

To: The NAPMW Board of Directors
 From: Kelly Byers, NAPMW Internal Audit Chairperson
 Date: 10/11/2017

This report is to provide a summary of the audit that I performed of the income and expense associated with the NAPMW National Education Conference held April 2017.

I examined the following documents:

1. An Excel spreadsheet that had the Income and Expenses of the conference, a list of attendees with the amount paid, sponsor revenue, Luxor summary of charges, room and taxes paid by national, food and beverage charges, exhibitor service and miscellaneous charges
2. Receipts for speaker travel expenses and for the signage
3. The Luxor Banquet Event Orders
4. The Luxor contract
5. The video equipment charges
6. The list of room confirmations
7. A letter from the Luxor regarding room attrition

NAPMW lost \$7,957.21 on the conference primarily due to fewer attendees coming to the conference and fewer rooms being reserved that what was guaranteed based upon the prior year's conference attendance. We also had a guarantee for food and beverage for 135 people and we only had 89 paid attendees. All speaker fees were paid by Agility.

All income and expenses appear to be accurately reported on the income and expense statement below.

NAPMW ANNUAL 2017		Notes
INCOME:		
ATTENDEE	\$41,675.00	
SPONSORS	\$11,915.00	
AGILITY	\$10,000.00	Sponsor major speakers: Egypt Sherrod, \$5,000; Elizabeth McCormick, \$3,000; Judy Hoberman, \$2,000
TOTAL	\$63,590.00	
EXPENSES:		
Luxor	\$58,845.93	Includes attrition charge of \$9,253.75
Egypt Sherrod	\$5,000.00	
Elizabeth McCormick	\$3,000.00	
Judy Hoberman	\$2,000.00	
Signage	\$137.25	
Speaker Travel	\$2,564.03	Hoberman \$410; Guillame, \$502.24; Sherrod \$1,651.79
TOTAL	\$71,547.21	
NET	-\$7,957.21	

Below is the notification of the potential attrition from the Luxor. The actual charge was slightly higher and the explanation was that there were some cancellations.

	Thu 4/6/17	Fri 4/7/17	Sat 4/8/17	Sun 4/9/17	Mon 4/10/17	Tue 4/11/17	Wed 4/12/17	Totals
Contracted Block	5	15	45	144	144	134	35	522
Block less 20% allowable attrition	4	12	36	115	115	107	28	417
Pick up as of 3/23/17	0	8	37	73	71	63	22	274
Variance	4	4	-1	42	44	44	6	143
Room Rate	\$47	\$137	\$137	\$67	\$47	\$47	\$47	
Total	\$188.00	\$548.00	--	\$2,814.00	\$2,068.00	\$2,068.00	\$282.00	

Estimated attrition charges: \$7,968.00 + 13.38% tax = \$9,034.12

I did note that there were 14 registrations paid by Gina Wall from Oklahoma City but there weren't any rooms listed on the room confirmations for anyone from Oklahoma City. While attendees do not have to stay at the conference hotel, this hurt the association financially.

The following questions were asked and answered by Vince Valvo during the audit:

Why would Laurel Knight have 2 discounted registrations, one for Gateway Mortgage Group and one for Mountain West Financial? Is one really for another board member?

I think Laurel registered herself twice, since they're a month apart. She likely didn't remember if she registered initially.

I spoke to Laurel today and she said that she had questioned this also when Vince had sent the reports. She thinks one of the registrations was for Cathy Kantowitz since she wasn't listed on the registration list.

2/27/2017 0:00	-495	0 Laurel	Knight	Gateway Mortgage Group	Laurel Knight
1/27/2017 0:00	-495	0 Laurel	Knight	Mountain West Financial	Laurel Knight

Why would these registrations be \$0? They are sponsors or speakers? What was the arrangement for sponsors, how many registrations for each level of sponsorship?

The Janeczko (Maximum Acceleration), Johnson and Anderson (Mortgage Educators), Lang, Kathryn Anderson, Phil Grassbaugh are all from sponsors. Marla Guillaume was our opening speaker. Michele Raneri was a speaker. Erin Lantz was a keynote speaker from Zillow. Susie Ellis was assistant to Tina Asher. We gave Tina (a long-time NAPMW member) a complimentary booth for her new venture, Paparazzi Creations. Tina paid for her own registration, and we allowed Susie (a real estate agent, not a mortgage professional) to register at no charge as her assistant.

