TENNESSEE COMPTROLLER OF THE TREASURY

COMPTROLLER'S INVESTIGATIVE REPORT

Coffee County Drug Court Foundation

April 21, 2023

Jason E. Mumpower
Comptroller of the Treasury

DIVISION OF INVESTIGATIONS

Jason E. Mumpower
Comptroller

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Coffee County Drug Court Foundation
Board of Directors
604 College Street
Manchester, TN 37355

Coffee County Drug Court Foundation Board of Directors:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Coffee County Drug Court Foundation, and the results are presented herein.

Copies of this report are being forwarded to Governor Bill Lee, the State Attorney General, the District Attorney General of the 14th Judicial District, certain state legislators, and various other interested parties. A copy of the report is available for public inspection in our Office and may be viewed at http://www.comptroller.tn.gov/ia/.

Sincerely,

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

Coffee County Drug Court Foundation

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Coffee County Drug Court Foundation. The investigation was limited to selected records for the period January 1, 2014, through September 30, 2022. The results of the investigation were communicated with the United States Attorney's Office for the Eastern District of Tennessee and the Office of the District Attorney General of the 14th Judicial District.

BACKGROUND

The Coffee County Drug Court Foundation (foundation), incorporated as a nonprofit on April 14, 2008, and located in Manchester, Tennessee, is governed by a three-member board of directors (board) and provides drug inpatient and outpatient therapy, testing, and other services within Coffee County, Tennessee.

The board employs an executive director that is responsible for operations at the foundation as well as grant management and financial activity. The foundation is primarily funded by loans and grants from agencies and nonprofits including the United States Small Business Administration (SBA), United States Department of Justice (DOJ), Tennessee Department of Mental Health and Substance Abuse Services (MHSAS), Tennessee Department of Children's Services (DCS), Tennessee Department of Revenue (DOR), Tennessee Department of Finance and Administration (F&A), Tennessee Administrative Office of the Courts (AOC), Coffee County Tennessee, and National Center for State Courts (NCSC). In addition, the foundation receives funding from private donations, drug screenings, participant fees, and other program fees.

RESULTS OF INVESTIGATION

1. THE INTERNAL REVENUE SERVICE ASSESSED THE FOUNDATION $235,922 IN PENALTIES AND INTEREST FOR FAILING TO PAY 941 PAYROLL TAXES AND FILE IRS FORMS TIMELY

The Internal Revenue Service (IRS) requires employers to file Form 941 (Quarterly Federal Tax Returns) and nonprofit organizations to annually file Form 990 (Return of Organization Exempt from Income). Employers file Form 941 to report federal income taxes, Social Security tax, and Medicare tax deducted from employee's paychecks as well as the employer's part of

Social Security and Medicare tax. Nonprofit organizations file Form 990 annually to report finances and basic operations, which enables the IRS to determine the nonprofit organization's 501(c)(3) tax-exempt status eligibility. In addition, the IRS requires employers to pay Form 941 payroll taxes to the IRS within a certain timeframe after each payroll. Since at least January 2014, the foundation's executive director consistently failed to pay 941 payroll taxes and file IRS forms timely, resulting in the IRS assessing the foundation $235,922 in penalties and interest as follows:

Summary of Penalties and Interest		
Section	**Description**	**Amount**
A	Form 941 Penalties & Interest	$ 222,646
B	Form 990 Penalties	13,276
	Total	**$ 235,922**

A. Investigators reviewed IRS payroll tax requirements, filings, and transactions for the period January 2014 through September 2022. During this period, the foundation paid 941 payroll taxes seven months late on average, received more than 35 late notices from the IRS, and was assessed more than $222,646 in penalties and interest for failing to pay and file 941 payroll taxes timely. Of the penalties and interest assessed, the foundation paid approximately $80,849, leaving at least $141,797 unpaid as of September 30, 2022. As of September 30, 2022, the foundation still owes $62,693 of 941 payroll taxes, of which $43,601 were direct deductions from employee payroll checks. In addition, the executive director often selected incorrect periods or the incorrect tax type when submitting deposits on the IRS website. Investigators were unable to review all IRS notices for the period of the investigation; therefore, the foundation could owe additional IRS penalties and interest.

