



PRESS RELEASE

For further information contact:
Timothy Vargas, Board President
Tim@TheCenterOrlando.org
407-228-8272

GLBT COMMUNITY CENTER OF CENTRAL FLORIDA INC. RESPONDS TO ORLANDO SENTINEL ARTICLE

In response to the article published by the Orlando Sentinel and Sentinel reporter Paul Brinkmann, The GLBT Community Center of Central Florida, Inc., "The Center", is releasing the following statement regarding allegations of misappropriation of funds in the wake of the Pulse tragedy that befell our community on June 12th, 2016.

The article published by the Orlando Sentinel and Mr. Brinkmann centers on two complaints that were received by the Florida Department of Agriculture and Consumer Affairs. With respect to the first complaint, filed by Lee Kirpatrick, Mr. Kirpatrick alleges that The Center does not post Board Meeting minutes and does not post financial reports regarding The Center. The Center, like many other non-profits does not post our Board meeting minutes as much of the discussion that takes place during those meetings is confidential in nature in order to foster open and free discussion among the Board of Directors. As for financial reporting, The Center does in fact post annual audited financial statements to our website located at www.thecenterorlando.org. Mr. Kirpatrick along with Linda Potkovic attended a Center board meeting on September 26, 2016, during which both members indicated that they wanted to examine The Center's books and financial records. The Board of Directors denied their request to do so as The Center takes our responsibility to protect the confidentiality and privacy of our donors very seriously. There was and is no evidence of any financial wrongdoing and absent evidence to the contrary, there is no need to open the books and records of the organization to any private individual to satisfy their curiosity. Of note, The Center did not publish financial statements, nor did The Center ever receive annual audits by an independent accountant prior to 2012 when President Tim Vargas joined the Board of Directors. In fact, the practice of engaging an independent accountant to provide an annual audit and then publicly post the results of those audits was implemented by Mr. Vargas as a condition of Mr. Vargas joining the Board of Directors. While there is no statutory or regulatory requirement for The Center, or any non-profit, to receive annual audits and publish audited financial statements, The Center's Board of Directors believes that this practice provides best in class financial transparency and is committed to continuing the practice. Also worth noting, since the inception of the annual audits, our auditors have found no cases where our financial statements have been misleading or misrepresented, nor have there been any cases where our auditors have found our internal controls to be lacking.

Mr. Kirpatrick and Ms. Potkovic also expressed displeasure with The Center's decision to sell off property that The Center owned and was formerly occupied by the Forbidden City restaurant. While this point was not raised in Mr. Kirpatrick's complaint to the State of Florida, nor was it discussed in the Orlando Sentinel article, it provides important context about the

financial management of The Center. In late 2012, when Mr. Vargas joined the Board of Directors, The Center was nearly bankrupt and on the verge of closing the doors forever. The Center had a balloon payment on its mortgage that exceeded \$300,000 that was coming due in February 2013, The Center owed more than \$40,000 in back taxes to the IRS and nearly \$30,000 in back pay to then Executive Director Randy Stephens, and had a cash balance less than \$10,000. Selling off the Forbidden City property was a key opportunity for The Center to substantially reduce the mortgage balance and pay off all old debts of The Center in full with no negotiated settlements. Mr. Vargas played a key role in resolving the financial problems that The Center faced, and prior to the influx of Pulse donations, The Center's financial position was the strongest it had been in our 38 year history. The Center stands by its decisions and financial management and the Board of Directors believe that any reasonable person that reviews our financial statements from 2012 forward would come to the same conclusion that our financial practices are sound and our transparency with regard to financial matters rivals that of national non-profit organizations.

With respect to the complaint filed by Mr. Joe Sivoli, The Center was notified by the State of Florida of the complaint on November 2, 2016, and The Center promptly responded to the State and addressed all accusations and allegations, to which, the Florida Department of Agriculture and Consumer Affairs responded to The Center in a letter dated November 22, 2016, and indicated that "the complaint has been closed at this time and a copy of your response has been provided to the consumer for their records". When Mr. Brinkmann contacted The Center last week, he indicated that the State had opened an investigation, but when our attorney contacted the State, the investigator indicated that the State had re-opened the investigation in an "abundance of caution" after receiving numerous requests from Mr. Brinkmann. The Center will obviously cooperate fully with the Florida Department of Agriculture and Consumer Affairs to speedily close the investigation and we are confident that the investigation will clear The Center of all allegations leveled in Mr. Sivoli's complaint.

