Review of Arkansas Association of Conservation District Finances for 2012 through 2015

This report is lengthy and concerns the examination of AACD financial habits for the years 2012 through 2015.

In July of 2015 the WCCD began asking Debbie Moreland and her board to provide us with access to their financial records. In an email from AACD treasurer Woody Ray dated July 27, 2015, Mr. Ray states in part: "I appreciate that as a member of AACD you have a right to ask questions and/or review files regarding our financial reports and again, we invite you to come to the AACD state office and meet with us to review those files…", and he goes on to say that they would be willing to meet with us at the NW Area meeting to "discuss any issues you might have". We informed AACD treasurer Woody Ray that meeting with us to discuss their financials was a waste of our time unless they were delivering the actual financial documents that we requested.

So instead of meeting with AACD to discuss financials at the Harrison meeting, Casey Dunigan and Allen Shumate traveled to the AACD offices in Little Rock on October 1, 2015 to examine and copy financial documents. When they arrived, they were immediately told that ALL of the documents that WCCD requested had been removed from the office and were not available. At the end of October, Charles Glover, AACD past president, sent a letter statewide declaring that Debbie had made all of her financial available for us on October 1, 2015, but we hardly looked at them–that statement is, to put it nicely, not factual–there simply were no requested documents for WCCD to examine because, as we were told, all three years of financial documents had been sent to their accountant who was performing agreed upon procedures (or AUPs). Debbie did print off her unsigned, 2012 timesheets for us.

What Debbie Moreland provided us at that Little Rock meeting appeared to be brand new, pristine files concerning her projects such as those she operates for NRCS, etc. While her display of files was impressive, it was pointless considering that we did not ask for this material and it was not in our FOIA, and in addition, she told us we could not copy her project files anyway.

Last September, Rocky Harrell sent out a statewide letter noting that the AACD board would meet with WCCD board in late October to provide us with the documents that we requested and to answer questions. That meeting was not productive as AACD board members brought only a small fraction of the documents that we requested and none of it included any AACD spending. What they did provide us was a passionate defense of Debbie Moreland, a smattering of documents and general financial reports for fiscal 2015 and nothing from 2012 or 2013.

Later, in a letter dated October 30, 2015, Charles Glover wrote the following: "Our books are open to members at any time, and there has **never been any time** that any Conservation District has been denied access to the information". (Emphasis added)

Apparently, Mr. Glover was unaware of our failed October 1, 2015 trip to Little Rock.

Because AACD failed to respond appropriately, we filed the first of several freedom of information requests (FOIA's) and ultimately had to file a lawsuit to force AACD to provide us with financial and other documents. What follows is admittedly an incomplete picture of AACD's finances, but we wish to discuss several problems and make some recommendations at the end.

Violations of Bylaws and Standing Rules

Both the Bylaws and Standing Rules from 2005 on the AACD website were routinely violated by AACD. We know that there have been modifications to the Standing Rules since 2005; however, the 2005 Standing Rules are as of this writing still posted on the AACD website, and standing rules changes that were made prior to 2016 did not affect the principal complaints we outline below. If you look carefully at the Standing Rules that Debbie Moreland distributed at the annual meeting in February of 2016, you will note that the proposed changes marked throughout the standing rules do not bear the original or latest modification date—they are marked as "draft" and dated 2/17/16; therefore, it is anybody's guess as to what Standing Rules were actually in effect in the years 2012 through 2016. We asked Debbie Moreland to send us the latest version of the standing rules that would cover the examination period in an email dated August 18, 2015 but we were ignored, so we will just focus on the currently posted ones.

Failure to file Tax Returns and routinely late filings of returns

Section II. A, Item 4 of the posted standing rules state that the treasurer shall *"Submit tax return for AACD to Internal Revenue Service on date requested and prepare records for filing and storage."* **This is a wise rule considering that federal law requires annual tax returns for non-profit 501 C-3 groups**. These returns are referred to as forms 990.

Tax return handling by AACD can only be considered a total failure because IRS tax returns were frequently and routinely filed either very late or simply not filed at all.

In August of 2015, Casey Dunigan emailed Debbie Moreland concerning the AACD non-profit because according to the IRS there was no record that AACD 501-C3 actually existed (as it turns out, it did not).

As a part of our original FOIA request in July of 2015, the WCCD requested copies of tax returns filed by AACD (these tax forms are in fact public records and all 501-C3 non-profits are required by federal law to provide copies of them to the public). Debbie and her board initially ignored our FOIA forcing the WCCD to request from IRS the tax returns filed by AACD for the years 2009 through 2014. Also, we were told in person at the Little Rock meeting to get them from the IRS ourselves.

