



COMPTROLLER'S INVESTIGATIVE REPORT

Successful Survivors

February 20, 2024

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

February 20, 2024

Successful Survivors
Board of Directors
1600 14th Avenue North
Nashville, TN 37228

Successful Survivors Management:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Successful Survivors, 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 20th 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,

A handwritten signature in blue ink, appearing to read "Jason E. Mumpower", with a long horizontal flourish extending to the right.

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

Successful Survivors

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to Successful Survivors. The investigation was initiated after the Comptroller's Office received notification of potential malfeasance from the Tennessee Department of Mental Health & Substance Abuse Services. The investigation was limited to selected records for the period June 1, 2018, through June 30, 2019. The results of the investigation were communicated to the Office of the District Attorney General of the 20th Judicial District.

BACKGROUND



Successful Survivors is a nonprofit organization located in Nashville, Tennessee. Successful Survivors is operated primarily by the executive director. In May 2018, Successful Survivors partnered with the Tennessee Department of Mental Health & Substance Abuse Services (MHSAS) to obtain grant funds from the Creating Affordable Housing Program (CAHP) in the amount of \$299,670. MHSAS partners with local entities/sub-recipients, such as Successful Survivors, and invests in projects to assist individuals in finding a safe place to live upon their discharge from mental hospitals or crisis stabilization units. In July 2018, using the CAHP funds, Successful Survivors purchased a house located at 1604 16th Avenue North in Nashville for \$199,807.04. The remaining \$99,862.96 in funds from the CAHP were to be used to renovate the property into a rehabilitation house.

RESULTS OF INVESTIGATION

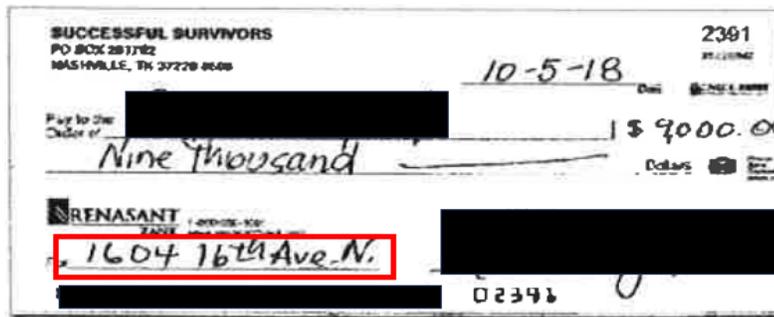
1. SUCCESSFUL SURVIVORS MADE PAYMENTS WITH GRANT FUNDS FOR UNALLOWABLE EXPENSES TOTALING \$42,249.74

Successful Survivors made payments using CAHP grant funds totaling \$42,249.74 for unallowable expenses, primarily including checks written to the executive director for "developer fees," donations to the Greater Heights Missionary Baptist Church, and various payments without invoices or receipts.

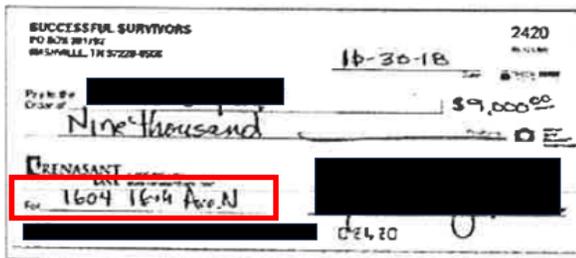
A. The Executive Director used CAHP grant funds to pay himself “developer fees” totaling \$27,000

From October 5, 2018, to May 29, 2019, the executive director issued himself three checks totaling \$27,000 for “developer fees”. The executive director told investigators that he believed he deserved payment for facilitating the property purchase and overseeing the renovation project. Investigators noted that the executive director did not have a contractor or real estate license. Investigators also confirmed with MHSAS that the “developer fee” payments constitute a professional fee, and CAHP grant funds may only be used for professional fees if they are paid to someone who is not an officer or employee of the grantee organization and thus, such funds could not be used for professional services rendered by the executive director. While the payment of professional fees is unallowable for the executive director, payments for personal services are an allowable cost if MHSAS approves the expense before payment is made. However, Successful Survivors did not receive approval for the “developer fees” payments and failed to provide MHSAS with any written documentation justifying the payments, such as an invoice or job description.

