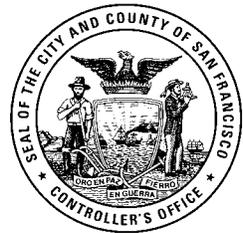


**SAN FRANCISCO
POLICE DEPARTMENT:**

Charitable Organization Audits for
Calendar Year 2005

**FINANCIAL AUDITS
DIVISION**



*December 21, 2005
05018*



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ed Harrington
Controller
Monique Zmuda
Deputy Controller

December 21, 2005

Audit Number 05018

Heather J. Fong, Chief of Police
San Francisco Police Department
Hall of Justice
850 Bryant Street, Room 525
San Francisco, CA 94103

Dear Chief Fong:

The Office of the Controller (controller) presents its report on the audits of three charitable organizations that registered with the San Francisco Police Department (Police Department) to solicit funds for charitable purposes within the City and County of San Francisco (City). The San Francisco Police Code requires the controller each calendar year to audit for accuracy and completeness three randomly selected financial statements submitted by the charitable organizations.

Taiwan Buddhist Tzu Chi Foundation, U.S.A., Vaisnava Community of America, and Vishwa Vaidic Vidyasangha (International Institute of Indology) are the charitable organizations we selected for review. The report concludes that the organizations made errors in reporting some of the required financial information, but it did not appear that they intended to misrepresent the results of their charitable activities within the City.

Respectfully submitted,

Original signed by:
Ed Harrington
Controller

INTRODUCTION

BACKGROUND

The San Francisco Police Department (Police Department) is responsible for issuing certificates to organizations allowing them to solicit funds for charitable purposes within the City and County of San Francisco (City). The San Francisco Police Code requires the Office of the Controller each calendar year to audit for accuracy and completeness three randomly selected financial statements submitted by the charitable organizations. As of September 23, 2005, the Police Department's records show 13 current charitable solicitation certificates.

The three charitable organizations we selected for review in calendar year 2005 are the following:

- Taiwan Buddhist Tzu Chi Foundation, U.S.A. (Tzu Chi), which solicits funds to provide humanitarian aid, spiritual care, and medical services to families and communities locally and internationally.
- Vaisnava Community of America (Vaisnava), which solicits funds to promote spiritual knowledge through cultural programs.
- Vishwa Vaidic Vidyasangha (International Institute of Indology) (Vishwa Vaidic Vidyasangha), which solicits funds to achieve their humanitarian and spiritual goals.

SCOPE AND METHODOLOGY

To receive a certificate of registration, the Police Department requires the organization to complete financial information relating to amounts raised or expended in the City within the 180 days immediately preceding the filing of the organization's statement of registration. To perform the audit, we obtained the statements of registration that the three organizations filed with the Police Department. We then reviewed the organizations' supporting records and documents to determine whether the financial information on their statements of registration was correct.

AUDIT RESULTS

CHARITABLE ORGANIZATIONS INCORRECTLY REPORTED REQUIRED FINANCIAL INFORMATION

We found that all three charitable organizations' records showed that they incorrectly reported required financial information. To correctly report financial information, an organization should report collections and expenses received and incurred within the City for the 180-day period immediately preceding the date of its filing of the statement of registration. The following table summarizes the errors we identified.

TABLE

Certificates of Registration Financial Information

	Reported Amount	Audited Amount	Difference
<i>Tzu Chi</i>			
Total Revenues	\$16,000	\$0	\$16,000
Total Expenses	0	0	0
<i>Vaisnava</i>			
Total Revenues	\$1,600	\$1,741	\$(141)
Total Expenses	1,600	0	1,600
<i>Vishwa Vaidic Vidyasangha</i>			
Total Revenues	\$3,200	\$3,255	\$(55)
Total Expenses	0	1,053	(1,053)

However, it did not appear that the organizations intended to misrepresent the results of their charitable activities within the City.

Tzu Chi Incorrectly Reported the Amounts It Raised

Tzu Chi's records show that it incorrectly reported that it raised \$16,000 in the City within the 180 days immediately preceding the filing of the statement of registration on September 2, 2005.

According to Tzu Chi's treasurer, Tzu Chi did not have any solicitation activities within 180 days prior to the filing of the statement of registration.

We have advised Tzu Chi's treasurer that, in the future, Tzu Chi should report the actual collections and expenses received and incurred during the 180-day period immediately preceding the date on future statements of registration. The treasurer agreed to implement this change in procedures.

Vaisnava Incorrectly Reported Both Revenues and Expenses

Vaisnava's records show that it incorrectly reported information related to amounts raised and expended in the City within the 180 days immediately preceding the filing of the statement of registration on March 14, 2005.

We tested a sample of Vaisnava's revenues and found that the organization had reported total revenues based on an inaccurate number in its financial records. Furthermore, Vaisnava reported expenditures that were not incurred within the City and County of San Francisco. We have advised Vaisnava's president that in the future, Vaisnava should accurately report the actual collections and expenses incurred during the 180-day period immediately preceding the date on future statements of registration. The president agreed to implement this change in procedures.

Vishwa Vaidic Vidyasangha Incorrectly Excluded Required Financial Information

Vishwa Vaidic Vidyasangha's records show that it incorrectly excluded the expenditures made in the City within the 180 days immediately preceding the filing of the statement of registration on July 15, 2005. The organization did not report reimbursements to its fundraiser for his expenses such as gas and toll fares as expenditures made in the City. We have advised the organization's secretary that in the future, Vishwa Vaidic Vidyasangha should report the actual expenses incurred during the 180-day period immediately preceding the date on future statements of registration. The secretary agreed to implement this change in procedures.

We also found that the organization's bank records show total deposits of only \$15 for the period of January 2005 through September 2005. Vishwa Vaidic Vidyasangha's secretary stated that collections are not routinely deposited into the organization's bank account. We found this to be a weakness in controls that undermines the organization's ability to properly account for its financial activities. The secretary agreed to take corrective action.

We conducted this review according to the standards established by the Institute of Internal Auditors. We limited our review to those areas specified in the audit scope section of this report.

Staff: Robert Tarsia, Audit Manager
Houman Boussina

**POLICE DEPARTMENT
RESPONSE TO THE AUDIT:**



HEATHER J. FONG
CHIEF OF POLICE

**POLICE DEPARTMENT
CITY AND COUNTY OF SAN FRANCISCO**
THOMAS J. CAHILL HALL OF JUSTICE
850 BRYANT STREET
SAN FRANCISCO, CALIFORNIA 94103-4803

December 20, 2005

Houman Boussina
Audits Division
Room 476-City Hall
1 Dr. CARLTON B. Goodlett Pl
San Francisco, CA.94102

Dear Houman Boussina:

The San Francisco Police Department Permit Section received your reports which stated that the charitable organizations, Taiwan Buddhist Tzu Chi Foundation, U.S.A., Vaisnava Community of America, and Vishwa Vaidic Vidyasanga (International Institute of Indology) records was audited by you and it was found that they improperly reported information on their Statement of Registration Schedule H financial report to the San Francisco Police Department Permit Section. It is noted that the Audit Division during their audit did not conclude that the organizations appeared to intend to misrepresent the results of their charitable activities within the City and County of San Francisco. This finding is noted by the Police Department and will be filed in the organizations folders.

Sincerely,


Lt. Jeanne Schlotz #4020
PERMIT/Taxi

cc: Mayor
Board of Supervisors
Civil Grand Jury
Budget Analyst
Public Library