



# THE ANTIDOTE FOR FINANCIAL COMPLIANCE



PRESENTED BY:  
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**PARAGON SOLUTIONS CONSULTING**  
**SEPTEMBER 26 2021**





# CONTACT INFORMATION:

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**FAMILY...**

**Police pulls over  
a speeding car ;  
COP: I've been waiting  
for you all day.  
DRIVER: Yeah well I got  
here as fast as I could.**



# TOP IRS AND FINANCIAL COMPLIANCE TOPICS

BASIC REVIEW OF TAX EXEMPT CHARITABLE 501(C)(3) ORGANIZATIONS

INTERNAL REVENUE SERVICE – ANNUAL REPORTING REQUIREMENTS

STATE ANNUAL REPORTING REQUIREMENTS

DONATIONS FUNDAMENTALS

SPONSORSHIP FUNDAMENTALS

GAMING AS FUNDRAISING – REPORTING REQUIREMENTS

NEW ACCOUNTING RULE – REVENUE RECOGNITION

LARGE/ENHANCED REWARDS

INSURANCE COVERAGE

DON'T DISREGARD INTERNAL CONTROLS

?QUESTIONS?





# BASIC REVIEW OF TAX EXEMPT CHARITABLE 501(C)(3) ORGANIZATIONS



# TAX EXEMPT ORGANIZATIONS

- FOCUS ON 501(c)(3) PUBLIC CHARITIES OF THE INTERNAL REVENUE CODE.
- FEDERAL TAX LAW PROVIDES TAX BENEFITS TO NONPROFIT ORGANIZATIONS.
  - NO CORPORATE INCOME TAX
  - TAX DEDUCIBLE DONATIONS
- IN RETURN, THE CODE REQUIRES TAX EXEMPT ORGANIZATIONS COMPLY WITH FEDERAL TAX LAW MAINTAINING TAX EXEMPT STATUS AND AVOID PENALTIES.



# TAX EXEMPT ORGANIZATIONS

- COMPLIANCE ACTIVITIES POTENTIALLY JEOPARDIZING A PUBLIC CHARITIES TAX-EXEMPT STATUS:
  - REPORTING REQUIREMENTS
  - RECORD-KEEPING
  - DISCLOSURE REQUIREMENTS
  - AVOID INFLUENCING CANDIDATES/LEGISLATION
  - NOT OPERATED FOR PRIVATE PURPOSE





# INTERNAL REVENUE SERVICE – ANNUAL REPORTING REQUIREMENTS



# Which forms do exempt organizations file?

Most tax-exempt organizations are required to file an annual return. Which form an organization must file generally depends on its financial activity, as indicated in the chart below.

<i>Status</i>	<i>Form to File</i>
Gross receipts normally $\leq$ \$50,000 <b>Note:</b> Organizations eligible to file the <i>e-Postcard</i> may choose to file a full return	<a href="#"><u>990-N</u></a>
Gross receipts $<$ \$200,000, and Total assets $<$ \$500,000	<a href="#"><u>990-EZ</u></a> or <a href="#"><u>990</u></a>
Gross receipts $\geq$ \$200,000, or Total assets $\geq$ \$500,000	<a href="#"><u>990</u></a>
Private foundation - regardless of financial status	<a href="#"><u>990-PF</u></a>



# **WHEN IS THE ANNUAL FORM 990 SERIES RETURN DUE DATE?**



# ANNUAL RETURN DUE DATE

- FORM 990, FORM 990-EZ, FORM 990 T & FORM 990-N IS DUE ON THE 15<sup>TH</sup> OF THE FIFTH MONTH FOLLOWING FISCAL YEAR END
- RECENTLY ADDED:
  - FORM 8868 UPDATED TO PROVIDE FOR AUTOMATIC SIX-MONTH EXTENSION FOR FORM 990, FORM 990-EZ & 990T
  - FORM 8868 APPLICATION FOR AUTOMATIC EXTENSION MUST BE FILED ON OR BEFORE ORIGINAL DUE DATE
- NO EXTENSION ALLOWED FOR FORM 990-N
  - HOWEVER, THERE IS NO PENALTY FOR LATE FILING
- SO WHEN IS YOUR RETURN DUE?



