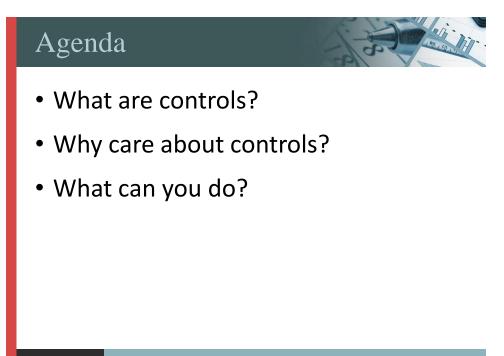


Charity & Nonprofit Education Symposium March 10, 2015

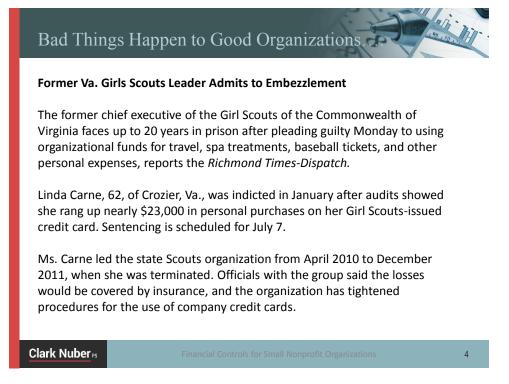
Presented by: Andrew Prather CPA

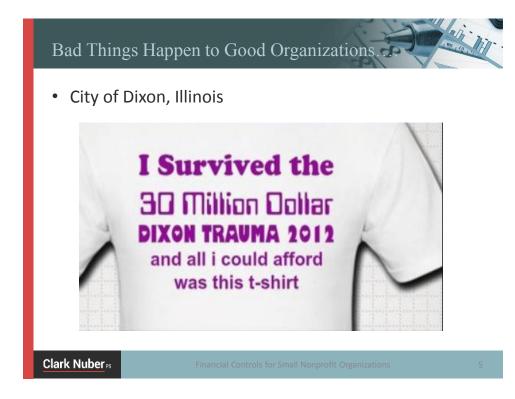


For Further Reading...

