

## OPEN LETTER TO NHS BOARD OF DIRECTORS

On 10 May, the NHS Board of Directors, released an announcement indicating your intent to address the numerous complaints received about: NHS board member deviations from the bylaws, financial inconsistencies, animal care shortcomings, poor personnel management practices, donor concerns, etc. On the same day, NHS Board of Director's Vice President, Ms. Rita Eissmann, released an email to "concerned individuals," attempting to address some of the issues and concerns that were identified by the general public. I applaud your intention to address these issues, and to work on restoring the public's faith in NHS.

I would also like to state that lack of transparency was a major reason why so many NHS issues were allowed to go unaddressed for so long. I also believe that the only way to restore the public's faith in NHS is to provide the public full transparency into the facts related to issues and concerns that were identified. I know I speak for many people concerned about the future behavior at NHS, and the NHS Board of Directors, when I say continued use of "generic statements," with no facts to back them up, is no longer an option for the NHS Board of Directors. The public provides funding to NHS, and the NHS Board of Directors owe the public transparency into how those funds are used, and what type of animal care is being provided by those funds.

To that end, I would like to identify several generic statements that were made in the 10 May releases from the NHS Board of Directors, which I and many other concerned citizens would like the Board of Directors to elaborate on with facts that will provide full transparency.

### General statements from NHS Board of Directors Letter

The letter states: "On Thursday, May 4, the NHS board immediately conducted an internal inquiry regarding the facility's processes. After this inquiry was completed the board was assured the facility is operating in accordance with all National Humane Society standards. **At this time, the organization maintains it has achieved a 95% lifesaving rate (which it has maintained since 2012) in Washoe County as well as a 95% lifesaving rate in Carson City, where the org expanded in 2014.**"

#### Information required to provide transparency:

- Who conducted the internal assessment on May 4, and what are their qualifications?
- What did the inquiry examine (computer data, employee interviews, professional examination, etc.)?
- Please provide reference to the "National Humane Society standards" that were used to evaluate NHS. The Humane Society of the United States does not monitor humane societies, and each humane society is its own entity, with no national across-the-board standards. It is thus unclear what is meant by "National Humane Society standards."
- What data was used to assert the 95% lifesaving rate? How does the data address adopted animals that were returned multiple times (1 dog or multiple dogs)? How does it handle animals that get transferred between Reno and Carson City (single dog for both or 2 dogs)? Former COO Lisa Feder said that ShelterLove data double counts each animal that gets transferred or returned. If this was the data source, how were these issues addressed to ensure that an adequate report of performance is presented?

The letter states: “A third-party investigation has been scheduled for May 22 to identify relevant data and further feedback through an outside evaluation. The intent of this investigation will be to identify the veracity and extent of these claims to ensure NHS operates within full compliance with animal husbandry ethics and standards.”

Information required to provide transparency:

- Who is the third-party investigating animal welfare on May 22? What is/are their qualifications to assess the shelter operations?
- Is this investigation a 1-day review (scheduled for May 22), or is it starting on May 22, and will be conducted over multiple days, providing a more detailed examination of all NHS operations?
- What is meant by “full compliance with animal husbandry ethics and standards”? How does this relate to “National Humane Society standards”? If NHS is not going to follow a set of industry standards, they should publish their custom standards.
- Note, assessing a shelter for its ability to operate in compliance with “husbandry ethics” is NOT used in sheltering, but rather, in breeding animals, and in zoos.

The letter states: “On May 9, the board accepted the resignation of CEO Greg Hall, effective immediately. **The board also voted to identify and initiate an investigation with a third party expert to examine and evaluate the management practices within NHS in order to strengthen operations from within.**”

Information required to provide transparency:

- What issues and concerns, identified by the general public, are not related to Greg Hall being CEO, and still being addressed by the Board of Directors? Mr. Greg Hall was not the only person identified as causing issues and concerns at NHS. Are the Board of Directors assessing the effectiveness of other managers in NHS?
- Who is the acting CEO? What are his/her qualifications in managing an animal shelter, experience in animal welfare, managing personnel, and running a multi-million-dollar organization?
- Who is the 3<sup>rd</sup> party expert who will “examine and evaluate” the management practices? What are his/her/their qualifications in managing an animal shelter, and experience in animal welfare, managing personnel, and running a multi-million-dollar organization?