## Return Due Dates for Exempt Organizations: Annual Return

Use the table below to find your due date of annual returns (Form 990, 990 EZ, 990-PF) that a tax exempt organization must file.

Ending date of tax year	Initial return due date	Auto 6-month extension due date
December 31	May 15	November 15
November 30	April 15	October 15
October 31	March 15	September 15
September 30	February 15	August 15
August 31	January 15	July 15
July 31	December 15	June 15
June 30	November 15	May 15
May 31	October 15	April 15
April 30	September 15	March 15
March 31	August 15	February 15
February 28/29	July 15	January 15
January 31	June 15	December 15



# NO RELIEF FOR FORM 990 SERIES RETURNS IN 2021

- DUE TO COVID-19, THERE WAS A DELAY IN FILING FORM 990 SERIES INFORMATIONAL RETURNS IN 2020
- ALTHOUGH SOME RELIEF PROVIDED TO PERSONAL INCOME TAX RETURNS IN 2021, THAT RELIEF WAS NOT EXTENDED TO FORM 990 SERIES INFORMATIONAL RETURNS



# SUBMITTING FORM 990-N (E-POSTCARD)

## ARE YOU ELIGIBLE TO SUBMIT FORM 990-N (E-POSTCARD)?

1. REGISTER FOR YOUR ACCOUNT
2. REVIEW THE SUBMISSION GUIDANCE
3. GATHER THE INFORMATION NEEDED

GO TO IRS.GOV WEBSITE





## Organization Details

### Electronic Notice-Form 990-N (e-Postcard)

#### Organization Information

For the tax year ending

December 31, 2020



Has your organization terminated or gone out of business?

No



Are your gross receipts normally \$50,000 or less?

Yes



Organization's legal name -Line 1

BATTLE OF THE BADGES INC



Organization's legal name -Line 2



Employer Identification Number (EIN)

320565228



9/26/2021

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PREVIOUS

CANCEL FILING

CONTINUE





## Contact Information

[Home](#) | [Security Profile](#) | [Logout](#)



### Electronic Notice-Form 990-N (e-Postcard)

#### Organization Address and Principal Officer Information

Organization's legal name:

If your organization conducts business using another name (DBA), enter other name:

\* = required field

#### Organization:

DBA Name



DBA Name - continued





**Number and Street (or PO Box)\***

2310 S GREEN BAY RD, SUITE C PMB 18



**City or Town\***

RACINE



**State\***

WI - Wisconsin



**Zip Code\***

53406



**Organization's website address, if applicable**



**Principal Officer:**

**Type of Name\***

Person



**Person Name\***

JAMES KELLEY, Pres







## Confirmation

[Home](#) | [Security Profile](#) | [Logout](#)

Your Form 990-N(e-Postcard) has been submitted to the IRS

- **Organization Name:** BATTLE OF THE BADGES INC
- **EIN:** 320565228
- **Tax Year:** 2020
- **Tax Year Start Date:** 01-01-2020
- **Tax Year End Date:** 12-31-2020
- **Submission ID:** 10065520211014502775
- **Filing Status Date:** 04-11-2021
- **Filing Status:** Pending

**Keep this form as proof of  
filing with the IRS**

**Note:** Print a copy of this filing for your records. Once you leave this page, you will not be able to do so.

**MANAGE FORM 990-N SUBMISSIONS**



# FORM 990-EZ FILING INSTRUCTIONS

REQUIRED ELECTRONIC FILING BY EXEMPT ORGANIZATIONS. FOR TAX YEARS BEGINNING ON OR AFTER JULY 2, 2019, SECTION 3101 OF P.L. 116-25 REQUIRES THAT RETURNS BY EXEMPT ORGANIZATIONS BE FILED ELECTRONICALLY.



# FORM 990-EZ FILING RELIEF

HOWEVER, THE IRS WILL CONTINUE TO ACCEPT FORM 990-EZ RETURNS FILED ON PAPER FOR ANY TAX YEAR ENDING BEFORE JULY 31, 2021. FOR TAX YEARS ENDING JULY 31, 2021, AND LATER, FORMS 990-EZ MUST BE FILED ELECTRONICALLY. ELECTRONIC FILING TRANSITION RELIEF. THE IRS ENCOURAGES ALL ORGANIZATIONS TO FILE ELECTRONICALLY.

