

Federation of Hellenic Societies of Greater New York

2023 Financial Review Committee

Financial Review Committee Report

4/18/2024

Introduction:

At the meeting held at Stathakion on June 29, 2023, a “Financial Audit Committee” was nominated “to review all the current Federation Finances and to continue the review and analysis of the Independent Audit Committee Findings as earlier Chaired by Mr. Mastoras who was unanimously selected by all to review the Federation’s Finances for the last Six years.” as indicated in the invitation letter.

The members of this committee serve as volunteers in a capacity to gather and review information and make observations based on our review. We are not paid professionals and have no legal authority in this process.

Everyone we engaged with in this process, to the best of their ability, appeared to be helpful to share any information and insight they had relating to finances and record-keeping. Many hours were spent first gaining an understanding followed by gathering information in advance of any review or processing of such information. Unfortunately, there is missing information and records that will not allow this review to be 100% conclusive.

“Current Federation Finances”:

Our review focused on the period July 1, 2021, through October 31, 2023 which consisted primarily of the 2022 and 2023 Parades, Operation and Maintenance of the Building (“Stathakion”) and Membership Dues. While the committee received the cooperation of all parties previously involved, the task was significant, notably because of the various sets of financial accounts and associated individuals involved with each.

2022 Parade:

- The parade was chaired by Louis Katsos with John Catsimatidis serving as the honorary Chairman. Nick Bardis and Demetrius Kalamaras served as co-chairs. Finances were organized and managed by the parade treasurers Spyridoula Tsoukalas and Chris Vournas.
- The majority of the information was delivered by S.Tsoukalas and confirmed by C.Vournas.
- Transactions were recorded in Spreadsheet format (provided by S.Tsoukalas) with separate tabs for Membership, Raffles, Dinner Gala, Miss Independence, After Parade Dinner, Journal, Participation, Neolaia and Expenses
- \$1300 was deposited into the Parade General Account which was for Membership dues.
- \$700 of the expenses indicated appear to be related to Building Operations.
- Certain records (Statements, Invoices, Receipts) could not be found. Review is based solely on information provided in Spreadsheet.
- Net Income from Parade (not including Gala) was \$ 36,664.55.
- Net Income from Gala was \$ 19,351.28.
- Total Net Income from 2022 Parade was \$ 56,015.83.
- **Without a complete set of statements, and back-up documentation like invoices, contracts and receipts, it is not possible to fully reconcile the above amounts and what accounts the**

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money was transacted to/from but there were no indications of impropriety other than recommendations for improving accounting and record-keeping practices.

2023 Parade:

- The parade was chaired by Philip Christofer. Finances were organized and managed by the parade treasurers Demetris Paliouras, Chris Vournas and Paul Kotronis.
- Transactions were recorded in Quickbooks on the computer in the office and Receipts, Invoices and other Records stored in binders in the office. Report covered the Period of Activity from January through August 2023.
- Two checking accounts were utilized: 2023 Parade General (Citizens 1209) and 2023 Parade Hilton (Citizens 2505). Both accounts were opened in January 2023 and remain open with minimal activity.
- Missing Opening Statement for Parade General account and understanding of where the initial balance \$62,620.36 on 2/1/23) was drawn from.
- Missing Opening Statement for Parade Hilton account and understanding of where the initial balance \$10,000.00 on 2/1/23) was drawn from.
- \$2400 was deposited into the Parade General Account which was for Membership dues.
- \$29,887.14 was paid towards various building expenses. This amount should be reconciled with a Federation General Operating Account.
- Committee went through a significant amount of transactions to reconcile with the Quickbooks report. While there were various inaccuracies in identification and categorization of transactions, no egregious errors or inconsistencies were found.
- Generally, the accounting appeared diligently maintained with no apparent flags.
- Total Parade Income: \$56,908.21 (Gross Income: 429,021.36 less Expenses: \$372,113.15)
- Total Net Income from "Parade Accounts" was \$29421.07 taking into account Parade Income combined with Membership Dues (\$2400.00) less Building Expenses (\$29,887.14).