Exhibit 1

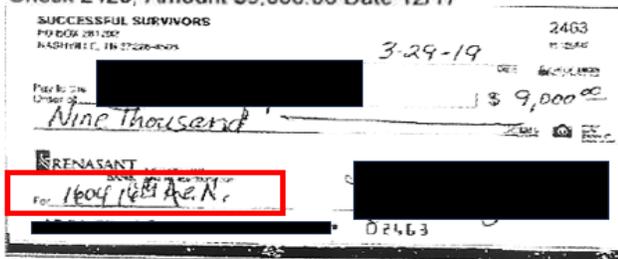


Check 2391, Amount \$9,000.00 Date 10/5



Check 2420, Amount \$9,000.00 Date 12/17

** developer fee*



Check 2463, Amount \$9,000.00 Date 4/1

The executive director wrote three checks to himself for \$9,000 each as a “developer fee.”

B. Successful Survivors donated CAHP grant funds to the Greater Heights Missionary Baptist Church totaling \$4,000

Successful Survivors donated a total of \$4,000 through four payments to the Greater Heights Missionary Baptist Church (Greater Heights), where the executive director serves as the pastor, which is an unallowable expense. The executive director told MHSAS officials that the donations were made because Greater Heights had performed several favors for Successful Survivors, such as providing electricity, phone, and computer services to the organization, and stated that the donations should be regarded as “the process of doing business.” According to the executive director, Greater Heights allowed Successful Survivors to operate out of their church office and use church utilities without charging a fee. It was the executive director’s position that the CAHP grant should have supported Greater Heights since it had supported Successful Survivors. However, the Code of Federal Regulation (CFR) guidelines, found at 2 CFR § 200.434 (*Uniform Guidance*) state that costs of contributions and donations, including cash, property, and services, cannot be charged to a federal grant.

| Summary of Payments to Greater Heights Missionary Baptist Church | | | | |
|--|---------------------------|----------------|--------------|--------------------|
| Date | Payee | Payment Method | Check Number | Amount |
| 09/05/2018 | Greater Heights MB Church | Check | 2366 | \$ 1,000.00 |
| 10/16/2018 | Greater Heights MB Church | Check | 2398 | 1,000.00 |
| 11/26/2018 | Greater Heights MB Church | Check | 2413 | 1,000.00 |
| 12/26/2018 | Greater Heights MB Church | Check | 2422 | 1,000.00 |
| Total | | | | \$ 4,000.00 |

C. Successful Survivors failed to provide invoices or receipts for 34 payments totaling \$9,404.11

Successful Survivors failed to procure, retain, and provide supporting documentation for multiple payments related to the renovation of the rehabilitation house located at 1604 16th Avenue North. The executive director failed to provide invoices or receipts to MHSAS for at least 51 payments totaling \$33,214.70. Section D.15 of the MHSAS – Successful Survivors contract states as follows,

“The Grantee and any approved subcontractor shall maintain documentation for all charges under this Grant Contract. The books, records, and documents of the Grantee and any approved subcontractor, insofar as they relate to work performed or money received under this Grant Contract, shall be maintained for a period of five (5) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the Grantor State Agency, the Comptroller of the Treasury, or their duly appointed representatives.”

MHSAS personnel granted Successful Survivors an exception from being provided with an invoice or receipt by instead accepting a copy of the check with the property location listed in the description to serve as proof of purchase. Considering this exception from

MHSAS and excluding donations made to Greater Heights, Successful Survivors had 34 payments totaling \$9,404.11 that were unallowable due to a lack of supporting documentation. The executive director made at least ten cash payments totaling \$1,056 without providing an invoice or receipt.