To our shock, we confirmed that AACD had not filed 2010 through 2014 tax returns and IRS stated in a letter that no such organization actually existed for five years-- AACD 501-C3 tax-exempt status had in fact been revoked three years earlier in 2012. We informed the AACD board of this fact in late October of 2015.

The IRS has no record that tax returns for the years 2009, 2010 or 2011 were ever filed, which coincides with IRS removing AACD's tax exempt status in 2012. The AACD routinely filed their recent tax returns late. Forms 990 for 2012 and 2013 were produced (and we assume filed with IRS) in August of 2015—that is, nine and twenty one months late, respectively. The tax return for 2014 was due November of 2014. To our knowledge, it was produced in February of 2016. Form 990 for 2015, due November 15 of 2015 was not delivered to us as of August 24, 2016.

IRS Department of the Treasury
Internal Revenue Service

OGDEN UT 84201-0028

In reply refer to: 0[redacted]
Aug. 03, 2016 LTR 3983C 0
* 000000 00
Input Op: 0420374222 00032156
BODC: WI

SHARON ARTHUR

SPRINGDALE AR 72782

059362

Taxpayer identification number: *
Organization: ARKANSAS ASSOCIATION OF CONSERVATION DISTRICTS
Forms: 990 990PF
990T 5227
Tax years or periods: Dec. 31, 2010 Dec. 31, 2011
Dec. 31, 2012

Dear Taxpayer:

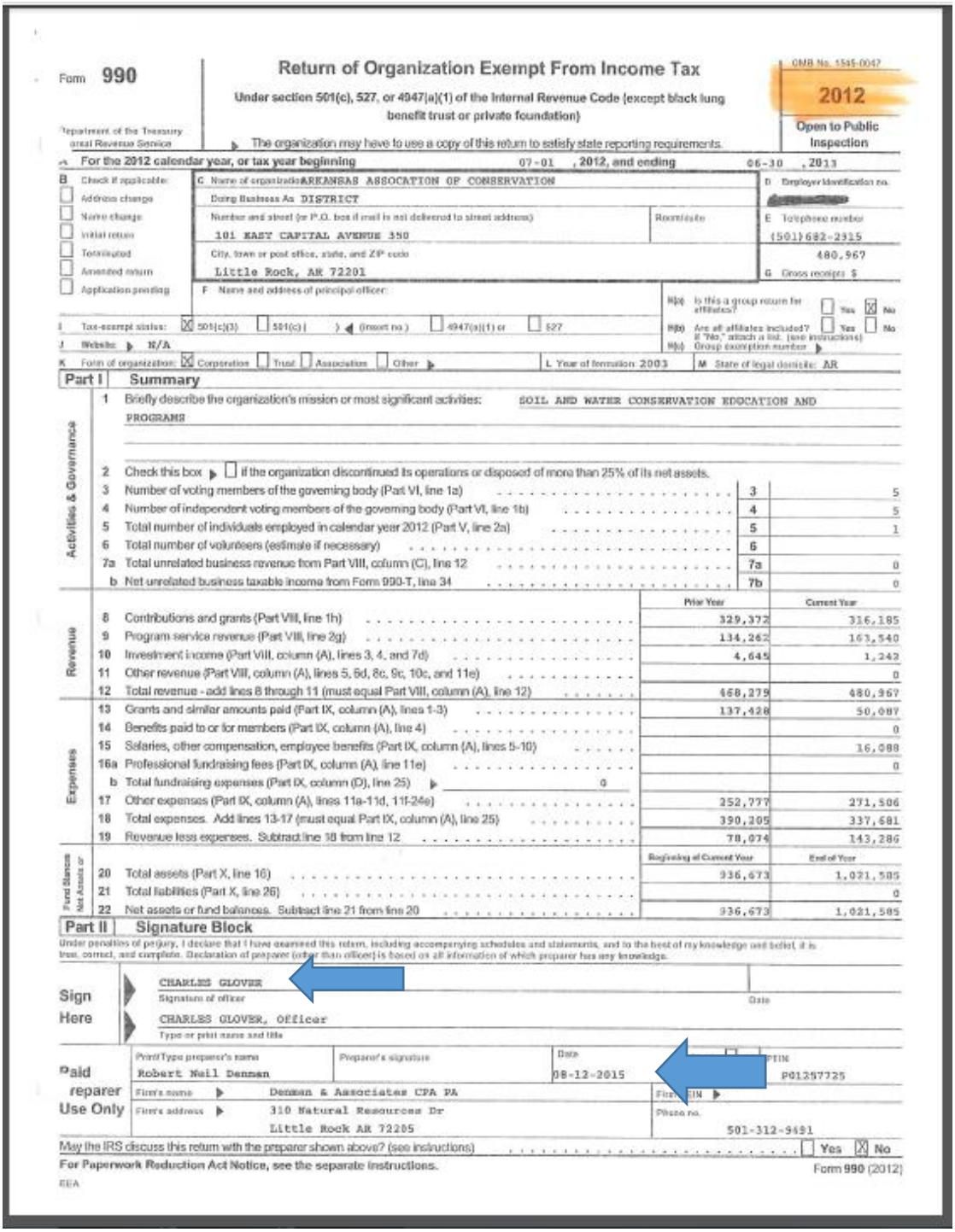
We received your request for copies of the forms listed above.

