

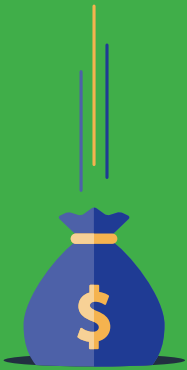
THE PRICE OF THEFT IN NONPROFIT ORGANIZATIONS

Even in small nonprofits, cases of employee theft can be massive. Organizations lose up to 5% of their annual revenue to fraud with the median loss to nonprofits being \$90,000.¹

You work hard to earn the trust of board members, donors and the community. Protect your mission against theft. Learn the warning signs and take preventative measures to ensure your organization can continue to carry out its mission.



KNOW THE FACTS



More than **1,100** tax-exempt organizations nationwide have reported employee fraud in the past seven years. The total number of thefts is almost **certainly far higher**, because most cases of fraud are either never detected or never reported.³

Employee fraud schemes damage employee morale,

organizational reputation, and business relationships in addition to monetary loss.²

Median duration of a fraud scheme: **16 months**.¹

The **majority** of victims recovered nothing.¹

 **\$90,000**

COMMON TYPES OF NONPROFIT EMBEZZLEMENT

- Check Tampering
- Billing Fraud
- Expense Reimbursement Fraud
- Corruption of Position



KNOW THE WARNING SIGNS⁴

85% of fraudsters displayed at least one behavioral red flag¹

Abrupt work schedule changes

Choosing not to go on vacations

Sudden shifts in lifestyle, such as purchasing a bigger home or a more expensive vehicle



BE VIGILANT!

Tip-offs by employees are the most common initial detection method¹

Organizations with hotlines detect fraud by tips more often¹



TAKE ACTION TO PREVENT AND MITIGATE THEFT¹

- Conduct surprise audits. Along with data monitoring they were correlated with the largest reduction in fraud loss and duration. Audits should be done by a third party.¹
- Pass receipts and disbursements through a secure business checking account⁵
- Create separation of financial duties among employees⁵
- Review financial statements regularly and thoroughly⁵



Sources:

¹ 2018 Report to the Nations. Association of Certified Fraud Examiners (ACFE). ACFE.com/RTTN

² <https://sfmagazine.com/post-entry/march-2017-nonprofit-fraud-how-good-are-your-internal-controls/>

³ <https://www3.bostonglobe.com/metro/2018/01/27/taking-from-charity-employee-theft-shockingly-common-nonprofit-groups/aGzL6qq5JnhkAsAbj7tMk0/story.html?arc404=true>

⁴ <https://www.mlrpc.com/articles/embezzlement-happen-nonprofit-organization/>

⁵ <https://www.mlrpc.com/articles/embezzlement-happen-nonprofit-organization/>


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