"Controls" for Small Nonprofit Organizations

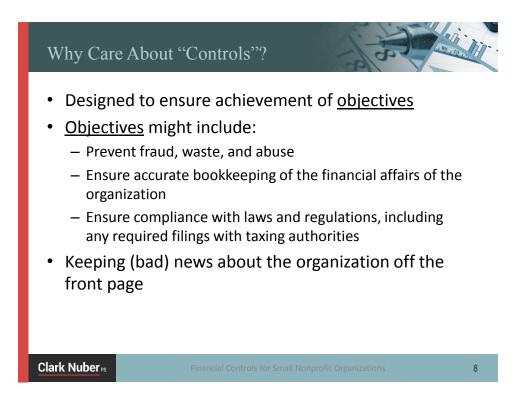
A Guide for Board Members

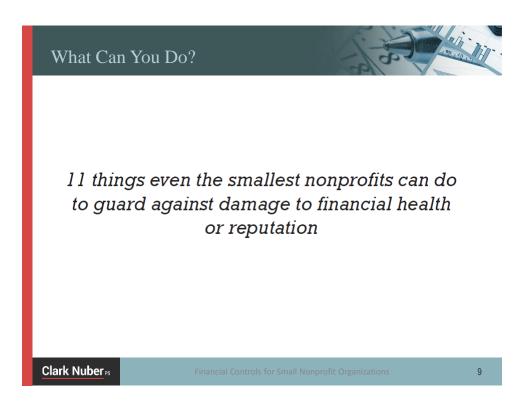




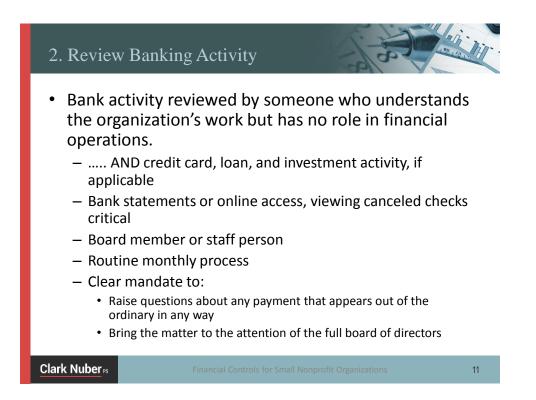


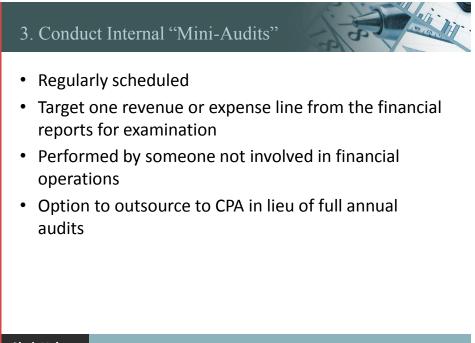


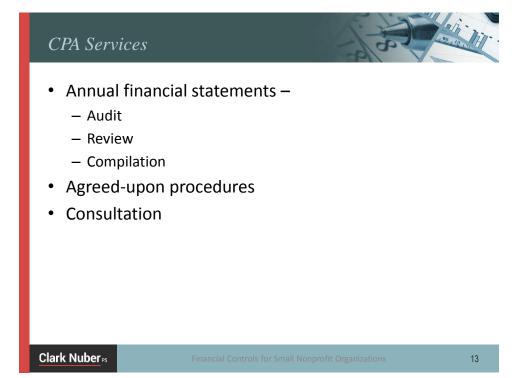


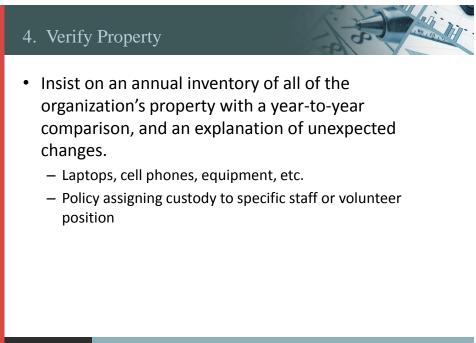


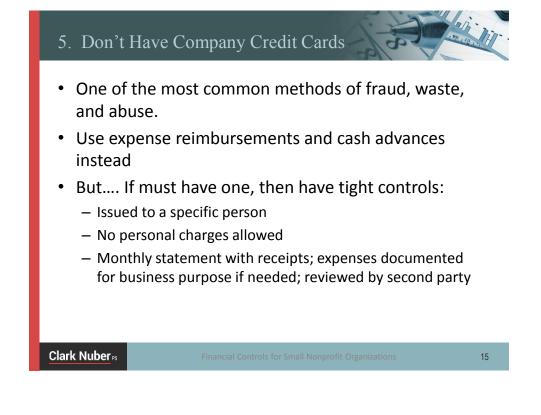


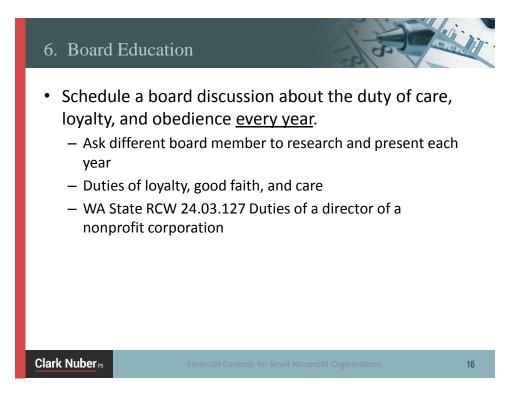




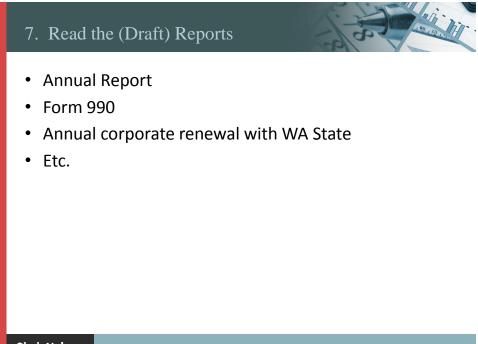








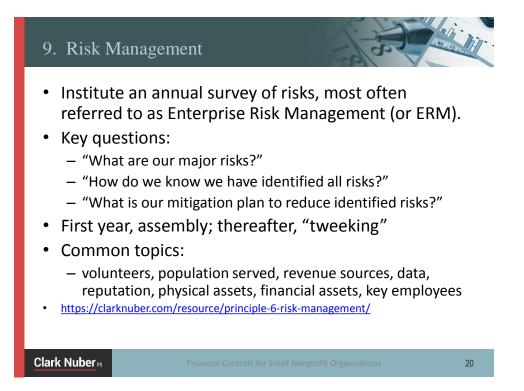


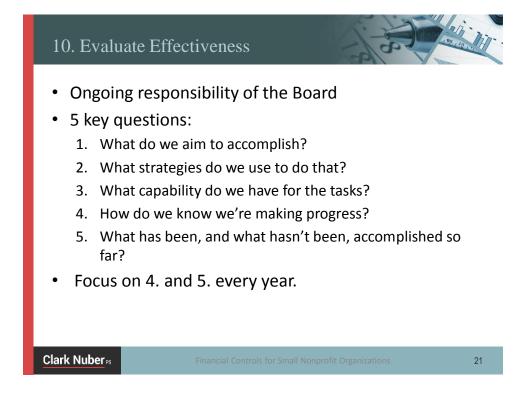


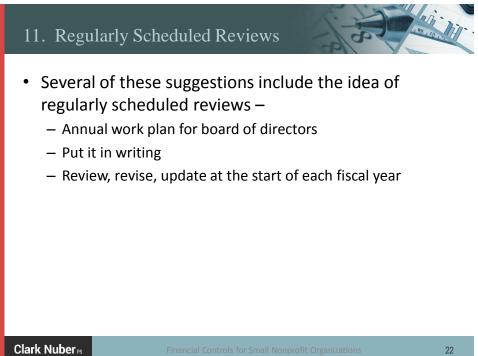
8. Whistleblower Program

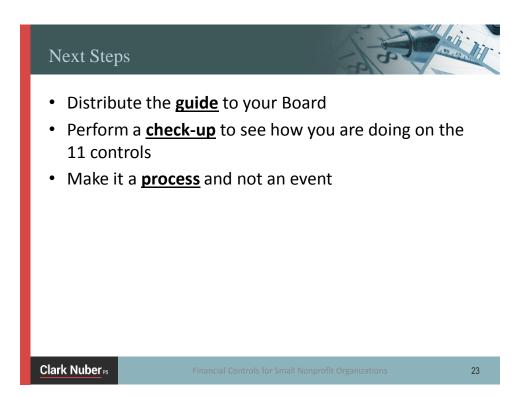
- Implement a credible whistleblower program.
- Policy + "hotline"
- Policy:
 - Communicates that good-faith reports will be respected and whistleblower will be protected from retaliation
- Hotline:
 - Allows individuals to report when something doesn't look right
 - Options Commercial services, Board member, former Board member, etc.
- Clark Nuber's Fraud Reporting Center
 - https://clarknuber.com/what-we-do/fraud-reporting-center/















Nonprofits in the News





Former University Place PTA treasurer charged with theft

