

Non-Profit Accounting / Fraud

October 13, 2017 – Jaime Matthews, CFO Copper Valley Electric Association

Discussion Topics

- Email scams
- Hotel scams
- My experience
- CFO / Accountants recruited for board positions, specifically treasurer

Latest Scams - Email

 Paul Kildal kildal@cvea.org <dianalynn1056@aol.com>
Request for July 14, 2016

To matthews@cvea.org

Hi Jaime,

I need you to process an International payment. What details will you require to make this payment and what is the cost of transfer? Also, What is the current cash balance as of today?

Thanks,
Paul.

 John L. Duhamel <duhamel@cvea.org>
Re: Request

To

Hello,

Are you at your desk? I need you to take care of a Wire Transfer for me, Let me know when to send the beneficiary details. Thanks

Sent from my iPhone

Email Scam



Jaime <Matthews@cvea.org>

FW: Copper Valley Electric Association Inc. Batch #17972895 Approved / Intuit QB

To: 'Brenden@cvea.org'

Click here to download pictures. To help protect your privacy, Outlook prevented automatic download of some pictures in this message.

Message Copper Valley Electric Association Inc._QB000984.doc (111 KB)

From: Jonathan Whitehouse [<mailto:jasminr@t-online.de>]

Sent: Monday, April 04, 2016 12:33 PM

To: matthews@cvea.org

Subject: Copper Valley Electric Association Inc. Batch #17972895 Approved / Intuit QB



Hi Jaime,

This notification is to confirm that the following batch has been accepted for processing:

Deposit Date: **3-29-2016**

Account: **Copper Valley Electric Association Inc.**

Merchant ID (last 4 digits): **7925**

Deposit ID	Amount
153111541	\$1,036.00

Hotel Scams

Credit Card Fraud via Hotel Room Phone Call

Scammers place phone calls to hotel rooms to dupe guests into giving up their credit card info.

↻ 2K



My First Experience

- Local board
- Caught Director embezzling
- Board did not want to press charges
- Back taxes owed to IRS
- Directors liable
- Community grant eliminated liability along with negotiations with the IRS

My Experience

- Treasurer / Board Positions
 - Copper River School District Board of Education
 - Glennallen PTO
 - Copper River Hockey Club
 - Valley Thunder U16 Team
 - CRSD Close Up Group 2018
 - Glennallen Volleyball Boosters

- CFO, Copper Valley Electric

You're being recruited for a board: what happens now?

Non-profit fiduciary responsibility

Presented by Crystal Enkvist, APA Executive Director * Accounting & Finance Workshop 2017

Before you fully commit, do some homework

- Ask to see current financials and most recent audit
- Inquire if they have Directors and Officers insurance
- Meet with a current director and ask about financial challenges and opportunities
- Unofficially ask your friends and colleagues what they know about the organization

Expectations

“Board members must understand that, as fiduciaries, they have a legal obligation to review the organization’s finances at least quarterly to make sure that its funds are being managed soundly and with integrity.

The staff must provide the board with informative, accessible financial reports that compare actual to projected expenditures and income.”

(Source: Susan Gross, The Seven Turning Points)