Form 941 – Employee Federal Income Tax and Employee and Employer Social Security and Medicare For the Periods Beginning January 1, 2014, and Ending September 30, 2022			
Description	**Payroll Tax**	**Penalties & Interest (P/I)**	**Total**
Amounts Due	$977,571	$222,646	$1,200,217
Payments & Credits Applied	(914,878)	(80,849)	(995,727)
Approximate Balance at 9/30/22	**$ 62,693**	**$141,797**	**$ 204,490**

Since January 2014, the executive director sent ten penalty abatement (forgiveness) requests to the IRS for late payroll taxes owed. One request was denied, additional documentation was requested by the IRS for two of the requests, and no responses were available for the remaining seven requests. The executive director admitted responsibility for late payment in an abatement request letter dated January 21, 2022, and claimed 'unanticipated & catastrophic decrease in funding in fall of 2016'. However, the foundation's financial records show an increase in revenue rather than a decrease for the referenced period (fall 2016). The executive director explained to investigators that he was only referring to decreased funding from the county and not the new grant funds received, which more than offset the decrease. The executive director has not made any formal arrangements with the IRS for payment of the outstanding taxes, penalties, and interest which may result in the accrual of additional penalties, interest, and property seizure.

B. For the five fiscal years ending 2016-2020, the executive director did not file Form 990 with the IRS by the due date, resulting in the foundation paying $13,276 in penalties for filing late.

2. THE EXECUTIVE DIRECTOR IMPROPERLY EXPENDED $224,698 OF SBA COVID-19 RELIEF FUNDS ON THE LATE PAYMENT OF 941 PAYROLL TAXES

The executive director improperly expended $224,698 of SBA COVID-19 relief funds on the late payment of 941 payroll taxes. Investigators question the use of the following SBA funds for 941 payroll taxes:

Summary of Questionable Use of COVID-19 Funds		
Section	**Description**	**Amount**
A	Economic Injury Disaster Loan	$ 118,773
B	Paycheck Protection Program	105,925
	Total	**$ 224,698**

A. On June 11, 2020, the foundation received an Economic Injury Disaster Loan (EIDL) totaling $150,000, which the SBA authorized as COVID-19 relief funding for working capital and other normal operating expenses such as rent, utilities, payroll, and supplies. On June 23, 2020, the executive director paid $118,773 of these funds to the IRS for late 941 payroll taxes **(Refer to Exhibit 1)**, which were six to 15 months past due and for periods prior to the EIDL coverage period beginning January 2020. EIDL recipients are not allowed to expend proceeds on late payroll taxes or expenses outside the program period. Investigators determined the remaining $31,227 of EIDL proceeds were expended for allowable purposes. The foundation must repay the EIDL over 30 years.

Exhibit 1

Date 6/30/20 Page 5
Account Acct Ending [redacted]
Enclosures 105

Interest Checking Acct Ending [redacted] (continued)

6/23	USATAXPYMT IRS CCD [redacted] COFFEE COUNTY DRUG COU	30,288.98-
6/23	USATAXPYMT IRS CCD [redacted] COFFEE COUNTY DRUG COU	42,424.60-
6/23	USATAXPYMT IRS CCD [redacted] COFFEE COUNTY DRUG COU	46,059.72-

$118,773 paid to the IRS for 2Q 2019, 3Q 2019, and 4Q 2019 941 payroll taxes.

B. On April 13, 2021, the foundation received a Paycheck Protection Program (PPP) loan totaling $105,925, which was authorized by the SBA as COVID-19 relief funding for payroll wages and benefit expenses. On April 16, 2021, the executive director paid all these funds and an additional $3,817 (totaling $109,742) to the IRS for the late payment of 941 payroll taxes **(Refer to Exhibit 2)**, which were six to 15 months past due and for periods prior to the PPP loan coverage start date of April 9, 2021. PPP funding recipients are not allowed to use proceeds on the late payment of payroll taxes or expenses outside the program period. The SBA later forgave the full amount of this loan to the foundation. The executive director was unable to provide investigators with a copy of the entire loan forgiveness application and supporting documentation; therefore, investigators could not determine the accuracy of the loan forgiveness application.