Invoice_Date	Order_Total	Total_Discount	Total_Adjustme	Total_Payment	Balance_Due	Ship_First_Nam	Ship_Last_Nam	Organization_Attention
4/4/2017 0:00	0	-2680	0	0	0	Marina	Janeczko	
3/27/2017 0:00	0	-1190	0	0	0	Erik	Janeczko	Maximum Acceleration
3/23/2017 0:00	0	-1190	0	0	0	Anthony	Johnson	
3/15/2017 0:00	0	-1190	0	0	0	Dana	Lang	United Wholesale Mortgage
3/15/2017 0:00	0	-990	0	0	0	Kathryn	Anderson	TENA Companies, Inc.
4/4/2017 0:00	0	-595	0	0	0	Marla	Guillaume	
3/27/2017 0:00	0	-595	0	0	0	Tyna-Minet	Anderson	
3/13/2017 0:00	0	-595	0	0	0	Phil	Grassbaugh	Carrington Mortgage Services
3/6/2017 0:00	0	-595	0	0	0	Michele	Raneri	Experian
2/27/2017 0:00	0	-595	0	0	0	Erin	Lantz	
3/16/2017 0:00	0	-495	0	0	0	Susie	Ellis	

How many people from Maximum Acceleration attended for the discounted amounts of \$2680 and \$1190 (2 @ \$595)? We also paid for 1 room for 1 night. They are listed as a sponsor but there were no funds listed? **Maximum Acceleration had two people (Erik and his daughter Marina). I believe they also registered other panelists, such as Liza Ziebarth, Patty Marquez and Jennifer Jones.**

MEC and NMP were also listed as sponsors but no funds were listed. Were they in-kind sponsors? Funds were listed from CRE Credit Services but they were not listed as a sponsor on the email dated 4/7/2017.

Mortgage Educators is an in-kind sponsor (they moderated the Industry Panel, and provided the NMLS continuing education class on Wednesday). Maximum Acceleration was also an in-kind sponsor, who put together the "ladies who lend" panel, and paid for all the travel expense of those panelists. CRE was a paid exhibitor.

Why did speaker Michelle Raneri have 2 rooms when she only stayed one night? Did she bring an assistant?

I believe she had someone with her. She asked about getting a second room. She was speaking for free for us, so we obliged, especially as we were going to be paying for unsold rooms anyway.

Speaker, Marla Guillaume came in on 4/8/2017 even though she wasn't speaking until 4/10/2017? The same for Lisa Ziebarth and she stayed until 4/12/2017? Christina Pham came in on 4/8/2017 and spoke on 4/10/2017.

Speakers who aren't paid often ask if they can stay an extra night or two. Since the room rates were nominal, and we clearly were going to be paying for unused rooms, we allowed them to do so. We were going to pay for the rooms whether anyone was in them or not.

Laurel Knight stayed 7 nights while the other board members stayed 5 nights? **She stayed one more day for the NMLS class. She was arriving at 7:30 in the morning, so we booked her a room for the night**

before so it would be waiting for her when she arrived. We did this because we were already going to be paying for unused rooms, so it would be better to provide her the room than to pay for it without NAPMW getting any value.

What are the 6 rooms listed on room fees as hold Valvo totaling \$757.37?

We always hold rooms initially, for when folks need last-minute rooms and we've sold out the block. That didn't happen here because we were so far off our room block total. We just didn't release the holds, because it wouldn't have mattered.

It looks like we paid for 135 lunches on 4/10/2017 and breakfast on 4/11/2017 but I don't think that we had that many attendees.

Still hoping for last minute attendees, and, more importantly, we were still shy of meeting our food and beverage commitment (See attached email).

This service charge looks high based upon the cost of the dinner.

Service charge also applies to the bar service, bartenders, and cheese displays. With dinner, that all totals \$10,721. The service charge is 22%.

4/11/2017	Luxor	Service Charges \$2281.62	Catering - Service Charges	0
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Do we typically reserve rooms the Thursday, Friday and Saturday before the conference starts? Is there an accounting of the rooms paid for by the attendees?