The letter states: “At this time, the board has gathered and are currently reviewing the minutes from former NHS board meetings to better ascertain circumstances. Regardless, the board approved and comprised on May 9, 2023 an ad-hoc bylaw review committee that will re-review the existing bylaws, determining whether updates could be made that will strengthen the nonprofit’s governing body.”

Please see comments on these issues in response to Rita Eissman’s email.

### General statements from Ms. Rita Eissmann’s Email

The email states: “Our current bylaws stipulate that a board member must drop from the board after serving six years for at least a period of one year. To ensure the organization retained board members with historical understanding as new board members joined, the board elected to split the existing board into multiple classes to term out in a staggered fashion. **Had they imposed the six year term in 2015 on all board members, it would have created a gap in information for the newest 2021 class.**”

Information required to provide transparency:

- Is Ms. Eissmann stating that the board knowingly broke the bylaws? If so, please explain why the board didn’t make modifications in the bylaws, versus

- intentionally ignoring them? As this should have been discussed during a board meeting, when will the board meeting minutes be released?
- Is Ms. Eissmann making the assertion that all Board Members serving prior to 2015, had a “reset” to their time served, such that all Board Members in 2015 would time-out in 2021? The bylaws make no assertion to this being the case. In fact, the bylaws clearly state that ““The Board of Directors shall be divided into three (3) classes of equal or approximately equal size. The term of office for each elected Director shall be three (3) years. Annually, one-third (1/3) of the membership of the Board of Directors shall be elected for a term of three (3) years by secret ballot.” This is known as “staggering” as stated by Ms Eissmann. It also means that in 2016, 1/3 of the Board had to be re-elected.
  - Please explain why there would not have been institutional knowledge when new directors were added each year:
    - o 4 new directors were added in 2015
    - o 2 new directors were added in 2016
    - o 3 new directors were added in 2017
    - o 3 new directors were added in 2018
    - o 3 new directors were added in 2019
    - o 5 new directors were added in 2020
    - o 6 new directors were added in 2021
  - It appears that the board was following the bylaws by adding new directors every year. A few even rotated out of the board after three years, leaving for a year before returning. These included Mr. Chuck Allen, Dawn Ahner, and Kevin Linderman. Why could these directors rotate out, but not the others who had served much longer? “The Board of Directors shall be divided into three (3) classes of equal or approximately equal size. The term of office for each elected Director shall be three (3) years. Annually, one-third (1/3) of the membership of the Board of Directors shall be elected for a term of three (3) years by secret ballot.” With the rotations every year, what exactly is Ms. Eissmann referring to as the “gap in information” in 2021?
  - Even if there were a “gap in information” in 2021, why didn’t the board take any actions to rectify that in 2022 or 2023? Ms. Kris Wells had served 10 years in 2023. There were multiple directors identified as having served 10+ years. Were Mr. Jack Grellman and Ms. Jan Watson already on the board in 2007 (serving 15 years)? Was Ms. Tierra Bonaldi also on the board prior to 2012?
  - Why did the Board of Directors not publish the bylaws until May 5 2023, as is required by the IRS?

The email states: “As to payments made to former board members, according to the 2015 Nevada Humane Society bylaws, the board may distribute funds with those they have entered into contractual relationships or elect to make lawful payments **in furtherance of the purposes of the organization** (Article II, Section 3).”