Exhibit 2

Date 4/30/21 Page 4
Account Acct Ending [redacted]
Enclosures 45

Interest Checking Acct Ending [redacted] (Continued)

Checks & Other Debits

Date	Description	Amount
4/16	[redacted] USATAXPYMT IRS CCD [redacted] COFFEE COUNTY DRUG COU	34,717.54-
4/16	USATAXPYMT IRS CCD [redacted] COFFEE COUNTY DRUG COU	36,519.54-
4/16	USATAXPYMT IRS CCD [redacted] COFFEE COUNTY DRUG COU	38,504.72-

$109,742 paid to the IRS for 1Q 2020, 2Q 2020, and 3Q 2020 941 payroll taxes.

The unauthorized use of SBA funds for the late payment of 941 payroll taxes could expose the executive director and/or the foundation to legal liabilities under federal laws and regulations governing the application and disbursement of those funds. In addition, both EIDL and PPP are considered in default if any taxes are paid late. The executive director consistently paid 941 payroll taxes late (**Refer to Finding 1**); therefore, SBA could require immediate repayment of SBA loans or take other legal action against the foundation.

3. THE EXECUTIVE DIRECTOR MADE QUESTIONABLE DISCRETIONARY PAYMENTS TO HIMSELF AND EMPLOYEES FOR UNUSED LEAVE AND COMPENSATORY TIME BALANCES TOTALING $155,417

From 2016 until 2020, the executive director made questionable discretionary payments for unused leave and compensatory time balances to himself ($110,573) and six other employees ($44,844) totaling $155,417. For the same period, the foundation owed late 941 payroll taxes and related penalties and interest. Given the executive director's responsibilities, he was considered a salaried exempt employee as defined under the *Fair Labor Standards Act* found at Title 42 *United States Code (USC) Section 201 et.seq.*, and not eligible to receive compensatory time or overtime payments. While foundation policy is not clear on the executive director's eligibility for compensatory time and overtime payments, board members signed all checks for unused leave and compensatory time payments to employees.

4. THE EXECUTIVE DIRECTOR MADE IMPROPER PAYMENTS TO HIMSELF AND OTHER EMPLOYEES TOTALING $45,386

The executive director is responsible for all personnel and payroll activities at the foundation, including employee selection, supervision, termination, personnel file maintenance, timesheet approval, payroll calculation, payment, and compliance with US Department of Labor laws. For the period January 2017 through December 2020, the executive director made improper payments to himself and other employees totaling $45,386, as follows:

Summary of Improper Payments		
Section	**Description**	**Amount**
A	Improper Contractor Payments	$ 34,825
B	Overpaid Employee Salaries	10,561
	Total	**$ 45,386**

A. During 2019 and 2020, the executive director improperly paid $34,825 to an employee as an independent contractor for work the employee and their significant other performed at the foundation. In 2018, the employee and their significant other, who was on a student visa, were both employees of the foundation. In 2019, the employee's significant other became ineligible to work due to an issue with their student visa status. To continue employing the employee's significant other, the executive director improperly classified the employee as an independent contractor and paid the employee for work performed at the foundation by both the employee and their significant other. In 2020, the employee did not return to work for the foundation, but their significant other returned to work as an employee of the foundation after correcting their student visa status. The executive director intentionally allowed an ineligible international student to work and study in the United States. An international student working without adequate authorization can be deported and unable to return to the United States. An entity misclassifying independent contractors can result in substantial penalties from the IRS and the US Department of Labor.

B. For the period January 1, 2017, through December 31, 2020, the executive director overpaid himself $6,526, a former employee $3,760, and a current employee $275 for a total of $10,561. The executive director made incorrect selections in the payroll system software for special pay runs and a mathematical error, resulting in these overpayments. Investigators determined the executive director did not attempt to recover the overpaid funds.

5. THE EXECUTIVE DIRECTOR SUBMITTED THE SAME EXPENDITURES TOTALING $7,684 FOR REIMBURSEMENT TO AT LEAST TWO DIFFERENT GRANTS

The executive director knowingly submitted the same expenditures for reimbursement for employee payroll and rent expenses totaling $7,684 on at least two different grants, resulting in grant overpayments to the foundation. The foundation is subject to applicable federal regulations, state regulations, and grant conditions, all of which prohibit an expense from one grant being submitted for reimbursement on another grant.