SOURCE: FORM 990 EZ 2020 INSTRUCTIONS



# FORM 990 FILERS

- MUST FILE YOUR FORM 990 ELECTRONICALLY



# AUTHORIZED IRS ELECTRONIC RETURN PROVIDERS - PARTIAL LIST

- FORM 990 ONLINE – [WWW.EFILE.FORM990.ORG](http://WWW.EFILE.FORM990.ORG)
  - MEETS FORM 990 & 990-EZ AND SCHEDULES, 8868 REQUIREMENTS
  - COST: FREE FOR ORGANIZATIONS WITH LESS THAN \$100K IN GROSS RECEIPTS
- EXPRESS TAX EXEMPT – [WWW.EXPRESSTAXEXEMPT.COM](http://WWW.EXPRESSTAXEXEMPT.COM)
  - MEETS FORM 990 & 990-EZ AND SCHEDULES, 8868 REQUIREMENTS
  - COST: FORM 990-EZ \$59.90/RETURN; FORM 990 \$69.90/RETURN
- TAX ACT – [WWW.TAXACT.COM](http://WWW.TAXACT.COM)
  - MEETS FORM 990 & 990-EZ AND SCHEDULES, 8868 REQUIREMENTS
  - COST: DOWNLOAD VERSION \$109.95

**Other: Engage with an accountant to prepare**

**NOTE:** PRESENTER IS NEITHER RECOMMENDING NOR ADVOCATING THESE VENDORS LISTED ABOVE. THESE ARE SUGGESTED FROM THE IRS WEBSITE AS AUTHORIZED VENDORS, MEETING THE IRS REQUIREMENTS AND ARE THE LEAST EXPENSIVE OF THE VENDORS IDENTIFIED.



# LET'S LOOK 'UNDER THE HOOD' OF THE FORM 990-EZ

- LET'S LOOK AT THE FORM 990-EZ

- [GO\\_TO\\_FORM](#)

AN EXAMPLE OF A FILED FORM 990-EZ WITH SCHEDULES

- [FIGHT\\_TO\\_END\\_EXPLOITATION, INC.](#)









# STATE ANNUAL REPORTING REQUIREMENTS



# STATE REPORTING REQUIREMENTS

- IMPORTANT TO CHECK STATE TAXING AUTHORITIES TO VERIFY REGISTRATION AND REPORTING REQUIREMENTS
- MOST REQUIRE AN ANNUAL REPORT OR FILING
  - REQUIRE COPY OF FORM 990? SOME STATES MAY REQUIRE FORM 990
- STATE CHARITABLE REGISTRATION FILING — GOOD STANDING.
- REGISTER FOR STATE RAFFLE LICENSE
- FILE FOR SALES TAX EXEMPTION



# STATE REPORTING REQUIREMENTS

- MAINTAIN COMPLIANCE WITH STATUTES
- CHECK YOUR STATE REQUIREMENTS AND REGULATIONS FOR NONPROFIT ORGANIZATIONS
  - USUALLY FOUND ON STATES WEBSITES UNDER SEC. OF STATE, DEPARTMENT OF FINANCIAL INSTITUTIONS OR OTHER RELATED OVERSIGHT BODY.



# RECENT SUPREME COURT DEVELOPMENT

- STATE OF CALIFORNIA ENACTED STATE CHARITABLE STATUTE REQUIRING TAX EXEMPT ORGANIZATIONS TO FILE IRS SCHEDULE B, NAMES AND ADDRESSES OF LARGEST DONORS, WITH STATE'S ATTORNEY GENERALS OFFICE IN ANNUAL REPORT
- COURT CASE OF AMERICANS FOR PROSPERITY FOUNDATION V BONTA CHALLENGED THE STATE STATUTE
  - ARGUMENT: THIS STATUTE VIOLATES THE FIRST AMENDMENT BY DETERRING THEIR DONORS FROM MAKING CONTRIBUTIONS.
- SUPREME COURT, IN A 6-3 SPLIT RULING, IT STRUCK DOWN THIS STATE OF CALIFORNIA REQUIREMENT
- OTHER STATES WERE WATCHING THIS CLOSELY TO PERHAPS FOLLOW CALIFORNIA'S REPORTING REQUIREMENTS





