



January 30, 2019

Sean Jurgens
Chairman, Board of Directors
Visit Estes Park
500 Big Thompson Avenue
Estes Park, CO 85017

Re: Forensic Accounting & Computer Forensic Examination

Mr. Jurgens:

Eide Bailly (Hereinafter referred to as “we,” “our,” or “us”) was engaged on November 9, 2018 to perform a forensic accounting and computer forensic examination of Visit Estes Park (“VEP”). The basis for our examination was predicated upon concerns brought to VEP’s Board of Directors surrounding alleged activity occurring between August 2016 and December 2017. This alleged activity included, but is not limited to:

- Inappropriate spending
- Extravagant employee outings
- Conflicts of interest between VEP management and vendors

The following letter provides a summary of the procedures performed and our observations.

I. Background Information

Elizabeth Fogarty (“Fogarty”), former Chief Executive Officer of VEP, was hired August 1, 2016. On December 11, 2017, Fogarty resigned. Kevin Benes (“Benes”), VEP Chief Financial Officer and former VEP Board Member, began reviewing VEP’s financial records amid alleged questionable activity brought to the Board’s attention in and around the Spring of 2018. According to Benes, he performed the following procedures:

- Reviewed invoices and supporting documentation for questionable activity related to any VEP Board Member, employee or businesses where Board members/employees have ownership interest;
- Reviewed credit card charges and supporting receipts for questionable activity;
- Reviewed purchases made for employee gifts and staff outings; and
- Reviewed supporting documentation surrounding Fogarty's travel expenses

Benes stated that his internal investigation identified several missing credit card receipts and some questionable spending by Fogarty. However, he determined all spending by Fogarty, fell within VEP's budget and policies at the time of her employment. Since becoming Chief Financial Officer, Benes implemented policy and procedural changes to help prevent these issues from reoccurring.

We were engaged by VEP to perform an independent examination of VEP records for misuse or misappropriation of assets.

II. Information Considered

The following information was considered during the engagement:

- Discussions with the following individuals:
 - Bryson, Wendi – Office Manager
 - Benes, Kevin – Chief Financial Officer
 - Huebner, Abi – Partner Development Manager
 - Jirsa, Todd – Mayor of Estes Park
 - Jurgens, Sean – Chairman of the Board of Directors
- Examined the following documentation:
 - VEP QuickBooks® backup file as of December 31, 2017.
 - Bank statements canceled checks and deposit slips for VEP's Bank of Estes Park checking account ending in no. 3921 from January 2017 through December 2017.

- Bank statements canceled checks and deposit slips for VEP's Bank of Colorado stakeholder services account ending in no. 9391 from January 2017 through December 2017.
- Bank statements and deposit slips for VEP's Bank of Colorado money market account ending in no. 1097 from January 2017 through December 2017.
- Credit card statements and supporting receipts for VEP's Bank of Colorado account held by Fogarty ending in no. 1296 for statements ending January 1, 2017 through December 1, 2017.
- Accounts payable supporting documentation such as invoice and receipts.
- Sales data exported from VEP's customer relationship management (CRM) system from January 2017 through December 2017.
- Sales spreadsheet maintained by VEP's Partner Development Manager.
- Forensic image of hard drive from a VEP computer used by Fogarty.
- Various emails and other correspondence.

III. Procedures Performed

Procedures performed as part of our examination were determined based on discussions with VEP and areas identified as having internal control weaknesses during Fogarty's employment.

A. Examination of Disbursements

VEP requires a two-part approval of all invoices as well as two Board signatures on each check disbursement. During Fogarty's employment, most purchases were approved by her and VEP's former Finance Director Michael Bodman. We examined VEP bank statements and canceled checks for questionable disbursements from January 1, 2017 through December 31, 2017. We compared all disbursements to corresponding invoices, receipts and other available documentation for their Bank of Estes Park operating account. This information was also compared to an export of VEP's check register to identify potential anomalies.

No findings were identified during our examination. A Summary of disbursements by vendor and amounts for VEP's Bank of Estes Park account can be viewed in **Workpaper 1**.

Credit Card Charges

We examined Fogarty's VEP credit card account ending in no. 1296 for statements ending January 1, 2017 through December 1, 2017. During this time period, Fogarty had **200** charges totaling **\$26,890.14**. Of these purchases, we identified **16** charges totaling **\$4,432.16** where no supporting documentation, such as an invoice or receipt, was available. **Figure 1** provides detail on these charges.

Figure 1 – Charges with Missing Receipts

Date	Description	Amount
12/8/2016	Safeway Store	\$65.82
1/5/2017	Kind Coffee	4.95
1/5/2017	Kind Coffee	9.44
3/31/2017	Kind Coffee	50.00
4/14/2017	Starbucks	9.93
5/4/2017	The Munchin House	28.00
5/10/2017	Fort Collins	40.00
6/2/2017	Fawn Valley Inn	873.55
6/13/2017	IPMP	90.00
6/13/2017	Destination Marketing	2,170.00
6/13/2017	Destination Marketing	995.00
6/16/2017	Google Storage	19.99
6/26/2017	Piece Love & Chocolate	37.35
11/1/2017	Starbucks	9.93
11/24/2017	Tattered Cover	13.20
11/24/2017	Wynkoop Garage	15.00
	Total	<u>\$4,432.16</u>

Based on our examination, we noted that none of the 200 credit card charges examined appeared questionable or deviated from normal VEP business.

