

Review Questions Chamber Finances

Group Obtains Records Used in Review

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By [Steve Caraway](#)

THE MORNING NEWS

SPRINGDALE — An accountant, using Springdale Chamber of Commerce records obtained by a group of city residents, recommended changes should be made to chamber procedures.

The recommendations include separating money obtained from city contracts, keeping better board meeting minutes, a better computer accounting system, yearly auditing and tighter control of expenditures.

The accounting firm, Ervin and Company, used records received from the chamber under a Freedom of Information Act request. The request was made by a group headed by Anita Davis, a city resident. Ervin was contracted to perform the review, according to the document.

"We have complied with several FOI requests and have received a copy of an accounting review," said Perry Webb, chamber president. "I have turned the information over to the chamber board and will let them decide if measures should be taken in response."

The chamber receives money from three contracts with Springdale or connected organizations. It receives \$100,000 for economic development from the city budget. It also has contracts with the Springdale Advertising and Promotion Commission and the Springdale Public Facilities Board.

The chamber board of directors is the best group to respond to the review, said Mayor Doug Sprouse.

"We need to let the board decide if any procedures need to be changed," Sprouse said.

Neither Anita Davis nor her attorney, Brian Campbell, responded to phone calls Friday.

The document from Ervin states its look at chamber finances was limited in scope and did not include procedures normally used in an audit or accountants' review.

"If additional information were made available to us, our recommendations might be different," the document states.

The information used for the review included credit card statements, bank statements, financial reviews for 2003, 2004, 2005 and 2007, audited financial statement from 2006, internal financial statements and board or committee minutes.

Money from city contracts and unrestricted money from other chamber revenue sources were mingled, the Ervin document stated, and expended as necessary to meet ongoing operations. Contracted money should be separated, the document stated.

Also, the board minutes do not show approvals of the city contracts, the document stated. The minutes should document approval of contracts, the document stated.

Several expenses, including travel, are not completely documented. Records for the expenses should show the nature of the expenses, the purpose for the expense and the relationship to the objectives of the chamber, the document stated.

The expenses, called the focus of the Freedom of Information request, totaled \$768,154. The total included \$306,175 in travel and \$144,388 for dining.

Chamber Claims Expense Totals Wrong

Report Gives Misleading Picture

LAST UPDATED TUESDAY, SEPTEMBER 22, 2009 9:28 PM CDT IN NEWS

By [Steve Caraway](#)

THE MORNING NEWS

SPRINGDALE — Springdale Chamber of Commerce officials claim a review of their finances uses faulty information.

A review of chamber records by an accountant stated the organization needed better controls and reported excessive spending on travel and dining.

A gathering of five former, present and future chairmen of the chamber board, the chamber auditor and the chamber president pointed to the compilation of financial data as misleading.

"We have 185 different accounts," said John Lea, chamber chairman for 2006. "They rolled them all together. If I thought we'd paid those prices, I'd have questions, too."

The report stated the chamber spent \$768,154 over a three-year periods, with \$306,175 in travel and \$144,388 for dining. The report, prepared by Ervin and Company, stated expenses were not explained.

Ervin did not receive all the documents obtained by a Freedom of Information Act request, according to Perry Webb, chamber president. The documents were requested by Anita Davis, Springdale resident.

"The figures were compiled and given to Ervin," Webb said. "I know they didn't do it because they were our auditor from 1996 to 2002. They designed the system we use."

The figures included expenses, but not income, said Blake Hanby, 2009 chairman.

"We paid for a lot of trips out of our own pockets," Hanby said. "We would give the money to the chamber individually and they would pay the total bill. The totals made it look like the chamber paid for everything. It's not a true picture."

The travel expenses also included commissions given to those who sold advertising during the chamber's total resource campaign, Hanby said.

The campaign brought in \$900,000, with a 15 percent commission paid for sales. The payment came as travel vouchers, Webb said.

Other programs which took in money but only counted as expenses included the City Future II retreat, the chamber golf tournament and a leased suite at Arvest Ballpark, Webb said.

"We entertained groups at the ballpark, but we also rented it out to some groups," Webb said. "They would pay a rental fee and for all the food they ate."

Chamber banquets also were listed as expenses, Webb said, although sponsors covered almost the entire cost.

"They listed all of our banquets, but some were listed as entertainment and some as dining," Webb said.

The document from Ervin states its look at the chamber finances was limited in scope and did not include procedures normally used in an audit or accountants' review. The document recommended yearly audits.