Mr. Sivoli's complaint centered on several allegations including that The Center did not direct excess contributions by FIS (Mr. Sivoli's employer) to Two Spirit Health Services, that The Center's debit card was declined when the Executive Director was attempting to purchase \$6,000 in computer equipment that was funded by FIS, that Mr. Sivoli heard "rumors" that The Center's Executive Director and Board President were skimming cash, that gift cards donated in the wake of Pulse were not controlled and provided to Pulse victims, and that donations provided to The Center to benefit Pulse victims were not directed to the victims. The Center unequivocally denies all of these allegations.

Shortly after the Pulse tragedy, Mr. Sivoli contacted The Center to offer funding to purchase new computers and other IT equipment to support the counseling efforts that The Center was offering to Pulse victims. FIS, Mr. Sivoli's employer, provided \$8,000 in funding for the equipment. Mr. Sivoli along with Executive Director Terry DeCarlo, went to a local store to purchase the equipment, and Mr. DeCarlo's debit card issued by First Green Bank was declined because the purchase exceeded the daily purchase limit that all banks impose on debit card transactions. It is important to note that daily debit card limits are designed to prevent fraudulent activity and virtually every debit card issued to anyone comes with such limits. Mr. Sivoli offered to purchase the equipment on his personal credit card and The Center reimbursed Mr. Sivoli in full within two business days. While this event may be embarrassing, it certainly does not indicate any financial mismanagement, but does indicate strong financial controls over debit card purchasing capability by The Center's staff and Board of Directors.

Subsequently, Mr. Sivoli attempted to redirect his employers' excess contribution over and above the cost of the computer equipment to Two Spirit Health Services. This was in direct contradiction to discussions between Mr. Sivoli and Mr. DeCarlo where they had previously agreed that the excess contributions would be used for software purchases to support the newly acquired computer equipment. In addition, as a matter of practice, The Center will not redirect grants and contributions from their originally intended and agreed upon use without the explicit consent and direction of the contributor. In this case, FIS, Mr. Sivoli's employer had not contacted The Center to ask us to redirect their contributions to Two Spirit Health Services. As an additional point of fact, The Center did in fact provide \$20,000 in emergency funding to Two Spirit Health Services on June 17, 2016, to assist The Center in providing counseling services to the community in the wake of the Pulse tragedy. While The Center and Two Spirit Health Services have since ended their partnership in providing counseling services, there are no acts here that are criminal or malicious in nature.

With respect to Mr. Sivoli's allegation of The Center's Executive Director and Board President skimming cash for personal benefit, Mr. Sivoli offers zero evidence to support his allegation. In fact, in Mr. Sivoli's complaint to the State, Mr. Sivoli wrote "In general I have heard of possible collusion between the Exec Dir and the President of the Board at skimming cash money intended to go to the Pulse victims." By Mr. Sivoli's own admission and complaint, he has no evidence to back up his allegation, and again The Center unequivocally denies the allegation. In fact, the bulk of donations to The Center after the Pulse tragedy have come via contributions through GoFundMe, wire transfers into our First Green Bank accounts, or checks issued to The Center. Additionally, in the days following Pulse, the Executive Director and Board President requested that our First Green Bank commercial banking team come to The Center on a daily basis, retrieve any cash and checks and make deposits to our account in order to keep funds on hand at The Center to an absolute minimum. Without evidence to support Mr. Sivoli's claim of cash skimming, we dismiss the allegation as nothing more than rumors intended to damage the credibility of The Center, its Executive Director, and its Board President and we consider Mr. Sivoli's persistence in spreading rumor as slanderous, and we will take all necessary actions to defend The Center, its officers, and its Board of Directors.