# DONATIONS FUNDAMENTALS



# DONATIONS

- CHARITABLE CONTRIBUTIONS RECEIVED.
  - DONATIONS OF AMOUNTS GREATER THAN \$250
    - IRS REQUIREMENT TO PROVIDE WRITTEN CONTEMPORANEOUS ACKNOWLEDGMENT TO DONOR
    - IT IS JUST A GOOD BUSINESS PRACTICE TO RECOGNIZE AND ACKNOWLEDGE ALL DONATIONS, BY MAIL OR EMAIL



# QUID PRO QUO DONATION DISCLOSURES

- WHAT IS A QUID PRO QUO DONATION?
  - SOMETHING FOR SOMETHING. A DONOR MAKES A CONTRIBUTION TO AN ORGANIZATION AND THE DONOR RECEIVES A GOOD OR SERVICE IN RETURN FOR THE DONATION.
- WHAT IS THE ISSUE?
  - IRS DOESN'T WANT THE DONOR TO CLAIM THE ENTIRE AMOUNT OF CONTRIBUTION IF IT RECEIVED AN OFFSETTING AMOUNT OF A GOOD OR SERVICE.
  - EXAMPLE: DONOR GIVES \$100, HOWEVER, RECEIVES A \$40 CONCERT TICKET FROM THE CHARITABLE ORGANIZATION TO INDUCE THE DONATION.
- EXAMPLE OF A CONTEMPORANEOUS DONOR LETTER:
  - THANK YOU FOR YOUR \$100 DONATION TO CRIME STOPPERS ON 7/14/2020. IN EXCHANGE FOR YOUR CONTRIBUTION, WE PROVIDED A CONCERT TICKET WORTH AN ESTIMATED FAIR MARKET VALUE OF \$40. THEREFORE, FOR FEDERAL INCOME TAX PURPOSES, YOUR CONTRIBUTION DEDUCTION IS LIMITED TO \$60.





# SPONSORSHIP FUNDAMENTALS



# BE AWARE OF IRS SPONSORSHIP RESTRICTIONS

- SPONSORSHIPS ARE FACING ADDITIONAL IRS SCRUTINY
- IRS DEFINITION OF CORPORATE SPONSORSHIP
  - FINANCIAL SUPPORT BY AN OUTSIDE PARTY, USUALLY A CORPORATION, FOR THE GOOD OF THE NON-PROFIT ORGANIZATION. IT IS DISTINGUISHED FROM A CHARITABLE CONTRIBUTION IN THAT SPONSOR IS TYPICALLY MOTIVATED BY A DESIRE TO RECEIVE PUBLIC ACKNOWLEDGEMENT IN EXCHANGE FOR ITS SUPPORT.
- NON-PROFIT RECEIVES CORPORATE SPONSORSHIP IS 'TAX-FREE' IF WHAT IS GIVEN CORPORATE SPONSOR IN RETURN IS AN ACKNOWLEDGEMENT OF THANKS.
  - HANG A BANNER, CONFERENCE PROGRAM THANK YOU OR ACKNOWLEDGEMENT AT PODIUM.
  - INCLUDE: NAME, LOGO, ADDRESS, TELEPHONE AND PRODUCTS.
- TWO IMPORTANT PROHIBITIONS
  - NON-PROFIT CANNOT MAKE A QUALITATIVE JUDGEMENT ON CORPORATE SPONSORS PRODUCTS OR SERVICES
  - NON-PROFIT CANNOT ASK ITS MEMBERS OR PUBLIC TO BUY THE PRODUCTS OR SERVICES
    - SIMPLE STATEMENT, 'PLEASE PATRONIZE OUR SPONSORS' MAY JEOPARDIZE SPONSORSHIP