The former treasurer of a University Place elementary school PTA is charged with eight felonies, including first-degree theft and forgery, for allegedly stealing more than \$17,000 from the organization, court records show.

Allison Jo Woods, 45, has been summoned to Pierce County Superior Court for arraignment next month. Detectives believe Woods wrote 21 checks to herself from the Sunset Elementary School PTA accounts when she was treasurer from September 2012 to September 2013. The checks ranged from \$100 to \$2,178, court records show.

"Police found that the defendant was cashing the PTA checks she wrote to herself into her bank accounts," deputy prosecutor Scott Peters wrote in a declaration for probable cause. "She would then funnel the money from her account into her husband's account, and the money would be used on family expenses."

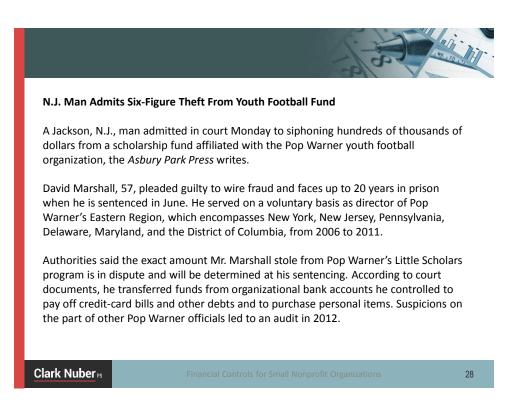
When questioned by a detective this summer, Woods allegedly said she'd kept the PTA computer at her home where other people in her family might have accessed it, court records show. "The deputy then asked who would print checks in the defendant's name, deposit them into her account, transfer them to her husband's account and then spend them," court records show. "The defendant said anyone could have done that."