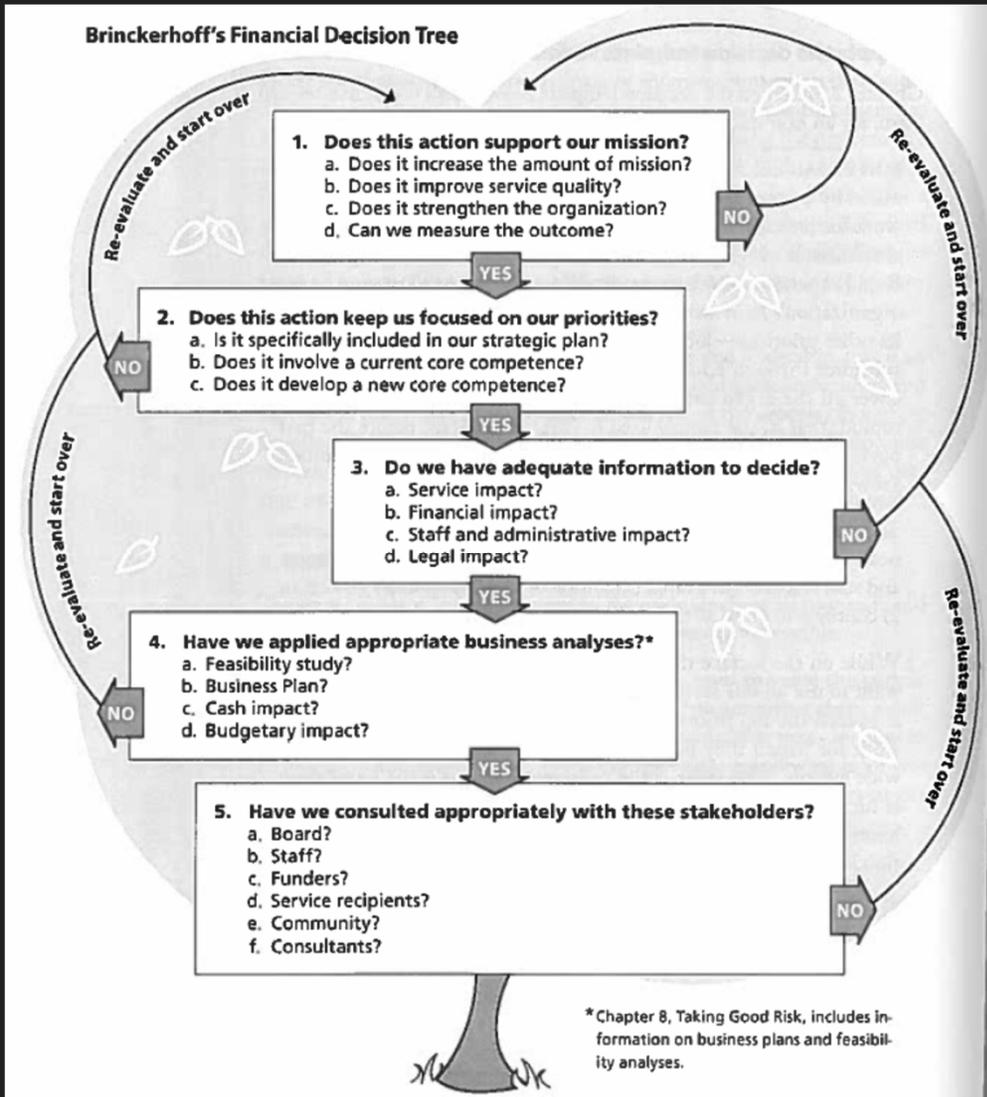
Reducing board liability

(a.k.a. what good directors do)

- Go to meetings and go prepared
- Ask questions: silence is not innocence
- Read the financials carefully *(I know this group does)*
- Get an outside audit and a management letter each year
- Make sure the organization carries D&O insurance

(Source: Peter Brinckerhoff, Non-profit Stewardship)

Brinckerhoff's Financial Decision Tree



*Chapter 8, Taking Good Risk, includes information on business plans and feasibility analyses.

Audit Committee: good idea/best practice/CYA

“In the case of tax-exempt organizations, the establishment of a board audit committee is more the exception than the rule. But non-profits should establish such committees and find one or two directors with the financial acumen to lead them. Audit committees are especially important for non-profits, which are not subject to the same kind of external oversight of their financial reporting as businesses whose shares are publicly traded.”

(Source: Paul Firstenberg, The 21st Century Non-profit; Managing in the age of governance)

No one wants to experience the



moment

Menu **Alaska Dispatch News** Alaska News Alaska Life

Crime & Courts

Juneau man sentenced for labor union embezzlement

Author: [Jerzy Shedlock](#) Updated: September 28, 2016 Published January 7, 2015

[f](#) [t](#) [e](#) [i](#) [g](#)

The former financial secretary of Juneau Carpenters Union Local 2247, Jonathan H. Smith, was sentenced Tuesday in federal court in Juneau to four months at a halfway house for embezzling \$41,770 in union assets, some of which he used for gambling.

U.S. District Court Judge Timothy Burgess also imposed five years of probation and 250 hours of community service. Smith also was ordered to pay full restitution.

"He has to be out of his house and confined for several months," said Kevin Feldis, chief of the criminal division for the U.S. Attorney's office in Alaska. "It's a step short of prison."

Alaska Dispatch News Alaska News Alaska Life Politics Outdoor/Adventure

local | Anchorage 53°F

Crime & Courts

Anchorage stagehands union rocked by embezzlement case

Author: [Chris Klint](#) Updated: June 16 Published June 16

The small Anchorage chapter of a major union for stagehands lost several years' worth of dues when an official embezzled from it for more than three years, federal prosecutors say.