# GAMING AS FUNDRAISING – REPORTING REQUIREMENTS



# DO YOU CONDUCT GAMING AS A FUNDRAISING ACTIVITY?

- ONE OF THE MOST COMMON AND SUCCESSFUL METHODS OF PRODUCING SOURCES OF INCOME FOR CHARITIES WERE GAMING FUNDRAISING EVENTS
- IS GAMING FURTHERING YOUR TAX-EXEMPT PURPOSE?
  - REMEMBER UNRELATED BUSINESS INCOME (UBI) REPORTING. IF IT IS NOT AN ONGOING BUSINESS ACTIVITY, IT WILL NOT BE TREATED AS UBI
  - ALSO, ENSURE GAMING DOESN'T BECOME A SUBSTANTIAL PART OF THE ORGANIZATION'S ACTIVITIES
  - ENSURE THAT THE GAMING MEETS ONE OF THE UBI EXCEPTIONS (TYPE OF GAMING ALLOWED)
- WHAT ABOUT STATE GAMING REGULATIONS?
  - EACH STATE HAS ITS OWN REGULATORY STATUTES REGARDING GAMING. CERTAIN LICENSES MUST BE ACQUIRED AND REPORTING REQUIREMENTS MAINTAINED.
  - CHECK YOUR STATE STATUTES IN CASE ANY SPECIFIC EXCISE TAXES MUST BE PAID
  - SOME STATES REQUIRE GAMES TO BE CONDUCTED BY VOLUNTEERS



# DO YOU CONDUCT GAMING AS A FUNDRAISING ACTIVITY – CONT'D

- WHAT ABOUT REPORTING REQUIREMENTS?
  - SIMILAR TO A FORM 1099 PROCESS, WINNINGS OF \$600 OR MORE, AFTER CONSIDERING THE WAGER, MUST BE REPORTED TO THE IRS AND INDIVIDUAL ON FORM W2-G
  - COPY A OF THE W2-G IS SUBMITTED TO THE IRS USING TRANSMITTAL FORM 1096
  - SEE PUBLICATION 3079 FOR ADDITIONAL DETAILS
- DOES THE ORGANIZATION NEED TO TAKE ANY WITHHOLDING?
  - WHEN THE NET PROCEEDS EXCEED \$5000, THE REGULAR WITHHOLDING RATE IS 25%
  - THIS WITHHOLDING WILL BE PLACED ON THE FORM W2-G, AND TRANSMITTED TO THE IRS ON FORM 945
  - WITHHOLDINGS ARE NOT REQUIRED FROM TRADITIONAL BINGO, KENO, SLOT MACHINES OR POKER TOURNAMENTS, HOWEVER, NET PROCEEDS IN WINNINGS STILL NEED TO BE REPORTED.
- PENALTIES AND INTEREST MAY BE CHARGED TO THE CHARITABLE ORGANIZATION IF REPORTING REQUIREMENTS ARE NOT MET





# NEW ACCOUNTING RULE – REVENUE RECOGNITION



# ACCOUNTING PROMULGATION – REVENUE RECOGNITION

DO ANY CONTRIBUTIONS INVOLVE A CONTRACT OR CERTAIN CONDITIONS THAT MUST BE MET?

- MATCHING CONTRIBUTIONS
  - RECORD THE MATCH AFTER THE GOAL ACHIEVED
- LARGE REWARD AGREEMENTS/CONTRIBUTIONS
  - MEASURABLE PERFORMANCE INDICATORS TO ACHIEVE?
    - CRIME MUST BE SOLVED FOR PROGRAM TO KEEP FUNDS?
    - ALL OR PORTION OF FUNDS MAY BE RETURNED FOR NON-PERFORMANCE?
    - TIME LIMITS INVOLVED?
- RECORD FUNDS AS REVENUE WHEN MEASURABLE PERFORMANCE ACHIEVED
  - MATCHING RECOGNITION OF REVENUE TO PERFORMANCE
- MAY EFFECT REVENUE BETWEEN FISCAL YEARS





# LARGE/ENHANCED REWARDS



# REPORTING REQUIREMENTS

- REMEMBER, CURRENT IRS DOESN'T REQUIRE FORM 1099, MISCELLANEOUS INCOME, FOR REPORTING REWARDS PAID OUT FOR SOLVING A CRIME BY GOVERNMENTAL OR TAX-EXEMPT ORGANIZATION
- PATRIOT ACT DOES REQUIRE BANKS AND FINANCIAL INSTITUTIONS TO COLLECT NAME, ADDRESS, SOCIAL SECURITY FOR AMOUNTS PAID OVER \$9,999.
- ERRONEOUS INFO SHARED AT 2019 CONFERENCE ON AVOIDING THIS PATRIOT ACT REQUIREMENT
- CSUSA WORKING WITH TREASURY DEPARTMENT TO HAVE THIS WAIVED FOR CRIME STOPPERS TYPE OF ORGANIZATIONS