PTA officials realized something was amiss in July when a new board president was elected and noticed problems with the accounts, the court records show. "She talked with the defendant on Aug. 22, 2013 about the PTA account," Peters wrote in his declaration. "The defendant told her that a group of checks had been lost."

Investigation later revealed Woods allegedly had forged the names of of PTA officials on some checks and arranged for her mother-in-law to give the organization a \$5,000 loan "to keep the PTA afloat," the record show. "The defendant had claimed a student had stolen the PTA fundraising money, but no one called police," Peters wrote in his declaration. PTA officials later discovered the group's account was overdrawn, and an insurance policy the PTA carried had lapsed for lack of payment, the records show.

Woods resigned as treasurer that September.

Clark Nuber ps





Onetime Aide to Ex-Chicago Mayor Admits Charity Theft

A top staffer in former Chicago Mayor Richard Daley's administration pleaded guilty Tuesday to stealing tens of thousands of dollars from two charities in the city's Chinatown district, the *Chicago Tribune* reports.

Prosecutors said Gene Lee, 65, misappropriated about \$92,000 from the Chicago Chinatown Summer Fair and the Chicago Dragons Athletic Association while heading both groups from 2007 to 2010. He admitted to federal theft and tax-evasion charges and faces up to two years in prison.

A longtime community leader in Chinatown, Mr. Lee worked at City Hall from 1998 to 2011, rising to serve as Mr. Daley's deputy chief of staff. According to prosecutors, he manipulated invoices and cashed donation checks to divert funds to personal use. A defense attorney said Mr. Lee believed he was spending the money on legitimate charity purposes, such as buying gas to drive to events and new suits to wear to meetings with donors.

Clark Nuber



Fake Charity Scam

Two teenagers and one 12-year-old are facing criminal charges for operating a charity fraud in Dunwoody, Georgia. The three created flyers highlighting fake fundraising efforts for their fake basketball team, the Panthers, and handed them out in a local shopping center. The flyers displayed that the young players were seeking donations for new uniforms and equipment, as well as the costs of traveling to Florida for upcoming championship playoffs. There was even a fake email address if donors wanted to contact the fake team mom.

Local police say they encounter this sort of scheme—run by children—about once a month. The shopping center is a popular target because it is busy during lunchtime with shoppers and diners who often give before they question the validity of the charity or fundraiser. And whether they know it or not, children can often elicit more sympathy from their adult targets, resulting in a more profitable scheme.



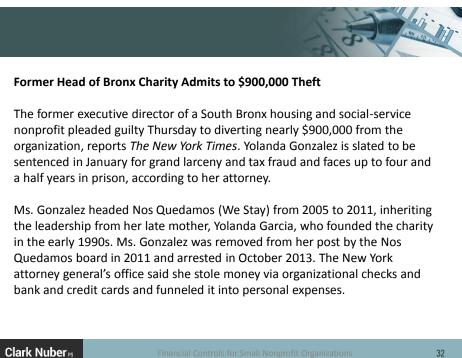
Conn. Woman Suspected of \$830,000 Theft From Veterans Group

A Darien, Conn., woman was arrested Monday on charges of embezzling some \$186,000 last year from a veterans' charity where she worked as a bookkeeper, and authorities believe the true theft amount could be more than four times higher, according to the Darien News.

Cynthia Tanner, 52, was jailed on a \$500,000 bond after being arraigned on a charge of first-degree larceny. She did not enter a plea. Police say she wrote more than 135 checks from the National Veteran Services Fund to herself or family members last year, entering them in financial ledgers as payments to veterans or clients of the charity.

Investigators allege that Ms. Tanner, who joined the fund in 2008, began embezzling five years ago and that once the inquiry is complete the charity's losses could exceed \$830,000. The organization notified police last month after an accounting firm found irregularities in its books.

Clark Nuber





Conn. Nonprofit Leader Admits \$205,000 Theft

The former president of a Hartford, Conn., community organization has pleaded guilty to embezzling more than \$200,000 from the group, the Associated Press reports, citing the *Journal Inquirer* of north-central Connecticut. Karen Lewis, 57, of Windsor, Conn., received a suspended sentence and probation after admitting to first-degree larceny.

Ms. Lewis led the now-defunct South Arsenal Neighborhood Development Corp. She was ordered to make restitution of more than \$205,000, most of which she withdrew from ATMs at casinos using an organizational debit card. She is barred from gambling as a condition of probation.