6. THE FOUNDATION RECEIVED QUESTIONABLE GRANT FUNDS TOTALING $17,381

According to foundation grant contracts, items charged to a grant and covered as a reimbursable expense must be identified to benefit a specific program. In addition, grantees must maintain documentation for all charges submitted for reimbursement. Investigators reviewed grant monitoring reports, contracts, amendments, reimbursement requests, supporting documentation, and selected additional grant requests for the period March 2020 through June 2022. During this period, the foundation received questionable grant funds totaling $17,381 as follows:

Summary of Questionable Grant Funds		
Section	**Description**	**Amount**
A	Unallowed Charges	$10,585
B	Missing Documentation	5,523
C	Voided Amounts	1,273
	Total	**$17,381**

A. The executive director submitted grant reimbursement requests and received payments from grantors totaling $10,585 that were not allowed per state regulations and grant contracts. These costs were outside the dates and scope of the grant, and included client rent payments and conference travel and fees.

B. The executive director submitted $5,523 in grant reimbursement requests and received payments from grantors that were missing the necessary documentation, such as timesheets and other related expenses. Without proper documentation, investigators were unable to determine the validity of the payroll and other related expenses.

C. The executive director submitted grant reimbursement requests and received payment from grantors totaling $1,273 for expenditures that were later voided within the accounting system. Investigators reviewed accounting system login credentials and determined multiple users shared the same account information; therefore, investigators could not determine who voided the transactions. The *Department of Finance and Administration Policy 3* states that an expense may be reimbursed only if the goods or services have been received and billed.

7. THE EXECUTIVE DIRECTOR SUBMITTED INCORRECT INFORMATION TO THE SBA FOR COVID-19 FUNDING

On April 28, 2020, the foundation received a PPP loan of $105,410, which was authorized by the SBA as COVID-19 funding to be used for payroll expenses (wages and benefits only). Investigators determined these funds were expended for allowable purposes. The SBA later forgave the full amount of the loan. However, the executive director reported incorrect information on the loan forgiveness application by claiming no change in employee count between January 1, 2020, and October 12, 2020. The executive director incorrectly claimed 13 employees at the time of the loan application and 13 employees at the time of the forgiveness application. Investigators determined the foundation actually had 12 employees at the time of the loan application and only eight employees at the time of the forgiveness application.

In addition, the executive director did not notify the SBA of $100,000 in Supplemental Employer Recovery Grant (SERG) funding that the State of Tennessee (state) provided to the foundation in 2021. As a condition for EIDL funding **(Refer to Exhibit 3)**, the SBA required recipients to notify them of compensation from other sources. EIDL and SERG funding were both COVID-19 related, covered some of the same time periods, and originated from the CARES Act.

As a result of incorrect information submitted to the SBA by the executive director, the foundation has potential liability exposure, and the SBA could reduce the amount of the PPP loan forgiven or take other legal action.

Exhibit 3

COMPENSATION FROM OTHER SOURCES

- Eligibility for this disaster Loan is limited to disaster losses that are not compensated by other sources. Other sources include but are not limited to: (1) proceeds of policies of insurance or other indemnifications, (2) grants or other reimbursement (including loans) from government agencies or private organizations, (3) claims for civil liability against other individuals, organizations or governmental entities, and (4) salvage (including any sale or re-use) of items of damaged property.
- Borrower will promptly notify SBA of the existence and status of any claim or application for such other compensation, and of the receipt of any such compensation, and Borrower will promptly submit the proceeds of same (not exceeding the outstanding balance of this Loan) to SBA.
- Borrower hereby assigns to SBA the proceeds of any such compensation from other sources and authorizes the payor of same to deliver said proceeds to SBA at such time and place as SBA shall designate.
- SBA will in its sole discretion determine whether any such compensation from other sources is a duplication of benefits. SBA will use the proceeds of any such duplication to reduce the outstanding balance of this Loan, and Borrower agrees that such proceeds will not be applied in lieu of scheduled payments.

SBA EIDL loan authorization and agreement conditions.

8. THE EXECUTIVE DIRECTOR MAINTAINED INACCURATE AND INCOMPLETE FINANCIAL RECORDS

For fiscal years 2017 through 2022, the executive director maintained inaccurate and incomplete financial records within foundation accounting software as follows:

A. Investigators compared the financial reports from foundation accounting software to the fiscal year 2019 audit report and discovered balances for accounts receivable and net income (revenue less expenses) did not agree by $129,225.

B. For each of the five fiscal years ending 2017-2022, investigators compared net income per foundation accounting software with net income as reported on IRS Form 990 Return of

Organization Exempt from Income Tax, and the amounts did not agree. The accounting firm hired by the foundation to file Form 990 confirmed amendments to prior returns are necessary.