# INSURANCE COVERAGE



# INSURANCE BASICS

- COMMERCIAL GENERAL LIABILITY COVERAGE - CGL
- DIRECTOR'S & OFFICER'S LIABILITY – D&O
- CSUSA INSURANCE BROKERS/CARRIERS
  - DISCONTINUED LIBEL AND SLANDER COVERAGE
- SEEK OUT LOCAL BROKERS FOR TAX-EXEMPT PROGRAM INSURANCE COVERAGE
- IMPORTUNATE FOR INSURANCE COVERAGE





# DON'T DISREGARD INTERNAL CONTROLS





# INTERNAL CONTROLS FOR NONPROFITS

- “INTERNAL CONTROLS” ARE FINANCIAL MANAGEMENT PRACTICES THAT ARE SYSTEMATICALLY USED TO PREVENT MISUSE AND MISAPPROPRIATION OF ASSETS, SUCH AS OCCUR THROUGH THEFT OR EMBEZZLEMENT.
- INTERNAL CONTROLS ARE GENERALLY DESCRIBED IN WRITTEN POLICIES THAT SET FORTH THE PROCEDURES THAT THE NONPROFIT WILL FOLLOW, AS WELL AS WHO IS RESPONSIBLE.
- THE GOAL OF INTERNAL CONTROLS IS TO CREATE BUSINESS PRACTICES THAT SERVE AS “CHECKS AND BALANCES” ON STAFF (AND SOMETIMES BOARD MEMBERS) AND/OR OUTSIDE VENDORS, IN ORDER TO REDUCE THE RISK OF MISAPPROPRIATION OF FUNDS/ASSETS.



# INTERNAL CONTROLS FOR NONPROFITS

## EXAMPLES OF INTERNAL CONTROLS

- SEGREGATION OF DUTIES
- TWO SIGNATURES ON CHECKS
- BACKGROUND CHECKS ON THOSE HANDLING MONEY
- OBTAIN A FIDUCIARY/CRIME BOND
- CONDUCT AN ANNUAL AUDIT/REVIEW/INTERNAL FINANCIAL ANALYSIS
- DEVELOP ORGANIZATIONAL CHECKLISTS; WHO IS RESPONSIBLE FOR WHAT AND WHEN
- DOCUMENT DESTRUCTION POLICY
- CONFLICT OF INTEREST



**AVOID THESE SITUATIONS...**



## Crime Stoppers' ex-treasurer accused of helping himself to reward money

- By Jeff Lehr [news@joplinglobe.com](mailto:news@joplinglobe.com) - Jun 4, 2013

A former treasurer of the Heartland Crime Stoppers program stands **accused of embezzling \$3,200 in program funds with three swishes of his pen** eight months ago. Police arrested Matthew L. Paige, 34, of Joplin, on Monday. Charged with felony stealing, he posted a \$5,000 bond and was released pending an initial court appearance.

**Paige served as treasurer of the Heartland Crime Stoppers** program from July 2012 through mid-April of this year, when the organization's executive board learned of inconsistencies in the program's bank account and conducted an audit. The theft subsequently was reported to police.

"It's a pretty substantial loss to us, the organization locally," said Tim Ketchum, board president.

Heartland Crime Stoppers is a not-for-profit chapter of Crime Stoppers International. The local program seeks to assist law enforcement agencies in solving crimes and catching fugitives from justice in Jasper, Newton, McDonald, Barton, Vernon and Lawrence counties in Missouri, Cherokee and Crawford counties in Kansas, and Ottawa County in Oklahoma.

The program relies on donations and fundraisers to provide enough money to offer rewards of up to \$1,000 for tips that help solve crimes or locate fugitives. Board and staff members receive no pay for their work with the organization.

