

Langlinois



## What Can Go Wrong

*Not-for-Profit*

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1. An outsider spoofed an executive's email to initiate a wire transfer from Finance & Accounting. Thinking the wire was authorized by an executive, the not-for-profit organization transferred \$1 million to an unknown bank account in Asia.
2. A director solicited \$200,000 in charitable donations, which he deposited into his own bank account.
3. Volunteers who received donations at the storefront of a well-known national charitable organization took the cash and donated items for themselves.
4. Volunteer drivers used the not-for-profit's delivery vehicles for personal vacations.
5. A not-for-profit's executive who oversaw a \$50 million expansion project received \$500,000 in kickbacks from the contractor, including much work done on the executive's home.
6. An employee in charge of their not-for-profit organization's purchase-card program charged millions in personal expenses and cash withdrawals over 2 years.
7. The owner of a payroll processing company embezzled client funds intended for their payrolls, several of which were not-for-profit organizations that lacked the excess cash to fund paychecks.
8. A hedge-fund manager assembled a consortium of not-for-profit organizations led by people who shared his religious beliefs. What the not-for-profit executives believed was a safe fund to invest their cash turned out to be a Ponzi scheme run by the hedge-fund manager. Dozens of charities lost millions of dollars.
9. Because the not-for-profit was a 'family that only hires trustworthy people,' they placed one person in charge cash custody, accounting, and reconciliation. That person wrote numerous checks for "Cash" and accounted for them as petty cash replenishments. In reality, she cashed most of those checks and stole thousands. It was later learned that she had been found guilty in civil court of the same crime at her previous employer.
10. A national not-for-profit increased their marketing efforts after a national disaster to solicit donations. Donors believed they were contributing to relief efforts related to that disaster. However, the not-for-profit deposited the donations into the General Fund from which executive salaries were paid, causing a massive backlash from donors.