember off the top of my head. There is no way that the club spent over 139,000 extra pesos, in addition to the regular expenses

which are what we were short at the audit. There was nowhere for that money to legitimately go.

During the months of June thru December the club spends much more than it takes in from coffee money. We always have enough pesos to get us through to January or February when we actually start gaining in pesos for that fiscal year. To state that there could not have been 236,491.50 pesos in October is absolutely false. Those 236,491.50 pesos represent years of work done by club members to have that accumulated amount, a buffer to get us well into the next season. The emergency fund alone accounted for 76,224.00 pesos, the charity funds accounted for 9,320.50 pesos. That leaves 150,947.00 pesos over and above the charity and emergency funds. That is quite acceptable when you figure that money is not coming into the club for months. When the functions start happening money has to be available to do things like buying the turkeys and stuff for Thanksgiving, buying the t-shirts, hats, flags, coffee, cookies, etc. Yes, there really was 236,491.50 pesos there at the turnover. Yes, the club made money, albeit unintentional, on every function it had that related to anything that tickets were sold this fiscal season.

Yes, at least 139,907.90 pesos are missing. You tell me, other than producing much better reports, could an accounting system have kept 139,907.90 pesos from going out the door or the safe?

Leanne Lawrence