Mr. Sivoli goes on to assert that he personally witnessed gift cards that were in the possession of The Center without adequate controls. First, Mr. Sivoli was allowed into the interior offices of The Center to install computer equipment that was purchased by his employer, and because he was allowed into offices that are off limits to general visitors, he would of course be able to see gift cards that were donated and held by The Center that were not visible by regular visitors and patrons of The Center. Mr. Sivoli alleges that there were no controls over the gift cards, but Mr. Sivoli is also not privy to the financial controls of The Center because his engagement with the agency was limited to the installation of the computer equipment. In our response to his original complaint to the Florida Department of Agriculture and Consumer Affairs, we provided the State with the gift card logs that were maintained by The Center. These same logs were provided by The Center to Mr. Brinkmann and were also provided by the State to Mr. Brinkmann, so it is not clear why this factual evidence that contradicts Mr. Sivoli's complaint was not disclosed by the Orlando Sentinel or Mr. Brinkmann in their story. While we do not believe the Orlando Sentinel or Mr. Brinkmann were malicious in their reporting, we do believe that they overlooked the evidence and as a result provided misleading and incomplete reporting on this subject.

Mr. Sivoli's final complaint is that financial contributions made to The Center with the intent of benefitting Pulse victims did not go to Pulse victims. As with Mr. Sivoli's other complaints, we categorically deny the veracity of this claim. When The Center joined the OneOrlando fund and its Board of Directors, we committed to having an independent accountant review the books and records of The Center so that we could provide ultimate transparency to our donors that 100% of their donations that were intended for Pulse victims were properly directed to the victims. Carter and Company, our auditors, performed the review, and we provided that report to the OneOrlando fund, and the OneOrlando fund subsequently published our report along with the reports from all other funds that ultimately rolled into the OneOrlando fund. That information has been publicly available since mid-September. All told, The Center raised and submitted \$715,130.13 to the OneOrlando fund and made zero withdrawals from those funds for any administrative expense, and this is supported by our independent accountant's report that can be found at www.oneorlando.org/process-transparency/.

Since the Pulse tragedy, and because of the extensive services that The Center has provided to our community in the wake of the tragedy, our donors have provided unprecedented levels of general funding to support our continuing work for the Central Florida community. While The Center has not expended all of those funds, we have utilized those general funds (not Pulse victim restricted funds) for several initiatives including:

- \$20,000 directed to Two Spirit Health Services to support counseling services in the immediate aftermath of Pulse;
- \$35,000 to implement a permanent drop in counseling program on site at The Center;
- \$10,000 to the Orlando Gay Chorus to support their efforts to heal our community;
- \$29,500 to various businesses surrounding Pulse to defray costs and to reimburse their employees for lost wages while Orange Avenue remained closed;
- \$2,500 in Publix Gift Cards to Barbara Poma to be distributed to Pulse employees that lost their jobs;
- \$4,550 to US Security Associates to provide on-site security at The Center in the weeks following Pulse;
- \$4,400 to American Airlines to cover taxes and airport fees for Pulse victim family travel to and from Orlando (the airfare itself was covered by American Airlines, but taxes and fees must be paid in cash).

To be clear, this \$105,950 in detailed expenses were made from The Center's General Fund and none was funded from donations that were restricted for the Pulse victim's fund. While we remain in control of a substantial amount of general funding, we take our responsibility for center donations very seriously, and we will continue to be deliberate with how we utilize those funds to continue to heal our community and expand services to our neighbors and community members.

The final allegation in the Orlando Sentinel story is that Pulse donations are being used to fund The Center's renovation project. This is flatly untrue and again unsubstantiated by any evidence provided by the complainants. While we are certainly disappointed by the delay in the renovation project, absolutely zero of the delay was caused by funding issues. As we disclosed in late 2014, The Center's renovation was funded by a Community Development Block Grant and The Center's own General Funds. All delays in the project were the result of architectural issues, permitting issues, and the default of our General Contractor and the

subsequent claim we made against their Performance Bond. The Center had 100% of funds to complete the renovations on hand and in our bank accounts on June 11, 2016, prior to any Pulse funds arriving.

We are proud of the work that The Center, our volunteers, staff, and Board of Directors perform in normal times, but we are exceptionally proud of the efforts of all those involved since the Pulse tragedy. We are 100% confident that the State's investigation will close without cause. We thank our community both locally and around the world that have stepped up and provided critical funding for both Pulse victims and for The Center to continue to provide critical support to a community in need.

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