Backbone Media

Backbone Group, LLC, a/k/a Backbone Media, is a public relations company hired by VEP to assist with their advertising, publications, and social media presence. Since much of VEP's advertising and budget flows through Backbone Media, we examined invoices from Backbone Media in 2017 totaling **\$1,179,908.38** for payments to questionable or unusual vendors. A summary of vendors paid by Backbone Media on behalf of VEP can be viewed in **Workpaper 2**.

Based on our examination, no questionable activity was identified. However, the invoices examined are not detailed as to the services and benefits received by VEP. According to Benes, VEP has requested all future invoices from Backbone Media provide this detail.

B. Examination of Sales

Based on our discussions with VEP staff and board members, most of VEP's funding comes from a tax fund from the state that is received electronically each month. Other sources of income include website sales, grants, and advertisement sales for the Estes Park Visitor's Guide and rack cards. Website sales and grant funds are received electronically and are automatically deposited. However, Visitor's Guide and rack card ads are paid for by check or credit card.

We performed a reconciliation of sales and deposits by comparing sales recorded within VEP's CRM system to deposits made within VEP's bank account. We also compared this information to sales documented in a separate spreadsheet by VEP's Partner Development Manager. Based on our examination, there was no indication of misapplication of sales revenue.

C. Computer Forensic Analysis

The hard drive from Fogarty's company computer was examined for suspicious activity and to gather records and/or other information relating to concerns brought to the Board's attention. Records recovered included e-mails and other correspondence. Items that may be of interest have been provided to VEP separate of this letter.

D. Other Items of Interest

Denver Broncos Game

Per discussions with VEP staff, Fogarty invited VEP staff to a Denver Broncos game on October 15, 2017. Employees were given Denver Broncos scarves and jackets to wear and hotel accommodations were provided in downtown Denver. When asked how Fogarty received the tickets, VEP staff believed the tickets were received as an in-kind trade through advertising purchases. No other information regarding the receipt or purchase of these event tickets was identified during our examination.

IV. Conclusion

This letter reflects the procedures performed, documents examined, and related observations based on the scope and records provided for the examination. We were engaged to examine VEP's financial records and computer files for potential questionable activity. Based on our examination, we identified **16** credit card charges by Fogarty in 2017 totaling **\$4,432.16** where no supporting receipt is available. Additional analyses performed such an examination of bank disbursements and a reconciliation of sales and deposits resulted in no findings.

Since Fogarty's departure, VEP has implemented internal control changes to reduce the risk of inappropriate activity. These controls include policy changes and segregation of duties surrounding the purchasing, credit card, and expenditure process.

The services provided in this matter adhere to the applicable American Institute of Certified Public Accountants' Statement on Standards for Consulting Services and the applicable Certified Fraud Examiner Code of Professional Standards established by the Association of Certified Fraud Examiners. We have not provided an opinion in this letter related to any person or party violating applicable laws and regulations. The determination as to whether a person or party has violated applicable laws and regulations is not a decision for us; it is a decision for a governing body, judge or jury.

We reserve the right to amend, modify, and or supplement this letter if deemed necessary due to new information as our examination may continue in this matter. Please contact us with any questions you may have regarding this letter.

Respectfully,

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Forensic Services

**Visit Estes Park
Bank of Estes Park
2017 Disbursement Summary**

Description	Amount
Backbone Group, LLC	\$1,180,306.20
Cultivator Advertising	236,456.65
PAYCHEX-RCX PAYROLL	224,423.17
Wire Transfer Plus \$25.00 Fee	152,316.47
Miles Media Group	124,547.00
LSC Communications US, LLC	116,471.52
Turner	107,625.50
Simpleview, Inc.	103,198.70
Bank of Colorado	82,137.82
COLORADO PERA CONT DEPOS	76,445.43
Town of Estes Park	73,474.03
PAYCHEX TPS TAXES	62,523.71
PAYCHEX PAYROLL	58,570.18
Vision Graphics Inc	58,366.54
Matador Ventures, Inc.	55,000.00
Lyons Gaddis	48,934.83
Graves Avenue Plaza, LLC	30,872.28
Eagle-XM	30,000.00
Ideal Corporate Marketing	29,500.00
Mountain Sage Consulting, L.L.C.	28,528.40
Jackrabbit Systems Inc.	24,675.00
Estes Park Economic Development Corp.	20,000.00
Myra Beckman	19,650.00
Crowdriff, Inc	13,125.00
Moore Words, Inc.	11,810.00
Kathryn S. Asche, CPA, PC	10,455.00
MJT Communications, Inc.	9,866.83
RR Donnelley	9,608.66
Deco Consulting International LLC	9,133.11
The Ridgeline Hotel	7,088.78
McGuire, Jean	6,885.17
Colorado Tourism Office	6,075.00
Employers Council Services, Inc.	5,915.00
The Print Source	5,357.55
EVICS	5,000.00
LoDo District, Inc.	5,000.00
Amity Moore	4,950.00
Vision Graphics	4,840.88
Arthur J. Gallagher & Co.	4,412.52
Destination Marketing Assoc Intl	3,755.00
Century Link	3,472.12