C. Neither the executive director nor any other foundation employee or contracted bookkeeper reconciled asset (property owned, accounts receivable) and liability (accounts payable) accounts. In addition, the executive director did not correctly record transactions for accounts receivable, the purchase and sale of a house, the sale of two vehicles, accumulated depreciation, loan payments, and federal payroll taxes owed. Finally, the executive director did not record certain transactions to the proper account code or grant classification.

D. The executive director provided incorrect and unaudited financial statements with the SERG application to the state. In 2021, the foundation received $100,000 in SERG funding from the state. The state based the SERG award on the change in net income between the periods of May 2019 through August 2019 and May 2020 through August 2020. The original calculation by the state, using financials provided by the executive director, reflected a decrease in net income for the listed periods totaling $133,497. A recalculation using restated financials resulted in a decrease in net income for the same periods totaling $55,756. This means the original financials provided by the executive director were misstated by $77,741, and the foundation was not eligible for the full $100,000 award. The state has a right to collect any overpaid funds.

The foundation's inaccurate and incomplete financial records were the result of mismanagement by the executive director and a lack of oversight by the foundation's board. The foundation's unreliable financial reports create risks of poor operational decisions, cash flow problems, refund of grant awards, loan default, penalties, or other legal action.

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

The investigation revealed deficiencies in internal controls and compliance. These deficiencies included:

Deficiency 1: **The board failed to provide adequate oversight of operations and finances**

The board failed to provide adequate oversight of operations and did not establish internal controls to ensure accountability of funds. Investigators identified the following deficiencies and mismanagement resulting from inadequate board oversight:

A. The board has not held any meetings since November 12, 2021. The November 2021 meeting included updates dating back to July 2019. The board held no meetings between December 14, 2019, and April 9, 2021.

B. The board meeting minutes do not include details regarding board decisions or policy changes.

C. There was no approval by the board for the executive director's timesheets and no accountability for hours of compensatory time earned. Therefore, errors on the director's timesheets went unnoticed.

D. The foundation does not have an adequate source of unrestricted funding to cover current outstanding liabilities and potential amounts due to state and federal agencies uncovered by this investigation.

E. The executive director made discretionary payments to employees for unused leave balances although the foundation owed the IRS for late 941 payroll taxes and penalties and interest. The board allowed the executive director to accrue an unused leave balance of more than 1,000 hours, which includes ineligible compensatory time, valued at greater than $50,000.

F. The foundation currently pays more than $900 per month in rent and utilities for a house in Manchester, Tennessee. The foundation charges a tenant $600 per month to live in the house as part of a residential housing assistance program. This results in a loss of over $300 per month, which is not reimbursed by any grants. The foundation leased several homes to program participants in the past. The rent or special grant assistance collected for these arrangements did not cover all expenses paid for rent and utilities. The board should conduct a review of residential housing assistance program agreements and expenses.

Deficiency 2: **The executive director did not properly submit grant reimbursement requests**

The executive director submitted grant reimbursement requests to applicable agencies for future expenditures totaling $30,039. Grant contracts and state policy require grantees to submit expenditures for reimbursement they have already incurred. Upon reviewing the monitoring reports for DCS and MHSAS, investigators determined these agencies allowed the foundation to submit and retain reimbursements for future expenditures. Investigators noted the executive director began to correctly submit expenditures for reimbursement toward the end of the period investigated.

Deficiency 3: **The foundation failed to adequately segregate financial duties**

The board and executive director failed to adequately segregate financial duties among the foundation's staff. The executive director is responsible for accounting, financial reporting, grant management, payroll, and personnel. He approves all invoices, makes entries into the accounting software, has access to the operating bank account, initiates electronic payments, prepares payroll, makes employment decisions, and manages all grants and grant reimbursement requests. Essentially, he has total management control over these transactions. Separating financial duties and providing increased oversight reduces the risk that errors or intentional misappropriations will remain undetected.

Deficiency 4: **The executive director did not properly manage the accounting software**

The executive director did not properly manage the accounting software:

A. Investigators were unable to determine who entered transactions into the accounting software because all users access the system using the same login credentials. Sharing credentials decreases user accountability and creates security vulnerabilities.