Building Operations:

- Operation of the building has generally been under the management of Cleanthis Meirmaglou.
- While we were able to piece together most of the income and expenses, there was no formal record-keeping which did make the exercise more difficult. The volume of transactions was not significant.
- The majority of the transactions consisted of paying various building expenses such as utilities, maintenance, repair, cleaning, postage as well as rental income and expenses.
- \$4600 was deposited into the Parade General Account which was for Membership dues.
- This account held a relatively low balance resulting in difficulty managing cash flow and paying important operating expenses.

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Membership Dues:

- Membership dues were collected and applied to the various accounts.
- From our review of the above accounts, the following amounts were deposited into their respective accounts. 2022 Parade: \$1300, 2023 Parade: \$2400, Building Operating Account: \$4600, for a total of \$8600.
- Since dues are normally \$200 per Society, it appears only 43 Member-Years dues payments were made over this two year period. Therefore, many member societies have not yet paid their dues as of our accounting.

Miscellaneous

Opinions have been offered regarding inappropriate payment of legal fees paid by the Federation, some of which may have been reimbursed through donations from members. Without understanding or having the authority to opine on the full history of the legal action, considering the board in control of the financial accounts authorized the payments to defend the board against the legal action, the expenses/payments may be considered appropriate. It does appear there were inefficiencies in that a first attorney was retained only to be followed by a second. Further, it is our understanding donations from certain members of the board made donations to compensate against the legal expenses.

There were expenses associated with a “software program” that was never launched and partially paid for. It is our understanding there is a threat of collections against the Federation for the balance of payment. This is a matter which should be referred to legal counsel. At best, it was an inefficiency which cost the Federation some amount. At worst, it may lead to additional expenses which are to be determined.

Mastoras Report:

The committee reviewed the summary report of the Audit Committee Chaired by Mr. Kostas Mastoras and Co-Chaired by Yiannis Stroumbakis. This committee identified many of the same operational inefficiencies we observed for the last two years.

Some of the transactions highlighted in the report do appear questionable and offer cause for concern, however, this committee did not perform a review of the entire history and can neither confirm or deny their validity. At a minimum, it highlights the importance of better organization and transparency of finances on a real time basis.

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Bank Accounts:

To the best of our ability (without having direct access to banks), we gathered statements of the various bank accounts associated with the Federation. There were 13 in total that we identified:

- 1,2 (2) Alma Bank: Frozen. Total Balance \$13,524.19 (November 2023). These accounts were frozen for the entire period with no activity.
- 3. Citizens: Under the name Senate of Hellenic American Organizations inc. Total Balance \$5,375.01 (December 2023). No knowledge of this purpose could be determined.
- 4. Citizens: Active 2023 Parade General Account. Opened in January 2023. Total Balance \$103,446.65 (November 2023). Our understanding presently used for the 2024 parade.
- 5. Citizens: Frozen account from previous parades. Balance \$68,024.77 (November 2023)
- 6. Citizens: Active 2023 Parade Gala/Hilton Account. Balance \$4,545 (November 2023). Our understanding is that it is presently used for the 2024 parade.
- 7. Citizens: Closed 2023 Evzones Account. Balance \$0.00.(March 2023) Our understanding is it was intended to provide a separate accounting for Evzones but costs were covered otherwise and the account was closed.
- 8. Citizens: Closed. 2022 Gala Account. Balance \$0.00 September 2023. Closed by the bank after no activity with a \$0.00 balance.
- 9. First National Bank: Active Federation Building Account. Balance of \$12,627.58 (August 2023) Opened to pay expenses and receive payments associated with the building.
- 10. Investors (Citizens): This was a 2022 Parade Account. Balance of Negative \$1,155.60 (January 2023). As of last statement it was accruing overdraft fees and service charges.
- 11. NYCB: Frozen. Balance \$12,100 (August 2023). Undefined account and no activity during our review period.
- 12. NYCB Frozen: Balance \$18,953.78 (August 2023). Understanding is it was some type of General Operating Account.
- 13. TD Bank: Closed. Final Balance \$49,620.32 as of April 2022. Per conversation with S.Tsoukala, this amount was held by the bank.

