



STATE OF NEBRASKA  
**Office of the Attorney General**

2115 STATE CAPITOL BUILDING  
LINCOLN, NE 68509-8920  
(402) 471-2682  
TDD (402) 471-2682  
FAX (402) 471-3297 or (402) 471-4725

**DOUGLAS J. PETERSON**  
ATTORNEY GENERAL

**JAKE BRENNAN**  
INVESTIGATOR

May 7, 2019

Pat Novak  
[REDACTED]

**RE: Salvation Army of Lincoln**

Dear Ms. Novak;

We are writing you in follow-up to your correspondence dated November 13, 2018 regarding The Salvation Army of Lincoln. The Salvation Army is registered and operates in the State of Nebraska as a foreign corporation, and said organization is formally incorporated under the laws of the State of Illinois. As such, enclosed is a current listing of all members of the Board of Directors.

In your correspondence dated November 13, 2018, you indicate various concerns have been raised with local employees of the organization. It is this Office's understanding these areas of concern have not been presented to the Board of Directors ("Board") based in Hoffman Estates, Illinois. We recommend that you bring your concerns to the attention of the Board so they may respond accordingly.

Further, we request you keep our office apprised should you feel your concerns are not satisfactorily addressed by the Board. Again, thank you for bringing this matter to our attention, and please contact our office should you have questions regarding this reply.

Sincerely,

**DOUGLAS J. PETERSON**  
Attorney General

*Jake Brennan*  
Jake Brennan  
Investigator

November 13, 2018

Daniel Russell  
Assistant Attorney General  
Consumer Protection Division  
Nebraska Attorney General's Office  
2115 State Capitol  
Lincoln, NE 68509

**COPY**

Dear Daniel,

Thank you for the opportunity to provide concerns regarding the Salvation Army of Lincoln. One of us had the opportunity to visit with Attorney General Doug Peterson in October and he encouraged this complaint be submitted.

Based on the premise that a non-profit is intended to serve the public good, we feel The Salvation Army falls short of Protecting the Good Life in Nebraska and are concerned about the current funding efforts, transparency and lack of internal controls in serving the Lincoln community.

The following is a summary of our concerns:

**Discrimination**

**Religious discrimination:** Observations and reports indicate Majors Mark and Susan Anderson, Corps Officers, Western Division, Salvation Army, based in Lincoln, treated staff members that are not affiliated with The Salvation Army church differently. Differentiation consisted of attendance requirements, financial oversight, discipline, employee voucher distributions, free concert ticket allocations, company vehicle use for personal use, office supply usage, purchase approval process, company owned furniture given to church members, work load accountability and performance.

**Racial discrimination:** Racial discrimination was observed from Mark Anderson to African American staff members. Discrimination consisted of work load expectations, verbal treatment, accountability, budgetary requirements and hostile work environments. Furthermore, excessive workload was placed on the racially diverse community center team members while church associated team members did not have the same workload requirements or expectations.

**Gender discrimination:** Verbal reference and unfair treatment from Major Mark Anderson.

### **Internal Accounting Practices and Operations**

**Lack of internal control:** Lack of institutional control of internal accounting practices were observed and internal attempts were made to resolve and improve financial transparency. In our observations and reports, there are documented efforts and indications of employee sabotage, intimidation, harassment and hostile work environment for Lincoln Corps employee's by Officers and DHQ employees when addressing these concerns. These concerns were shared with Mark Anderson, Susan Anderson, Divisional Headquarters Accounting team and the Divisional Finance Board.

Some examples of internal control concerns are the following:

- Inaccurate cash logs to pay invoices
- Reconciliations errors and inaccurate year end reports
- Inaccurate check amounts, payee and payee addresses processed by Divisional Accounting team
- Disproportional assessments applied to the Lincoln Corps by the Divisional Finance Board in relation to other locations.
- Lincoln Corps was required to approve and pay Divisional Headquarters invoices without supporting invoice documentation.
- Duplicate invoices paid by Divisional Accounting.
- Inconsistency in Black Hills Energy Heat Share funds calculations and approvals.
- Unauthorized invoice's being paid by Accounting.
- Inconsistent payroll records distributions by the Divisional Accounting team to Lincoln Corps.
- Divisional Accounting team over charging support services to the Lincoln Corps.

**Please Note:** The above and additional internal accounting deficiencies were not identified on the external audits as the Lincoln Corps employees were not allowed to be directly involved with the external auditors to identify and address noted internal concerns. As a result, the external audits do not accurately reflect key internal accounting concerns. Mark Anderson, Sue Anderson and Sandy Hartley were communicated on various inaccuracies, inefficiencies and ongoing concerns of donor funds being wasted.

**Gift in Kind Valuation:** Gift in kind valuations by Mark Anderson and Susan Anderson were inconsistent in valuations methods and as a result, financial reports and seasonal 2017 bell ringing income provided a more favorable view than actual income received. There are concerns to their valuation methods per IRS guidelines.

**Petty Check Requests:** Personal and business expenses by Mark Anderson and Susan Anderson did not follow the purchase order process. Additionally, these expenses were submitted for reimbursement without another approving signature as required on the petty check request form. Concerns with the lack of institutional control of expenses and transparency.

**Restricted Donations:** Concerns that restricted donations are not consistently processed timely or in accordance to donor's request. Two examples of restricted donation concerns are the following:

- \$10,000 (Girl Empowerment)
- \$100 (Small Fry guest speaker) donation that were designated for Small Fry.