Ex-Official at Medical Charity Accused of \$1.8-Million Theft

A former financial officer at a New York-based nonprofit that supports research into genetic illnesses was arrested Monday night on suspicion of embezzling more than \$1.8-million from the organization, reports The New York Times. Karen Alameddine served for more than eight years as controller of the Hereditary Disease Foundation, exercising primary responsibility for paying the charity's bills and delivering grant funds for medical studies.

A federal criminal complaint unsealed Tuesday alleges Ms. Alameddine, 57, disguised transfers to bank accounts she controlled as grant payments in the foundation's accounting software. Prosecutors said that the charity uncovered the phony transactions after Ms. Alameddine, who in recent years had worked from her home in Perris, Calif., resigned in January. She was charged with one count of wire fraud and five counts of tax evasion.

Clark Nuber

employer.



for Automotive Repair, which he served as the company's executive director and chief operating officer. CCAR is a safety, pollution prevention and hazardous material training company for the motor vehicle industry. According the court documents, Fristoe made unauthorized payments from CCAR to pay for his personal credit card, a bank loan and phone account.

Lee's Summit City Manager Stephen Arbo says Fristoe is on paid administrative leave, pending the outcome of the criminal case. He's specifically charged with theft/stealing property valued at greater than \$25,000. The charge was filed last Friday, November 14 in Jackson County. "I was surprised to get that news. Daren is a very well-respected individual in this community," Arbo told FOX 4's Monica Evans. "He has done a lot of good work for our organizations, such as the chamber of commerce."

CCAR says it discovered the theft when an auditor reviewed financial records in February of 2013. According to the investigation, Fristoe told the auditor the money was inadvertently paid through a CCAR operating account. Court documents show Fristoe wrote a memo to CCAR two years ago entitled "Incorrect credit card payment" in which he intended to document the misuse of company funds

Court records say the \$120,000 theft also includes \$25,000 in company funds Fristoe is accused of using to pay for a personal loan. He's also charged with using a former CCAR employee's credit card. If convicted of the felony stealing charge, Fristoe could face five to 15 years in prison. Court records show that he filed a percentage of his bond of Monday, which was posted at \$50,000. He needed to supply 10 percent to be freed.

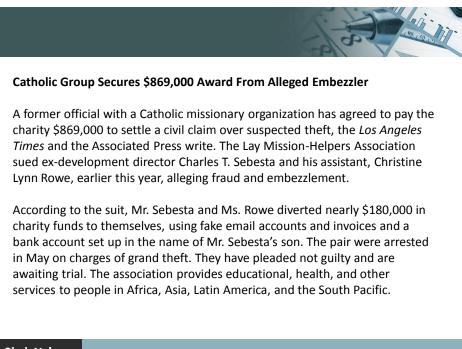


Heads of Foster-Care Charity Accused of Embezzling \$460,000

The husband-and-wife operators of a Southern California nonprofit serving abused and neglected foster children will be arraigned Monday after being charged with stealing more than \$460,000 from the taxpayer-funded charity, reports the *Los Angeles Times*. CSJ and Hitaji Kidogo, respectively the executive director and assistant executive director of Little People's World, face 22 counts of embezzlement and misappropriation of public funds.

The agency receives about \$2.5-million a year from Los Angeles and Riverside counties to run group homes for foster children with behavioral and mentalhealth problems. Los Angeles County prosecutors say an audit of Little People's World showed the Kidogos channeled the charity's money into property purchases, vacations, and loans to themselves that were not repaid. The couple was arrested Thursday at their home in Banning, Calif.

Clark Nuber



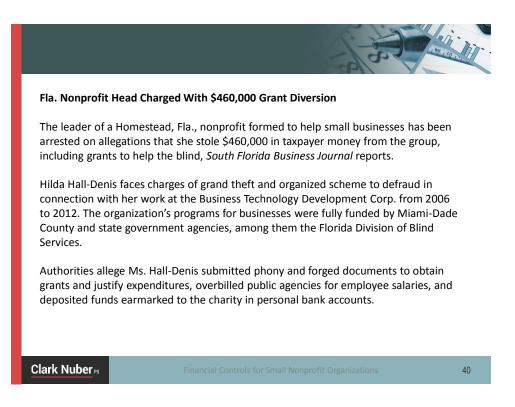


Ex-Execs at Homelessness Charity Charged With \$350,000 Theft

Two former leaders at a Philadelphia nonprofit serving the city's homeless were charged Thursday with bilking more than \$350,000 from the charity to fund travel, shopping sprees, and other personal luxuries, reports *The Philadelphia Inquirer*.

