

Executive Summary

The Utah Pride Center (“UPC”) is a non-profit organization whose mission is to unite, empower and celebrate Utah’s diverse LGBTQIA+ community with safe, accessible, and inclusive programs, events, and services. UPC engaged Sage Forensic Accounting, Inc. (“Sage”) to conduct a special audit of the 2023 Pride Festival due to concerns about financial dealings and internal control issues. This audit covered vendor expenses, internal control processes, and identified financial vulnerabilities that emerged during the 2023 Pride Festival. The investigation’s main objectives were to assess potential financial misconduct, evaluate internal controls, and provide recommendations for improvement.

Review and Analysis Performed

Per discussion with UPC leadership and independent review of the festival spending, we selected vendors to perform further review of. We reviewed over \$1,200,000 of UPC vendor expenses. Sage engaged in communications with the selected vendors, including mailing an audit records request letter and follow-ups. Our analysis included review of contracts and invoices, reconciliation of accounts, investigation of accounting entries, and examination of internal communications as available for each vendor.

Key Findings

- **Financial Turmoil:** The UPC increased its budget for the 2023 Pride Festival in hopes of even higher ticket sales, but revenue remained flat compared to 2022, resulting in significant debt. Financial instability resulting therefrom led to layoffs and operational suspensions.
- **Vendor Review:** A detailed forensic audit was conducted on vendors providing services for the festival, including entertainment, security, and production. Payments to vendors were traced through UPC’s QuickBooks records, and audit records request letters were sent to vendors to obtain relevant invoices and contracts. The review did not uncover instances of financial misconduct, though some concerns regarding vendor contract specificity and overlapping services were raised.
- **Conflict of Interest:** Concerns were identified regarding potential conflicts of interest involving the former Executive Director of UPC, and his husband, who performed at the festival. Additionally, events advertised as “official” UPC after-parties raised questions about the appropriate collection of proceeds and enforcement of UPC’s intellectual property rights.
- **Internal Controls:** There were findings related to the lack of segregation of duties in financial processes, inconsistencies in vendor account categorization, and unclear managerial contracts. Recommendations were provided to strengthen internal policies on vendor management, including more specific contracts and transparent budgeting.

Recommendations

- Improve account categorization to enhance financial transparency.
- Develop detailed, outcome-oriented service contracts to avoid high-cost, ambiguous management fees.
- Monitor intellectual property use to ensure UPC benefits financially from its name and logo usage.
- Implement strict lost receipt reimbursement policies to prevent abuse.

Conclusion

The forensic audit did not find evidence of improper or unapproved expenses but identified several areas of vulnerability, particularly around vendor management, financial categorization, and potential conflicts of interest. Implementing the recommendations will enhance UPC's financial transparency and strengthen internal controls to better manage future financial and operational risks.