Ketchum said the **theft came to light after Paige missed a meeting earlier this year at which board members were seeking details about the program's finances.** Ketchum said he later asked Paige to provide the information the board wanted.

Before Paige responded to the request, a program coordinator **noticed a bill that had gone unpaid**, and board members became all the more curious about the treasurer's handling of finances.

A probable-cause affidavit filed in Jasper County Circuit Court states that the money was taken over the course of three separate transactions in October of last year.

**On Oct. 7, Paige allegedly deposited a \$600 check written on the Crime Stoppers account into his personal checking account** by way of an automated teller machine at Arvest Bank in Webb City.

About two weeks later, he **allegedly made a cash withdrawal of \$1,600 from the program's account and deposited the same amount into his savings account** via an ATM in Joplin. The affidavit alleges that a couple of days later, he transferred \$940 from his savings account to his checking account, and then made a purchase the same day totaling \$935.46 from an online vendor of tickets for attractions in Florida, such as Disney World and Universal Studios.

The document alleges that he made another cash withdrawal of \$1,000 from the program's account on Oct. 30. Ketchum said **the lack of a requirement of two signatures on checks written on the Heartland Crime Stoppers account** at Arvest Bank dates back to when the local chapter was established about three years ago. He said the board at that time failed to catch the oversight in the paperwork setting up the bank account.



# Dallas Police Officer Charged With Stealing From Crime Stoppers

By Jack Fink, CBS 11 News - January 27, 2011 at 10:44 pm

Dallas police Senior Corporal Theadora Ross — a 26-year department veteran — said nothing after being arrested Monday.

But now we know what she's accused of.

Ross and another woman, Malva Delley, are accused of collecting \$250,000 in rewards for bogus tips to the Crime Stoppers program for more than five years.

Russell Verney, executive director of the North Texas Crime Commission, which operates Crime Stoppers says, "It's shocking that it happened, that it happened for so long."

Verney says it's not lost on him that the commission, which helps solve crimes, became a crime victim. "A bit of irony. It's unfortunate."

Ross was responsible for taking anonymous tips, and selecting those eligible for a cash reward.

To pick up that reward, tipsters receive a secret code word and tip number, then go to the bank.

But Verney says one legitimate tipster called him and said something was wrong. "An individual went to pick-up his authorized tip at the bank," Verney said, "and was told that somebody had preceded him, and had his secret number and his secret code word."

Verney says they temporarily shut down the program and investigated.

Prosecutors say Ross gave Delley bogus tip and information numbers to collect the cash rewards.

From there, prosecutors say Delley got the money from the bank and split it with Ross.

When we stopped by Ross' house in Rowlett today, no one came to the door.

Today Dallas police called this indictment "a major breach of public trust."

Dallas police and the Crime Commission say they have already changed their procedures to keep this from happening again.

The Crime Commission says Crime Stoppers continues to receive numerous tips and pay cash rewards.

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## PRC Crime Stoppers board member arrested for embezzlement

Published 10:07 am Tuesday, January 12, 2021

The former secretary and treasurer of Pearl River County Crime Stoppers, an organization that provided community members with a way to report crimes anonymously, has been arrested for embezzlement of more than \$50,000 from the organization.

According to a press release from State Auditor Shad White, Michelle McBride, the former secretary and treasurer of Pearl River County Crime Stoppers, was arrested after she was indicted on the offense of embezzling \$52,000. She after turned herself in to the Pearl River County Sheriff's Department on Jan. 8, said Logan Reeves, media relations for White's office.

The investigation showed that McBride allegedly used the local Crime Stoppers' debit card to fund personal rodeo expenses and transfer funds to "fraudulent non profit accounts she owned," the release states. Reeves said he could not elaborate on the nature of the alleged theft of funds.

After her arrest, she was issued a \$20,000 bond and if convicted she could be convicted to up to 25 years in prison and up to \$15,000 in fines, the release states.

Since a surety bond did not cover McBride's duties on the board of Pearl River County Crime Stoppers, which protect tax payers from cases like this, she will be responsible for paying back those missing funds along with any other expenses incurred in the case.

9/26/2021



**? QUESTIONS ?**



# SUMMARY - TOP IRS AND FINANCIAL COMPLIANCE TOPICS

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