In summary:

- Three accounts (4. Citizens / 6. Citizens / 9. First National Bank) are still active. Up-to-date reporting may be provided by C.Meimaroglou (9) and D. Paliouras (4,6).
- Two accounts (7. Citizens / 8. Citizens) have been closed with zero balance.
- One Account (10. Investors) Closed or frozen with possibly a negative balance \$1,155.60.
- Six Accounts (1. Alma / 2. Alma / 3. Citizens / 5. Citizens 11. NYCB/ 12. NYCB) are frozen with balances totaling \$117,977.75
- One Account: (13. TD Bank) was close but the bank may be holding \$49,620.32

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Overall Summary of Observations and Comments:

- An audit should be an objective third-party review of records that have already been well-organized, reconciled and presented for review. Most of the work of this committee was more of an expedition in compiling information.
- Of all the individuals we interviewed and obtained records from, while they each had their own "system", we saw no reason to believe there was any willing intent to steal, defraud or otherwise cheat the Federation, its members, donors or violate the not-for-profit status of the organization.
- Collection of Membership Dues were applied and deposited to several accounts over the years. This review did not reconcile the total amount as it applies to members in good standing but should eventually be reconciled by the officially recognized Membership Committee.

Recommendations for Future Reference:

- Whether through the efforts of a volunteer, a paid bookkeeper, or the bookkeeping services of an accounting firm, we highly recommend all financial records of all accounts be maintained on a centralized platform (such as QuickBooks online) with access by more than one authorized and qualified individual. This is not just for oversight but sharing of responsibilities so it does not fall on one person.
- To the extent that hard copy records are required to be maintained by law, they should be well organized in a secure location at the offices. Furthermore, a properly organized system of scanning and electronic storage of all records including invoices, receipts and payments should be initiated with secure access by authorized individuals.
- Maintain the third separate Federation General Operating Account to keep building operating expenses (and incomes), membership dues and other transactions separate.
- Incorporate the recording of all transactions into the Federation's General operating accounting software.
- An operating budget should be created that accounts for recurring expenses and allowances provided for immediate and future major capital improvements which will be required.
- A standing Membership Committee should be organized to systematically invoice member societies to pay their dues on a timely basis. This would be in conjunction with renewing memberships and updating relevant information regarding member-society representation. We expect the "Transparency Committee" to be the first step in this process.

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Conclusion:

This period in the Federation's history should serve as a lesson learned so it moves towards proper financial record keeping, accounting practices, reporting and transparency. We hope the Federation will move forward in its efforts to have elections where a duly recognized board can take these recommendations into account and become a more effective organization to serve our community.

Representatives of the 2023 Financial Review Committee:

- Peter Gerazounis, Chairman
- Konstantine Ouranitsas, Secretary
- Demetris Filios
- Spyros Garyfallis
- John Nikolopoulos
- Andreas Katselanos

The following individuals were initially nominated to sit on the committee but for varying reasons, and with all due respect, were not part of the final review.

- George Thomopoulos: Had not participated in the review.
- Stavros Giannopoulos: On 12/14/23, emailed P.Gerazounis indicating he was not present at the 6/29/23 meeting, did not accept the nomination and does not have the time to participate therefore asked for his name to be removed.
- Vasilis Petratos: At the initial August 16, 2023 meeting, consensus of all members except Mr. Petratos was that his involvement in the previous administration, whose finances were being reviewed, disqualified him from participating on the committee and would be excluded from future meetings. This was agreed upon by both N. Kastanas and D. Kalamaras.
- Antonis Seretis: Similarly, due to A. Seretis' involvement in the prior board, he was also removed from the committee.

End of Report