The body that accredits the chamber, the U.S. Chamber of Commerce, requires an audit every three years, Webb said. The other two years require only a financial review.

The Ervin document recommended separating private money from those obtained under a contract with the city. Springdale pays the chamber \$100,000 per year for economic development.

"The chamber spent much more than \$100,000 for economic development," said Sam Fiser, with chamber auditor SF Fiser and Company. "They spent about \$400,000 in 2008. It would not be cost effective to allocate each expenditure between funds."



AMS Amsterdam, Netherlands
ATL Atlanta, Georgia
BCN Barcelona, Spain
BIL Billings, Montana
BIS Bismark, North Dakota
CHS Charleston, South Carolina
CUN Cancun, Mexico
CZM Cozumel, Mexico
DEN Denver, Colorado
DFW Dallas / Ft Worth, Texas
DSM Des Moines, Iowa
FLL Ft. Lauderdale, Florida
FOD Fort Dodge, Iowa
GRR Grand Rapids, Michigan
HRO Harrison, Arkansas
IAD Washington, DC
IAH Houston, Texas
IST Istanbul, Turkey
JAC Jackson Hole, Wyoming
JBR Jonesboro, Arkansas

KOA Kona, Hawaii
LAS Las Vegas, Nevada
LAX Los Angeles, California
LIT Little Rock, Arkansas
MAN Manchester, United Kingdom
MCI Kansas City, Missouri
MCO Orlando, Florida
MEM Memphis, Tennessee
MEX Mexico City, Mexico
MHH Marsh Harbour, Bahamas
MIA Miami, Florida
MSN Minneapolis, Minnesota
MSY New Orleans, Louisiana
MZT Mazatlan, Mexico
OAK Oakland, California
OKC Oklahoma City, Oklahoma
ORD Chicago O'Hare, Illinois
PCV Punta Chivato, Mexico
PHX Phoenix, Arizona
PIR Pierre, South Dakota
POS Port of Spain, Trinidad
PPT Papeete, French Polynesia
SAP San Pedro Sula, Honduras
SFO San Francisco, California
SJD Los Cabos, Mexico
SNA Santa Ana, California
STL St. Louis, Missouri
TUL Tulsa, Oklahoma
XNA Fayetteville, Arkansas

SPRINGDALE

Resident queries tabs of chamber

\$300,000 in travel raises questions

RICHARD MASSEY ARKANSAS DEMOCRAT-GAZETTE

A Springdale woman is questioning hundreds of thousands of dollars spent on travel and dining by members of the Springdale Chamber of Commerce and wants the organization to account where public money is being spent.

Anita Davis filed a series of state Freedom of Information Act requests seeking expense reports dating back to 2006 from the chamber, which is funded by private donations, membership dues and annual grants from the city.

The chamber annually receives \$177,000 in public funds — \$100,000 from Springdale's general fund; \$60,000 from the Advertising and Promotion Commission; and \$17,000 from the Public Facilities Board.

Davis' request includes documents identifying \$306,175 in chamber travel expenses — including trips to Tahiti and Istanbul, Turkey — and \$144,388 for dining from 2006 through early 2009.

Chamber President Perry Webb and at least one member of the chamber's executive board said they will meet with reporters Tuesday to discuss Davis' request for information. Webb declined to comment for this article.

Mayor Doug Sprouse, a member of the chamber's board of directors, said the report Davis compiled is incomplete because it doesn't include revenue reports. Without a complete report, it's not fair to question the chamber's spending of public funds, he said.

Under agreements with the city, the public grants are earmarked for economic development. But John Ervin, an accountant Davis hired to review the financial documents, said the chamber funds are co-mingled, meaning public and private funds go into the same account.

"The evidentiary information provided to us was insufficient to support any conclusions by us regarding these expenditures," wrote Ervin in a letter. "Further detailed examination of the underlying source of documents would be required to determine the nature of the expenditures."

Without a division between public and private funds, the chamber cannot prove that tax dollars weren't used to pay for trips, Davis said.

The city would be better off if it stopped giving money to the chamber and instead hired a full-time economic development director who would be directly accountable to the mayor and City Council, she said.

"I can sit back and see what's being done [by the chamber] — nothing," said Davis.

Sprouse said revenue from private sources could have been used to pay for trips to such places as Amsterdam, Netherlands, Barcelona, Spain, and Cancun, Mexico.

Sprouse, however, said it might be a good idea for the chamber to establish a separate accounting system for its public funds.

"That would save everyone a lot of questions," he said.