B. The executive director did not lock/close periods in the accounting software to prevent posting to past financial periods. Investigators received an accounting system backup file on August 2, 2022, and again on December 1, 2022. When comparing the files, investigators found new transactions were added to May 2020, May 2022, and June 2022 account balances. It is best practice to lock/close periods or years in accounting software after financial statements have been generated. This prevents activity from being inadvertently deleted or changed that would affect the accuracy and integrity of the information on those statements.

<u>Deficiency 5</u>: The foundation had inadequate controls over disbursements

Investigators identified the following deficiencies in controls over disbursements:

A. In some instances, the executive director printed checks but did not mail or deliver the check(s) for three or more weeks. The executive director claimed the expenses under reimbursable grants for the period covered by the printed check date. A reimbursable grant requires the grantee to pay for the expense initially, then the grantor reimburses the funds already spent. The executive director purposefully held checks totaling $6,171 until the grant funding was received, which means the funds were not spent prior to grant reimbursement. This is not in compliance with grant terms and could result in the grantor requiring a refund.

B. The executive director printed checks out of date and number order. Some payroll checks were printed with a future date. Checks were not always in numerical order when taking checks from a stack to put in the printer. Incorrect starting check numbers were used on orders for new check stock. Each of these actions can make it more difficult for duplicate or fraudulent checks to be discovered. In addition, this could allow the foundation to receive grant reimbursement prior to paying an expenditure.

C. The executive director printed checks with an incorrect date and later changed the date in the accounting software. This results in a date mismatch between the physical printed check(s) and the financial records, which can make it more difficult to reconcile balances and discover fraudulent checks.

D. During fiscal year 2022, the executive director did not provide and retain adequate supporting documentation for disbursements totaling $3,495. The executive director did not adequately document certain purchases with itemized receipts or invoices even though the foundation's code of conduct requires these records be maintained. Investigators could not conclusively determine whether these purchases were exclusively for the benefit of the foundation. This can result in duplicate payments to vendors or disallowed expenditures for grant reimbursement. Requiring documentation, such as invoices or receipts, allows the foundation to verify that all payments are proper.

E. The authorized check signers, board president and treasurer, did not review supporting documents for checks they signed, nor did they approve, or review payments submitted online by the executive director. The check signers received a stack of checks to sign, which were reviewed for reasonableness but not compared with amounts or details on vendor invoices or statements. The signers did not know when payments were made online to utilities, supply vendors, and to the IRS for taxes, penalties, and interest. The signers did not review the electronic withdrawals listed on bank statements. This means the executive director had access to release funds and the ability to record the transaction in the accounting system without proper oversight. Requiring two responsible officials to review supporting documentation and sign all checks and other withdrawals reduces the risk that errors or intentional misappropriations will occur.

Deficiency 6: **The foundation had inadequate controls over cash receipts**

The executive director did not institute adequate internal controls over cash receipts. Cash is received at the foundation's office for drug screenings, assessments, rent, and other miscellaneous contributions. For the period July 2019, through June 2022, multiple pre-numbered receipt books were used, and multiple employees issued receipts. Investigators noted gaps in the receipt numbers sequence. The use of multiple receipt books and receipts issued out of sequence exposes the foundation to risks that collections may not be accounted for properly. Investigators were unable to determine if all cash received was timely deposited into the bank.

Deficiency 7: **The foundation used incorrect employee addresses on multiple IRS W-2 forms**

The foundation used three different addresses for properties operated by the foundation as employee home addresses on multiple IRS W-2 forms. The use of an employer address as an employee home address on W-2 forms is not standard business practice. Investigators reviewed background information for all employees for calendar years 2016-2022 to verify credibility of employment. Investigators confirmed all employees worked directly for the foundation or for a local factory as part of the foundation's job placement program.

Deficiency 8: **The foundation paid at least $2,871 in avoidable taxes and fees**

For the period January 2018, through September 2022, the foundation paid at least $2,871 for sales tax, late fees, and overdraft fees that could have been avoided. As a 501(c)(3) organization, the foundation is exempt from paying sales tax on the purchase of qualifying goods and services. Additionally, the foundation paid several vendor invoices more than two months late, resulting in unnecessary late fees. Finally, the executive director issued payments to vendors without cash available in the bank to cover the amount at least 30 times, resulting in bank overdraft fees of $35 per occurrence.