



To SWNI Board and Neighborhood Chairs:

The Marsh-Minick, P.C. forensic audit report on SW Neighborhoods, Inc. has been released.

As you know, SWNI has worked for the past two months to be fully compliant with the audit and provide all the information requested. Our staff worked diligently to produce financial, operations, and program documents that spanned a ten-year period. We commend our staff for their professionalism and dedication to putting all this material together. We thank all the Board volunteers who assisted staff.

It was our hope that the Office of Civic Life's audit would be fair and focus on the financial management system that SWNI has put in place following the fraud conviction of a former employee in 2010-2011. Unfortunately, this does not appear to be the case. Marsh-Minick's audit asserts a pattern of financial mismanagement. It fails to recognize that there has been no financial wrongdoing since 2011 and does not acknowledge SWNI's work to improve and strengthen its financial management system after the financial fraud. This improvement process was conducted with the oversight by the city's Office of Neighborhood Involvement (ONI).

Here are the facts. Following the discovery of the financial fraud, the SWNI Board worked for over a year to revise its financial policies, approve new policies, and implement procedures to strengthen internal controls to ensure that there would never be another embezzlement. Those financial management policies are contained in our SWNI Board Handbook and have served us well for nearly a decade. The Marsh-Minick audit makes no findings of financial abuse or fraud since the implementation of these policies.

The Marsh-Minick audit does make unsupported findings of financial mismanagement during the past decade. We dispute these findings and will respond to the misinformation contained in the report. Our preliminary review of Marsh-Minick's report indicates it contains ungrounded allegations about SWNI's financial management system, including assertions of misspending and claims about misused funds. Particularly troubling is the absence of documented information that indicated no issues with financial mismanagement, including ten years of financial reports submitted to ONI/Civic Life staff and a 2014 IRS audit of SWNI, which had no findings of mismanagement.

We encourage all SWNI Board members to read this report. We will focus time at end of tomorrow's Board meeting hear comments on the report and its potential implications.

We are planning a Special SWNI Board meeting on Monday, November 30, 2020 at 7:00 pm to fully discuss the audit report and its impact on SWNI's financial future.

We will invite Simon Whang to join us for this discussion. We need the full engagement of the SWNI Board to chart our path ahead.

Sincerely,

Leslie Hammond, President
Steve Mullinax, First Vice President
Sam Pearson, Second Vice President
Janet Hawkins, Secretary
Teddy Okonokhua, Treasurer
Sylvia Bogert, Executive Director