Information required to provide transparency:

- If paying board members, their families, associated companies, etc. is not an issue, why did NHS not identify these payments in their tax returns or publish the funds being sent to Board Members or their affiliates? The one time that this was identified by Joe Hart, in 2021, NHS rushed to change the tax return to remove the payment to Greg Hall.
- Please release all information related to all funds that NHS has given to Board members or their affiliates. The information should include: amount of money, contractual services provided, competitive bids that justify the board member’s services are cost effective, and documentation developed related to the payment of a board member.
- Who are the people or companies that received hundreds of thousands of dollars from NHS, that are reported in the generic tax line, other Fees for Services (non-employee professional services)?

- What safeguards did the NHS Board of Directors implement to ensure that funds sent to Board Members or their affiliates were in the best interest of NHS?
- Who approves contracts for services with NHS Board Members or their affiliates?
- Was Greg Hall paid \$37,499 in 2017? Was a 1099 issued to him? When the 2017 tax return was re-filed, was a corresponding corrected 1099 issued to him?
- Who are the providers of accounting and legal services, as called out in the tax returns?
- NHS should also explain why there were big spikes in certain expenses in certain years:

#### ACCOUNTING

Year	Amount	% increase from previous year
2013	17,500	187%
2017	27,808	70%
2018	66,301	138%

#### ADVERTISING & PROMOTION

Year	Amount	% increase from previous year
2014	123,354	79%
2015	169,332	37%

#### INFORMATION TECHNOLOGY

Year	Amount	% increase from previous year
2019	42,652	78%
2021	78,627	73%

#### INSURANCE

Year	Amount	% increase from previous year
2015	57,020	184%

#### INVESTMENT MANAGEMENT FEES

Year	Amount	% increase from previous year
2012	22,993	First year available currently
2018	61,879	First year after 0 amounts multiple years
2019	63,976	3%
2020	68,618	7%
2021	96,539	41%

#### LEGAL

Year	Amount	% increase from previous year
2019	42,398	628%

#### TRAVEL/MEETINGS/CONVENTIONS

Year	Amount	% increase from previous year
2018	50,703	74%
2019	55,131	9%

Who were paid these spikes in fees, and what was the reason for the spikes?

The email states: "The board is actively reviewing the minutes from the last several years to ascertain what circumstances may have surrounded those payments. Regardless, **last night the board approved and comprised an ad-hoc bylaw review committee that will re-**

**review the existing bylaws**, identifying whether there are insufficiencies and determining whether updates could be made that will strengthen the nonprofit's governing body."

Information required to provide transparency:

- When will the findings from the ad-hoc bylaw review be made available to the public?
- Given the Board of Directors' previous resistance to publish the current bylaws, what assurances will the public have that any future changes made, will be provided to the public?
- What safeguards will be instituted to ensure future Board members cannot personally benefit from contracts with NHS?
- Will the Board of Directors adopt a Code of Ethics that apply to Board members?
- Will the Board of Directors establish requirements for transparency on how board members are selected?

The email states: "Nevada Humane Society has retained law firm Fennemore Craig P.C. to provide legal counsel and support to the organization during this time. Michelin Nadeau Fairbank is the attorney working with NHS. Neither Ms. Fairbank nor her firm are retained to provide legal services to any individual or employee of NHS.

The legal team is in place for the sole purposes of understanding contract and employee law so that Nevada Humane Society board members may make decisions for the future of the organization within proper legal parameters. It is the unanimous opinion of the board that this expenditure, and others we may approve, is critical as we seek to ensure forward steps safeguard the future of the organization and, again, no one person.

It would be unethical for this organization to make decisions that inadvertently open the Nevada Humane Society to future liabilities, so we must endeavor to make every forward step compliant and within the best interest of our staff, volunteers and the animals within our care."

Information required to provide transparency:

- Will the costs associated with the legal counsel be published and made available to the general public?
- Since the NHS Board of Directors is using donor funds to pay for the legal team, will the Board of Directors **commit** to releasing the legal fees incurred, to the general public?