Erica N. Brown, 38, and Nathaniel E. Robinson, 62, were the chief operating officer and chief program officer, respectively, at SELF Inc., which operates nine homeless shelters. Both were fired in 2010, according to the charity's chairman, former Philadelphia Mayor W. Wilson Goode.

SELF receives millions of dollars annually in city, state, and federal funding. Federal prosecutors said Ms. Brown and Mr. Robinson charged personal expenses to a corporate credit card. Both have maintained that they reimbursed the charity, but authorities said they have given back far less than they spent.



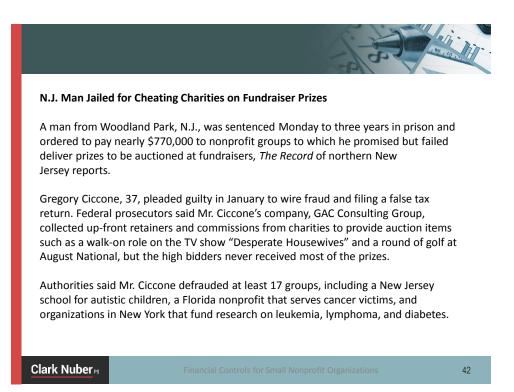


Maine Woman Admits to Embezzling \$300,000 from Charity

A Brunswick, Maine, woman faces up to 13 years in prison after pleading guilty to fraud and tax charges in connection with the theft of more than \$300,000 from her nonprofit employer, the *Bangor Daily News* writes.

Stacey Backman, 41, worked as a fund accountant for Coastal Enterprises, Inc., a nonprofit community-development group in Wiscasset, Maine, that relies in part on federal grant money.

Prosecutors said Monday that Ms. Backman embezzled the money between 2010 and 2014, using corporate credit cards for personal expenses, and failed to report the income on federal tax returns. She was fired by Coastal Enterprises in January after the misappropriation came to light.





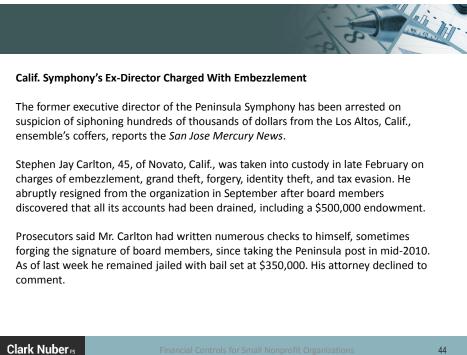
Ex-Chief of Calif. Nonprofit Admits to \$700,000 Embezzlement

The former executive director of a Carson, Calif., charity that aided domestic-violence victims under a local government contract pleaded guilty Wednesday in connection with the theft of more than \$700,000 in taxpayer funds, reports City News Service, a news agency covering Southern California.

Wilma Wilson, 62, admitted to grand theft, embezzlement, and other charges in Los Angeles Superior Court. Prosecutors said Ms. Wilson she directed employees at the Peace and Joy Care Center to gather personal information on Los Angeles County welfare recipients, which was used to bill the county for services for people who were not clients.

The thefts occurred from 2003 to 2008 and also included overbilling for services the charity did provide, authorities said. Ms. Wilson was ordered to pay \$2.6-million in restitution and faces up to four years in prison when she is sentenced in July. Two other people who worked at the center also pleaded guilty in connection with the theft scheme, as has Ms. Wilson's husband.

Clark Nuber





Ex-Disability Charity Executive Gets 21/2 Years for \$450,000 Fraud

The former vice president of a Wisconsin nonprofit serving people with mental disabilities was sentenced to 30 months in prison Tuesday for diverting nearly half a million dollars from the charity's coffers, *The Journal Times* of Racine writes.

Prosecutors said Michael W. Lowstetter stole the money from Shepherds Ministries from 2009 to 2012 while serving as its vice president for finance. The Union Grove, Wisc.-based Christian organization provides housing and educational services for the intellectually disabled.

Mr. Lowstetter pleaded guilty to mail fraud in November. Authorities said he funneled some \$453,000 in Shepherds Ministries funds, including donations and insurance reimbursements, into a secret bank account he established in the charity's name and used the money to pay a variety of personal expenses and bills.

Clark Nuber Ps

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