D. Successful Survivors paid miscellaneous taxes totaling \$1,845.63

From July 12, 2018, through October 23, 2018, Successful Survivors paid miscellaneous taxes using CAHP grant funds totaling \$1,845.63. Two checks were issued to Successful Survivors employees, including the executive director, totaling \$1,800 for “Employee Payroll Taxes.” The payments were an unallowable expense since there was no supporting documentation for the checks, the checks were not pre-approved, and the checks were not for a capital expense as required by the CAHP grant contract. Additionally, Successful Survivors paid sales tax totaling \$45.63 on three purchases. Because Successful Survivors is a nonprofit organization exempt from paying sales tax, sales tax is not an allowable expense.

| Summary of Unallowable Expenses | | |
|-----------------------------------|--|---------------------|
| | Expense | Amount |
| A. | "Developer fees" to executive director | \$ 27,000.00 |
| B. | Donations to Greater Heights Missionary Baptist Church | 4,000.00 |
| C. | Purchases with no invoice or receipt | 9,404.11 |
| D. | Miscellaneous taxes | 1,845.63 |
| Total Unallowable Expenses | | \$ 42,249.74 |

2. SUCCESSFUL SURVIVORS HAD UNSPENT CAHP GRANT FUNDS TOTALING \$8,089.34

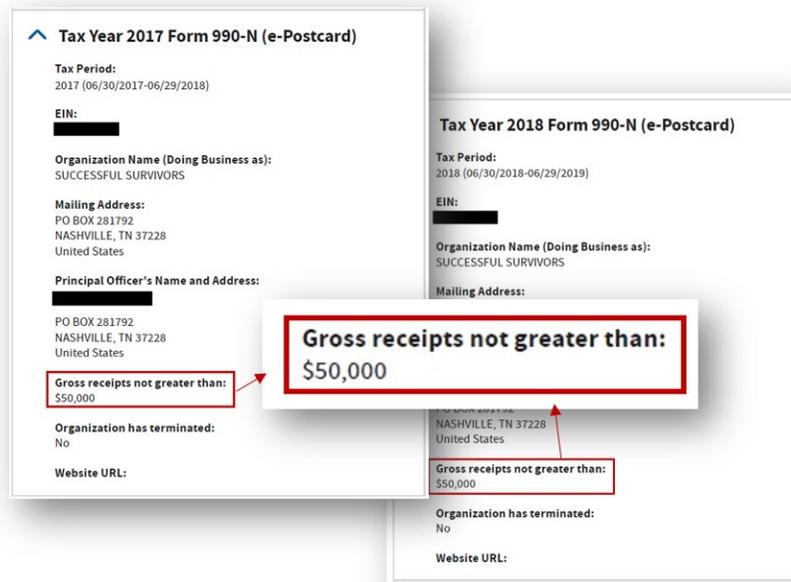
Successful Survivors was awarded a CAHP grant for \$299,670 in June 2018. MHSAS awarded the CAHP grant funds in one lump sum upfront as opposed to the standard procedure of a reimbursement grant. All money was required to be spent on the purchase and renovation of the house at 1604 16th Avenue North. Investigators determined that Successful Survivors spent \$291,580.66 in CAHP grant funds on the purchase and renovation, leaving \$8,089.34 in unspent funds.

3. SUCCESSFUL SURVIVORS FILED FALSE INFORMATION ON THEIR 2018 AND 2019 FORMS 990 WITH THE INTERNAL REVENUE SERVICE

Successful Survivors filed false information with the Internal Revenue Service (IRS) on their 2019 Form 990, understating their prior year's revenue by over \$299,000. Per publicly available information from the IRS, Successful Survivors’ 2018 Form 990 was a postcard filing. Postcard filing was permissible for organizations with gross receipts of \$50,000 or less for that tax year.

