Resolution No. [Resolution Number] [Type]

Report: [Report] Date Submitted: 10/04/2025

Submitted By: Dr. Steven Saxe, Nevada

Reference Committee: [Reference Committee for Worksheet]

Total Net Financial Implication: [Total Net Financial Impl.] Net Dues Impact: ______

Amount One-time: ______ Amount On-going: ______

ADA Strategic Forecast Outcome: Tripartite: Promote Tripartite stability, success, and future growth.

[FORENSIC AUDIT TO REBUILD TRUST IN THE ADA AND ITS BOARD OF TRUSTEES TO STRENGTHEN MEMBER RETENTION AND GROWTH]

Background:

This resolution calls for an independent forensic audit to **promote transparency, rebuild trust, and strengthen confidence in the American Dental Association among new and existing members.** The ADA cannot afford inaction. The cost of continued uncertainty and eroding trust will far exceed the cost of an audit. A transparent and independent review is essential to restore credibility, rebuild member confidence, and clear the good names of current and past trustees, officers, and staff members. This effort is not only an investment in financial accountability but also in the ADA’s long-term reputation and membership growth. Demonstrating openness and integrity can serve as positive marketing to the profession, showing that the ADA values honesty, responsibility, and transparency. Publicly committing to a full forensic audit is an opportunity to replace years of doubt and financial decline with a renewed image of integrity and trust.

A **forensic audit** is a specialized financial review that goes beyond routine accounting or compliance checks. It examines financial records, contracts, and decision-making processes to identify errors, potential fraud, conflicts of interest, or misuse of assets. Forensic audits also assess governance and control systems to ensure accountability, transparency, and compliance with nonprofit and tax-exempt regulations. Unlike standard audits, they focus not only on verifying numbers but also on determining how and why financial decisions were made.

The ADA’s financial position has declined dramatically in recent years, with reserves dropping from over **$220 million to approximately $60 million**, a loss of more than **$140 million**. Since budgetary authority was transferred from the House of Delegates to the Board of Trustees, members and delegates have had limited visibility into key financial decisions, including the sale of the ADA building, major vendor contracts, investments in various companies, and the purchase of businesses by both the nonprofit and for-profit arms of the Association. The **Board of Trustees’ continued refusal to share their Governance and Organizational Manual** with the House has only deepened the sense of secrecy and lack of transparency. That manual could help shed light on how such major decisions are made, who makes recommendations, and how the spending of millions of dollars is ultimately approved.

An audit of the Association Management Software (Fonteva/Salesforce) implementation was completed, but **as of the writing of this resolution it has not been released** to the membership or the House of Delegates. Even if the internal audit is released later, **partial or redacted reports cannot replace a full, independent forensic audit**. The lack of transparency surrounding that audit has intensified concerns about financial oversight and accountability within the Association, and the full audit report should be released to the membership and the House of Delegates without redaction.

In addition to rebuilding member confidence, a comprehensive forensic audit would also serve as a compliance safeguard. It can help satisfy any potential concerns or claims from the Internal Revenue Service, state and federal regulators, and ADA districts, states, or constituent societies regarding financial governance and use of nonprofit assets. Ensuring full transparency and accountability will protect the Association's tax-exempt status and reinforce the integrity of its leadership.

A five-year forensic audit covering both nonprofit and for-profit operations is expected to require several thousand professional hours. Based on industry standards, the total cost would likely range from **$1.5 million to $3 million**, or less than **2 percent of one year's ADA budget**. That is a modest investment compared with the scale of recent financial losses and the importance of restoring member confidence. A competitive, transparent bidding process and exclusion of current management from oversight will help ensure efficiency and prevent inflated costs.

Resolved, that a Forensic Audit Selection Task Force be established to identify, retain, and oversee an independent forensic audit firm to perform a comprehensive **Forensic Audit** of the American Dental Association, composed of **six members chosen from those who served prior to 2020**, including **three past ADA presidents and two past ADA treasurers from the 2014–2015 to 2019–2020 terms, together with the current ADA treasurer**, and that this task force shall operate independently of current ADA leadership and staff, and be it further

Resolved, that the forensic audit shall include, but not be limited to, the following areas:

- All ADA **investments, acquisitions, and divestitures** made by both nonprofit and for-profit entities.
- The **sale of ADA properties**, including the ADA building, and all related approvals, contracts, and beneficiaries.
- The **Fonteva/Salesforce software purchase and implementation**, including vendor selection, recommendation source, and payments made.
- Any evidence of **inurement** (defined as any part of the Association's earnings or assets unlawfully benefiting private individuals such as officers, trustees, staff members, or their **immediate family members, business partners, or affiliated entities**).
- **Consulting fees, vendor payments, or commissions**, including who authorized them and any personal or financial relationships involved.

- All **Board and staff votes, recommendations, or advisory reports** that led to major financial decisions or losses.
- Any **conflicts of interest or relationships** involving ADA staff, officers, trustees, volunteers, or their **immediate family members, business partners, or affiliated entities**, extending back up to **ten years** if relevant to transactions under review.
- All **asset transfers, shared expenses, and revenue flows** between the ADA's nonprofit and for-profit entities.
- The **business dealings, governance structures, and financial performance** of all for-profit arms and subsidiaries.
- **Executive compensation, bonuses, severance packages, and deferred compensation plans** during the audit period.
- **Insurance or legal settlements** paid on behalf of ADA or its subsidiaries.
- Any other areas or transactions that the independent forensic firm deems relevant to its findings or necessary for completeness, and be it further

Resolved, that the complete forensic audit, including all findings, recommendations, and supporting documentation, shall be released in full to all ADA members and made readily accessible through the ADA member website, accompanied by a clear and concise summary for ease of understanding, **and** that the complete Association Management Software (Fonteva/Salesforce) audit report already completed be released in full to the membership and the House of Delegates without redaction or omission.