Workpaper 1

Description	Amount
Konica Minolta Premier Finance	3,292.45
TIAC	3,225.00
Unicomm	3,200.00
NoCo Brochure Distribution	3,000.00
Colorado Ice Works	2,992.25
PAYCHEX EIB INVOICE	2,989.12
Master Graphics Master Shipping Inc	2,988.47
Go West Summit	2,595.00
James Frank Photography	2,550.00
U.S. Travel Association	2,500.00
Estes Park Mountain Bike Team	2,500.00
Colorado's Front Range Region	2,500.00
Estes Park High School	2,500.00
Estes Park Running CO	2,500.00
Rocky Mountain Treasures	2,400.00
4 Imprint, Inc.	2,144.89
Clifton Larson Allen, LLP	2,028.16
Colorado State University	2,000.00
Purchase Power	1,708.97
Dirxion	1,700.00
Moon, Catherine	1,516.67
United States Liability Insurance Company	1,493.00
Pinnacol Assurance	1,418.00
Analytive, LLC	1,400.00
Office Depot	1,296.12
Huebner, Abigail	1,263.90
Colorado Assoc of DMO	1,250.00
TDS	1,080.00
Estes Park News	1,046.00
Harms, Josh	1,039.08
Estes Park Nonprofit Resource Center	1,000.00
Aims Community College	1,000.00
Crossroads Ministry of Estes Park, Inc.	1,000.00
Productive Office & School Environments	923.00
Burnham, Brooke	828.54
Estes Ark	750.00
Pliske, Daniel	629.06
Yadi's Cleaning	600.00
The Hartford	600.00
Bodman, Michael D.	587.67
Visit Denver	525.00
Bobcat Booster Club	500.00
Bryson, Wendi	452.45
Oboz Footwear LLC	428.75
Kent Mountain Adventure Center, Inc.	425.00

Workpaper 1

Description	Amount
Alan Belcher Design & Production	400.00
Rocky Mountain Lodging Report	325.00
Unink Printworks Inc.	300.67
Riverspointe Spa	300.00
Green Mountain Gazebo	293.98
KUVO	252.00
The Soaring Shutter	250.00
History Colorado	250.00
Karen McPherson	250.00
Estes Park Wedding Assoc	250.00
Pitney Bowes Global Financial Services, LLC	246.84
League of Women Voters of Estes Park	200.00
EALA	200.00
Logo Sportswear	169.97
GFOA	160.00
Patton, Elena	151.50
Elkins Distilling Co.	147.00
Prairie Mountain Media	130.44
Mountain Cleaning Service	120.00
Business Form Specialists	106.67
Colorado Hotel & Lodging Association	100.00
Doering Disposal	65.00
Postmaster	54.00
Lumpy Ridge Brewing Company, LLC	52.00
Jerry's Landscape , Hauling & Handyman	45.00
Blackhurst, Suzy	45.00
Longmont Trophy	14.60
Total	<u><u>\$3,150,020.27</u></u>

Visit Estes Park
Backbone Media Invoice Breakdown
For Invoices Received February - December 2017

Description	No. of Payments	Total
Google Adwords	16	\$195,475.00
Facebook, Inc	6	184,425.00
Billups Worldwide	2	176,270.00
Media Planning Fee	12	105,830.51
Spotify	2	60,000.00
Snapchat	1	40,000.00
5280 Magazine	2	38,500.00
Bing	3	36,600.00
Backpacker Magazine	3	35,250.00
USA Today	1	29,500.00
Texas Monthly Magazine	4	27,644.00
Gotcha Group	2	25,000.00
EMC Outdoors	1	22,540.00
Modern Luxury	2	17,640.00
Sync2Media	4	15,690.14
Pandora	1	15,000.00
iHeartMedia - FC	4	14,998.00
Sojern	2	12,500.00
Chicago Magazine	1	12,000.00
iHeartMedia/KBCO	1	11,760.00
Estes Park Trail Gazette	2	10,742.93
CDOT	1	10,000.00
Denver Life	2	9,960.00
Diablo Magazine	2	9,820.00
YouTube	1	9,000.00
Web Shine	18	7,150.00
Dorado Magazine	2	7,000.00
Outdoor Adventure Media	3	5,860.00
Adventure Sports Journal	1	4,500.00
425 Magazine	3	4,050.00
Ft Collins Magazine	1	3,850.00
Evergreen Custom	1	3,850.00
Big Life Magazine	2	3,675.00
Nebraska Life	2	3,600.00
RM Parent	2	2,898.00
Colorado Life	1	2,090.00
Trip Advisor	1	2,000.00
Elevation Outdoors	1	1,950.00
Reimb Group	1	1,125.01
Travel - Reimbursable	1	164.79
Total	118	\$1,179,908.38