Per documentation related to the CAHP grant and Successful Survivors' banking records, Successful Survivors received over \$299,000 in a single payment from the CAHP grant in July 2018. As a result, Successful Survivors filed the incorrect form with the IRS for the 2018 tax year and understated revenue to the IRS by at least \$249,000 (\$299,000 less \$50,000). Successful Survivors filed a Form 990 for 2019, which required information from the current (2019) and prior (2018) years. Line 8 of that IRS filing shows \$0 for revenue from "contributions and grants" for the prior year, 2018.

Exhibit 2



Tax Year 2017 Form 990-N (e-Postcard)

Tax Period:
2017 (06/30/2017-06/29/2018)

EIN:
[REDACTED]

Organization Name (Doing Business as):
SUCCESSFUL SURVIVORS

Mailing Address:
PO BOX 281792
NASHVILLE, TN 37228
United States

Principal Officer's Name and Address:
[REDACTED]

PO BOX 281792
NASHVILLE, TN 37228
United States

Gross receipts not greater than:
\$50,000

Organization has terminated:
No

Website URL:

Tax Year 2018 Form 990-N (e-Postcard)

Tax Period:
2018 (06/30/2018-06/29/2019)

EIN:
[REDACTED]

Organization Name (Doing Business as):
SUCCESSFUL SURVIVORS

Mailing Address:
[REDACTED]

PO BOX 281792
NASHVILLE, TN 37228
United States

Gross receipts not greater than:
\$50,000

Organization has terminated:
No

Website URL:

Forms 990-N for tax years 2017 and 2018 showing Successful Survivors incorrectly claimed that gross receipts were \$50,000 or less.

4. SUCCESSFUL SURVIVORS FILED FALSE INFORMATION WITH THE TENNESSEE SECRETARY OF STATE FOR THE 2018-2019 FISCAL YEAR

Successful Survivors withheld from the Tennessee Secretary of State that it received over \$299,000 from the CAHP grant in July 2018. Successful Survivors must report annual revenue and expense information to the Tennessee Secretary of State as a charitable organization. Successful Survivors reported for the period ending June 30, 2018, that it had received \$27,500 in government grants for that year. Successful Survivors did not file a report with the Tennessee Secretary of State for the following fiscal year, 2018-2019. Successful Survivors' subsequent filing with the Tennessee Secretary of State as a charitable organization was not made until after June 30, 2020, wherein it reported zero dollars of grant revenue. As a result, Successful Survivors was non-compliant with the requirements of the Tennessee Secretary of State for charitable organizations for the 2018-2019 fiscal year as set forth in Tenn. Code Ann. § 48-101-501 et. seq.

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

The investigation revealed the following deficiencies in internal control and compliance. These deficiencies included:

Deficiency 1: Successful Survivors failed to collect or retain adequate documentation for expenses

Management admitted to not collecting or retaining all documentation for expenses related to the renovation of the property at 1604 16th Avenue North. The CAHP grant contract signed by management required all purchases to have supporting documentation, including detailed invoices or receipts. Proper documentation allows the organization and overseeing state department(s) to ensure that all payments and expenses are related to the specific project and are allowable.

Deficiency 2: The Board of Directors failed to provide adequate oversight of operations

The Board of Directors (board) failed to provide adequate oversight to Successful Survivors by failing to reconcile and review bank statements properly, require adequate supporting documentation for disbursements, and ensure the accuracy of financial statements. The board also failed to implement proper internal controls, such as proper segregation of duties. The executive director hired and supervised vendors, issued payments to vendors, and acted as the bookkeeper. The board is responsible for ensuring that management designs and implements internal control to reasonably assure the reliability of financial reporting and the effectiveness and efficiency of operations.

Deficiency 3: Successful Survivors failed to reconcile monthly bank statements properly

Management failed to reconcile and review monthly bank statements. Management submitted nine months of bank statements from July 2018 through March 2019 to MHSAS personnel. Only three reconciliation forms were included in the documents: July, November, and December 2018. None of the three reconciliation forms included a signature showing that the reconciliations were reviewed by management. The reconciliation of bank statements is necessary to ensure that all collections and disbursements are recorded accurately in the accounting records.