Yes. In Las Vegas, folks like to come in early. Last year, a few Locals got together on Friday, for instance, for their own "mini-meeting." And the Board usually comes in at least a day before the event begins so everyone is there are ready to run the show.

Also attached is an email we received (and forwarded to president, president elect, treasurer and parliamentarian) from Luxor a few days before the event showing our likely room attrition costs along with a daily breakdown of contracted v. picked up rooms. I've also included a spreadsheet from 3/27 that was the last roster I have of rooms booked beyond the Master Billed Rooming List of board, speakers, etc.

ROOM TYPE	4/6/17	4/7/17	4/8/17	4/9/17	4/10/17	4/11/17	4/12/17	TOTAL
	Thu	Fri	Sat	Sun	Mon	Tue	Wed	
TOWER KING	5	15	45	135	135	125	35	495
TOWER LUXURY SUITE	0	0	0	8	8	8	0	24
TOWER PREMIER SUITE	0	0	0	1	1	1	0	3
TOTAL	5	15	45	144	144	134	35	522

ROOM TYPE	4/6/17	4/7/17	4/8/17	4/9/17	4/10/17	4/11/17	4/12/17
	Thu	Fri	Sat	Sun	Mon	Tue	Wed
TOWER KING	\$47	\$137	\$137	\$67	\$47	\$47	\$47
TOWER LUXURY SUITE	-	-	-	\$67	\$47	\$47	-
TOWER PREMIER SUITE	-	-	-	Comp	Comp	Comp	-

Agility received a commission on the rooms? Would you be willing to disclose how much that was? Is this typical?

This is typical, and is a disclosed part of our agreement with NAPMW. Attached is that agreement. Please see section 5, "Provider Work Outside the Scope of This Agreement," in particular the last sentence, which notes: "Client also acknowledges that Provider, while providing site selection and facilities management for Client conferences and events, is entitled to commission compensation from those facilities, as part of industry-standard practice, if those facilities make such arrangements available." The commission is paid by the facility (MGM International), not by NAPMW. We received a commission of \$1,948.51 from MGM. Attached is the commission report. Agility did not receive commission on any rooms that were paid for in attrition fee, nor on any comp rooms.

2.1 Group rates are commissionable to Agility Resources Group LLC at ten percent 10% of room/ suite revenue for occupied rooms/suites booked within the block paid at the full group rate (not including room tax or subsidies) and actually occupied by the Group's attendees. Group rates are subject to Clark County room tax, which is currently twelve percent (12%) and subject to change. Hotel will pay any commissions due upon complete settlement of Group's Master Account(s) and upon receipt of the applicable form of organization and taxpayer identification number or social security number sent directly to vendordesk@MGMRESORTS.COM in compliance with Internal Revenue Service regulations for recipients of miscellaneous income totaling \$600.00 or more during the calendar year.

NAPMW received a rebate of \$3 per room? Is that what the rebate of \$744 was for?

Yes. This is also shown in the attached commission report.

2.2 Hotel shall pay a subsidy in the amount of **\$3.00** per night for each occupied room/suite paid at the full group rate for (purpose) (not including room taxes) and actually occupied by the Group's attendees. Group is responsible for disclosure of the subsidy to its attendees. The subsidy will be credited to NAPMW upon complete settlement of Group's Master Account(s) and upon receipt of the applicable form of organization and taxpayer identification number or social security number sent directly to vendordesk@MGMRESORTS.COM in compliance with Internal Revenue Service regulations for recipients of miscellaneous income totaling \$600.00 or more during the calendar year.

Where are the comped rooms accounted for? Or did we not get any rooms comped because we didn't have 90% of the guaranteed rooms booked?

We had six comped rooms. Please see the commission report.

3.1 Hotel will provide 1 complimentary guestroom for each **40** paid rooms occupied and fully paid at the group rate on a cumulative basis during your program.

I see that there was a \$22,000 minimum for food and beverages. Were the hosted beer and bars added to get to the minimum?

Yes. One note, of course, is that we had to take a guess at how much the hosted bars would generate, since we were paying on consumption.