

ASCAPAC Findings and Recommendations

Finding 1. Misstatement of Financial Activity

During audit fieldwork, a comparison of ASCAPAC's reported activity with bank records revealed a misstatement of receipts for calendar year 2015. ASCAPAC understated its receipts by \$16,834. The Audit staff recommends that ASCAPAC amend its disclosure reports to correct the misstatement. (For more detail, see p. 4.)

Response: Please see attached detailed reconciliation report (ASCAPAC Interim Finding 1 Reconciliation). Receipts listed in this finding were inadvertent deposits into the wrong bank account. The receipts were not PAC contributions or PAC related. The committee has accounted for these inadvertent deposits as noted in Finding 1 and will file the appropriate amendments.

Finding 2. Receipt of Prohibited Contributions

During audit fieldwork, a review of contributions from individuals revealed that ASCAPAC received 102 contributions totaling \$93,023 from apparent prohibited sources. The Audit staff recommends, absent evidence that these contributions were made with permissible funds, ASCAPAC refund these contributions to the contributors or disgorge the contributions to a government agency or eligible charitable organization. (For more detail, see p. 6.)

Response: After reviewing the 102 contributions totaling \$93,023, ASCAPAC has conducted an ongoing, exhaustive effort to collect the tax status of all contributions in question. As of December 11, 2018, of the \$93,023:

1. 46% was identified as eligible, totaling \$43,121. (See attachment: ASCAPAC Interim Finding 2 Donor Responses Eligible)
 - a. \$37,621 is allocated to eligible LLCs who have a corporate partner. As allowed by the law, the contribution is attributed to the partners of the LLC Partnership and not the corporation.
 - b. \$5,500 is allocated to LLC Partnerships with no corporate partners.
2. 38% was identified as ineligible, totaling \$35,271 (this total includes the \$16,412 from corporations). ASCAPAC will refund these contributions or administer the funds to an eligible charity. (See attachment: ASCAPAC Interim Finding 2 Donors Responses Ineligible)
3. 16% was nonresponsive, totaling \$14,631. (See attachment: ASCAPAC Interim Finding 2 No Donor Responses)
 - a. ASCAPAC reached out to these contributors more than five times to obtain the requested information.

The committee reasonably expects the ratio of eligible to ineligible contributions to hold true for the non-responsive contributors, which totals \$8,047 (55% of \$14,631). ASCAPAC will refund these contributions or administer the funds to an eligible charity.

Finding 3. Recordkeeping for Receipts

During Audit fieldwork, the Audit staff reviewed records provided by ASCAPAC and determined that ASCAPAC did not maintain adequate documentation for receipts totaling \$67,108. Of this amount, ASCAPAC did not maintain check copies for contributions totaling \$6,378 and did not maintain the attribution information for each partner, for contributions totaling \$60,730. The Audit staff recommends that ASCAPAC provide the missing records and submit any comments it deems necessary. (For more detail, see p. 9.)

Response: ASCAPAC has conducted an exhaustive effort to collect the information to the extent possible pursuant to this Finding and Finding 4 and will file corrections via amendments accordingly. In addition, the committee has updated its policies and procedures to ensure proper record keeping in the future.

Finding 4. Disclosure of Receipts

During audit fieldwork, the Audit staff identified 154 contributions totaling \$197,571 that were missing the required disclosure information. The Audit staff recommends that ASCAPAC amend its disclosure reports to correctly disclose these transactions on Schedule A (Itemized Receipts) and provide any other comments it deems necessary. (For more detail, see p. 11.)

Response: ASCAPAC has conducted an exhaustive effort to collect the information and has enclosed additional records that have been collected since the exit report.

1. Of the 78 contributions ‘disclosed with a name other than the one on the check/credit card’:
 1. 25% (16 contributions) were credit card contributions found to be correctly reported by ASCAPAC. Upon an online submission of a contribution, the individual cardholder of a company credit card, must provide their name for the transaction. ASCAPAC has obtained written confirmation (enclosed as ASCAPAC Interim Finding 4 Donor Responses) that the reported name accurately reflects the correct contributor.
 2. 14% (9 contributions) were contributions that ASCAPAC reported with different wording (i.e. Reported as Pinnacle III instead of Pinnacle III, LLC.) ASCAPAC will amend these contributions to reflect the exact name on the checks.

3. 20% (13 contributions) were identified by ASCAPAC as ineligible contributions that will be refunded or administered to an eligible charity.

The records reported for partnership attribution will be updated in filed amendments. In addition, the committee has updated its policies and procedures to ensure proper record keeping in the future.

Finding 5. Untimely Deposit of Receipts

During audit fieldwork, the Audit staff determined that ASCAPAC did not deposit 106 contributions totaling \$84,333 within 10 days of receipt. The Audit staff recommends that ASCAPAC provide evidence demonstrating that the contributions in question were deposited timely or submit any additional comments it deems relevant to this matter. (For more detail, see p. 12.)

Response:

1. ASCAPAC's policy is to deposit all checks within 10 days of receipts, normally on the day of receipt.
2. ASCAPAC has worked with its credit card processing vendor to improve the timeliness of the vendor's transfer of funds to ASCAPAC's account.

ASCAPAC has implemented a procedure that all PAC receipts are date stamped upon receipt.

Conclusion

ASCAPAC continues the effort to collect all missing information to correctly report contributions through amendments. At this time, we have submitted all the corrections outlined above to our compliance and reporting vendor and the process of filing amendments will begin immediately.