Ann C. Reddig, 62, is charged with embezzlement and forgery, according to documents filed in District Court last week.

A statement on the charges said Reddig was secretary-treasurer of the International Alliance of Theatrical Stage Employees' Local Unit 918 in Anchorage from March 2007 to September 2014.

Starting in January 2010 and continuing until she left that position, prosecutors said in court documents, Reddig "embezzled, stole, and unlawfully and willfully abstracted and converted to use, or the use of another" more than \$193,000 of the union's funds.

Assistant U.S. Attorney Jonas Walker, who is handling the case, declined to discuss it in detail this week. A spokeswoman for the Anchorage U.S. attorney's office said Reddig was issued a summons to

Chugiak + Eagle River
STAR

HOME TOP STORIES SPORTS MILITARY OPINION JOBS WEATHER CONTACT

Alaska Star // Woman charged with stealing \$180,000 from Mu...

Woman charged with stealing \$180,000 from Mustang Hockey Association

Thursday, July 13, 2017 - 15:43
Posted: Mon, 06/26/2017 - 4:43pm

It happens in our industry, too

AK ALASKA PUBLIC MEDIA
KAKM-TV | KSKA 91.1 | APRN

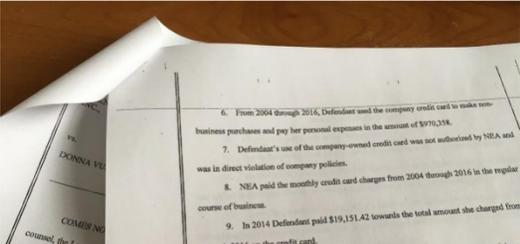
Do more good

TELEVISION RADIO NEWS KIDS & FAMILY SUPPORT ABOUT US

Naknek Electric sues former manager for \$1 million over embezzlement allegations

By Dave Bendinger, KDLG - Dillingham - March 30, 2017

Like 1 Tweet



The Bristol Bay Times

Home Headlines Sports Opinion Classifieds Contact Us

Electric Association continues to sort out embezzlement issue

October 21st, 2016 | Molly Dischner, The Bristol Bay Times-Dutch Harbor Fisherman

Efforts to recover money taken from the Naknek Electric Association are underway. Earlier this year, the co-op discovered that a former manager had taken money over the years.

In a letter to members, board president Nanci Morris Lyon said the association had paid for some expenses that should have been the responsibility of the former employee.

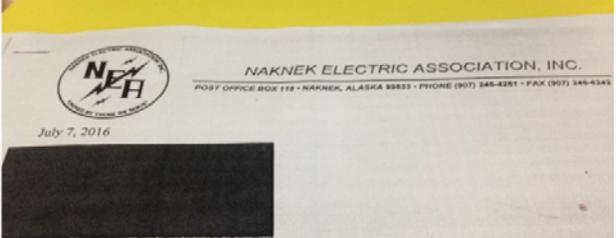
"NEA's board unanimously directed the manager and attorney to do a full investigation and recover the funds through negotiation, and if necessary, legal means," Morris Lyon wrote in the July letter, adding that a large part of the money had been repaid by that time.

KXLL Alaska's Energy Desk 360 North

KTVO Public Media Home

Hundreds of thousands "misappropriated" by former Naknek Electric manager

By Dave Bendinger, KDLG | October 1, 2016 | Business Community Crime & Courts Energy & Mining Southwest



Dear Member,

This is an informational letter to the membership from Naknek Electric Association, Inc. (NEA) Directors. During NEA's recent management transition there was a financial audit that revealed a significant misappropriation of Association funds. Some expenses paid for by the Association have been the responsibility of a former employee and are now being questioned.

The NEA's board unanimously directed the manager and attorneys to do a full investigation and recover the funds through negotiation and, if necessary, legal means. To date the Association

Things to ask about and look for in the boardroom

- Does the organization have policies addressing whistle blowing, conflicts of interest, and fraud? If not, why not?
- Look for a clearly supported separation of duties between the CEO and CFO or accountant.
 - Is the CFO allowed to speak independently to the board?
- Does the organization have a crisis plan?
 - Who are the primary and secondary spokespeople?
 - What is the role of legal counsel in your crisis plan? They should be in it.