**Please Note:** At the direction of Mark Anderson, these funds were reallocated for payroll expenses and petty cash use.

**State Funds:** Susan Anderson directed the community youth team to have all kids pray during a state funded meal program. Youth leaders were directed to take kids outside in the hall by the door if they choose not to pray.

**Kid Cruising Kitchen:** The Salvation Army was not awarded a large grant and it was reported that Mark Anderson adversely impacted this grant opportunity. Reports of chauvinism by Mark Anderson towards staff and grantors were noted and his verbal stance to not share grant funding with our community partners at the Lincoln Food Bank was clearly communicated.

In an attempt to replace this income, Mark Anderson attempted to solicit replacement funds from donors for this summer feeding program in an inaccurate and completely dishonest manner.

**Personal Expenditures:** Mark and Sue Anderson purchased furniture and other items without following the purchase order process or receiving approval by the Advisory Board members. An example was a sectional, purchased on 6/12/18 in the amount of \$1,899.99 (including delivery). At this time, funds were being restricted for staff supplies and the summer feeding program. We have concerns on these types of expense when services and funding to community programs were reduced or eliminated due to low income during the summer months.

**Hostile Work Environment/Bullying Officer Behavior:** On numerous occasions, staff members and volunteers were yelled at in front of external clients, volunteers and employees by Susan Anderson. This action created a harassing, intimidating and hostile work environment for volunteers and staff members. Additionally, reports of employee sabotage in the work environment is a common occurrence and numerous internal efforts were attempted to address and resolve these issues without success.

During resolution, reports of bullying and intimidating efforts were demonstrated in dialogue with the Lincoln team members. Advisory Board members witnessed shouting at special needs employee.

**Lack of financial transparency:** Transparency of financial reports were not offered to the Advisory Board members and community.

The following are noted concerns:

- Accuracy of all donations being allocated and spent on the designated programs.
- Annual budget details were not shared with Advisory Board members. The fiscal year 2019 budget was signed by (1) Advisory Board Member and (1) Core Council member and Mark Anderson on 7/24/18 without presenting budget to all board members for review and approval.
- The Lincoln Advisory Board has not received 2019 budget details from Mark Anderson after multiple requests.

**Human Resources Transparency:** Human resources policies and procedures were deleted off the Lotus Notes database by Patti Sherwin (HR director) between 2017 and 2018. An employee handbook and brief addendum remained online for HR related issues which did not provide the supporting details for handling specific Human Resources related concerns. Our concerns are the lack of internal controls, consistency and transparency in handling human resources issues.

**After School Feeding Program:** The After-School feeding program staff were supplied moldy food to feed snacks and/or meals to kids. The community center staff removed the moldy food in an attempt to serve edible snacks and meals. Specific donations were solicited and received for this feeding program but not consistently allocated directly to the program.

Additional concerns on the treatment of meals and funding for religious events versus the youth programs. We are concerned that funds are being misappropriated and donor solicitations for the youth feeding programs are misleading the community.

**Lincoln Staff Transparency:** Mark Anderson and Susan Anderson began reclassifying the Lincoln community staff to reduce and eliminate benefits without communicating impact to staff members. During reclassification, staff were being expected to work over 20 hours a week but were being reclassified as seasonal/temp and working less than 20 in an effort to reduce eliminate pension, sick time, holiday pay, vacation time and other benefits. We feel Mark Anderson and Susan Anderson violated a moral obligation when employees were reclassified for less hours than actually being expected to work.

Furthermore, Human Resources were aware of this reclassification attempt to reduce expenses without accurately reflecting hours worked. This knowledge conflicted with the employee handbook and since deleted policies and procedures by Patti Sherwin (HR Director).

██████████ **Estate:** Legal concerns on the handling of ██████████ home and estate which occurred in 2018. Additional concerns on the transparency of repairs and overall condition of the property were not presented to the Advisory Board members when approving estate related activity.

**Lack of Transparent Communication:** Communication and inquires by multiple Advisory Board members to Mark Anderson was continuously denied. Decisions were made with little or no communication with the Advisory Board input. This includes the following:

- Financial Transparency
- Dismissal of key personnel
- Lack of transparency of officer's quarters inventory
- Inaccurate accounts of personnel issues
- Reference to the Salvation Army becoming a Citadel
- Significant personal expenditures
- Lack of information regarding programming
- Lack of interest in developing board agendas and goals
- Intern housing allowance and allocation of funding.

We are greatly concerned with multiple issues, including the lack of transparency and treatment of personnel, volunteers and those being served by the Lincoln Salvation Army. Please understand this is just a snapshot of the issues that have witnessed and experienced. We are hopeful to have the opportunity to share more information and insight as an investigation is launched.

Please let us know if you have any questions.

Sincerely,

Stanford Bradley Sr.

Former Director, Community Center & Small Fry Basketball, Salvation Army of Lincoln



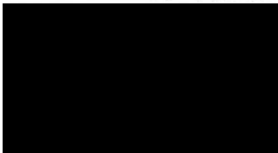
Doug Graff

Former Business Administrator, Salvation Army of Lincoln



Sara A. Kay

Former Chair, Past Advisory Council Member, Salvation Army of Lincoln



Nancy J. Meinzer, Advisory Council Member, Salvation Army of Lincoln



Pat Novak, Advisory Council Member, Salvation Army of Lincoln