We can't provide copies of the forms you requested. We have no record of any organization with the name or taxpayer identification number you provided.

No record of the organization during the three years in this 990 request

Later, in late August of 2015, Debbie Moreland mailed tax returns for 2012 and 2013 (fiscal 2013 and 2014) to then WCCD, chairman Norman Findahl. Neither of these forms 990 bears any signature either from the preparer or the (previous) president Charles Glover (both names are listed on the returns). Neither bears a seal or stamp indicating that they were actually filed by IRS–because neither was filed as of that date and in fact both are dated **August 12, 2015**.

We believe the fact that these tax returns bear Charles Glover's name and not the actual current AACD president Rocky Harrell (or the current Treasurer for that matter) is additional evidence that Debbie and (at least) Charles Glover attempted to camouflage the 990 so that no one would recognize its extreme lateness.



Form 990

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

The organization may have to use a copy of this return to satisfy state reporting requirements.

OMB No. 1545-0047

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

A For the 2012 calendar year, or tax year beginning 07-01 , 2012, and ending 06-30 , 2013

B Check if applicable:
- Address change
- Name change
- Initial return
- Terminated
- Amended return
- Application pending

C Name of organization ARKANSAS ASSOCIATION OF CONSERVATION DISTRICT

Doing Business As

Number and street (or P.O. box if mail is not delivered to street address): 101 EAST CAPITAL AVENUE 350

Room/suite

City, town or post office, state, and ZIP code: Little Rock, AR 72201

D Employer identification no. [redacted]

E Telephone number: (501)682-2915

G Gross receipts $ 480,967

F Name and address of principal officer:

H(a) Is this a group return for affiliates? Yes [ ] No [X]

H(b) Are all affiliates included? Yes [ ] No [ ]
If "No," attach a list. (see instructions)

H(c) Group exemption number

I Tax-exempt status: [X] 501(c)(3) [ ] 501(c) ( ) ◀ (insert no.) [ ] 4947(a)(1) or [ ] 527

J Website: ▶ N/A

K Form of organization: [X] Corporation [ ] Trust [ ] Association [ ] Other ▶

L Year of formation: 2003

M State of legal domicile: AR

Part I Summary

1 Briefly describe the organization's mission or most significant activities: SOIL AND WATER CONSERVATION EDUCATION AND PROGRAMS

2 Check this box ▶ [ ] if the organization discontinued its operations or disposed of more than 25% of its net assets.

3	Number of voting members of the governing body (Part VI, line 1a)	3	5
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	5
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	1
6	Total number of volunteers (estimate if necessary)	6	
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b	Net unrelated business taxable income from Form 990-T, line 34	7b	0

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	329,372	316,185
9	Program service revenue (Part VIII, line 2g)	134,262	163,540
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	4,645	1,242
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		0
12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	468,279	480,967
13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	137,428	50,087
14	Benefits paid to or for members (Part IX, column (A), line 4)		0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)		16,088
16a	Professional fundraising fees (Part IX, column (A), line 11e)		0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 0		
17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	252,777	271,506
18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	390,205	337,681
19	Revenue less expenses. Subtract line 18 from line 12	78,074	143,286

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	936,673	1,021,585
21	Total liabilities (Part X, line 26)		0
22	Net assets or fund balances. Subtract line 21 from line 20	936,673	1,021,585

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

CHARLES GLOVER
Signature of officer

Date

CHARLES GLOVER, Officer
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check [ ] if self-employed	PTIN
Robert Neil Denman		08-12-2015		P01257725

Firm's name ▶ Denman & Associates CPA PA — Firm's EIN ▶

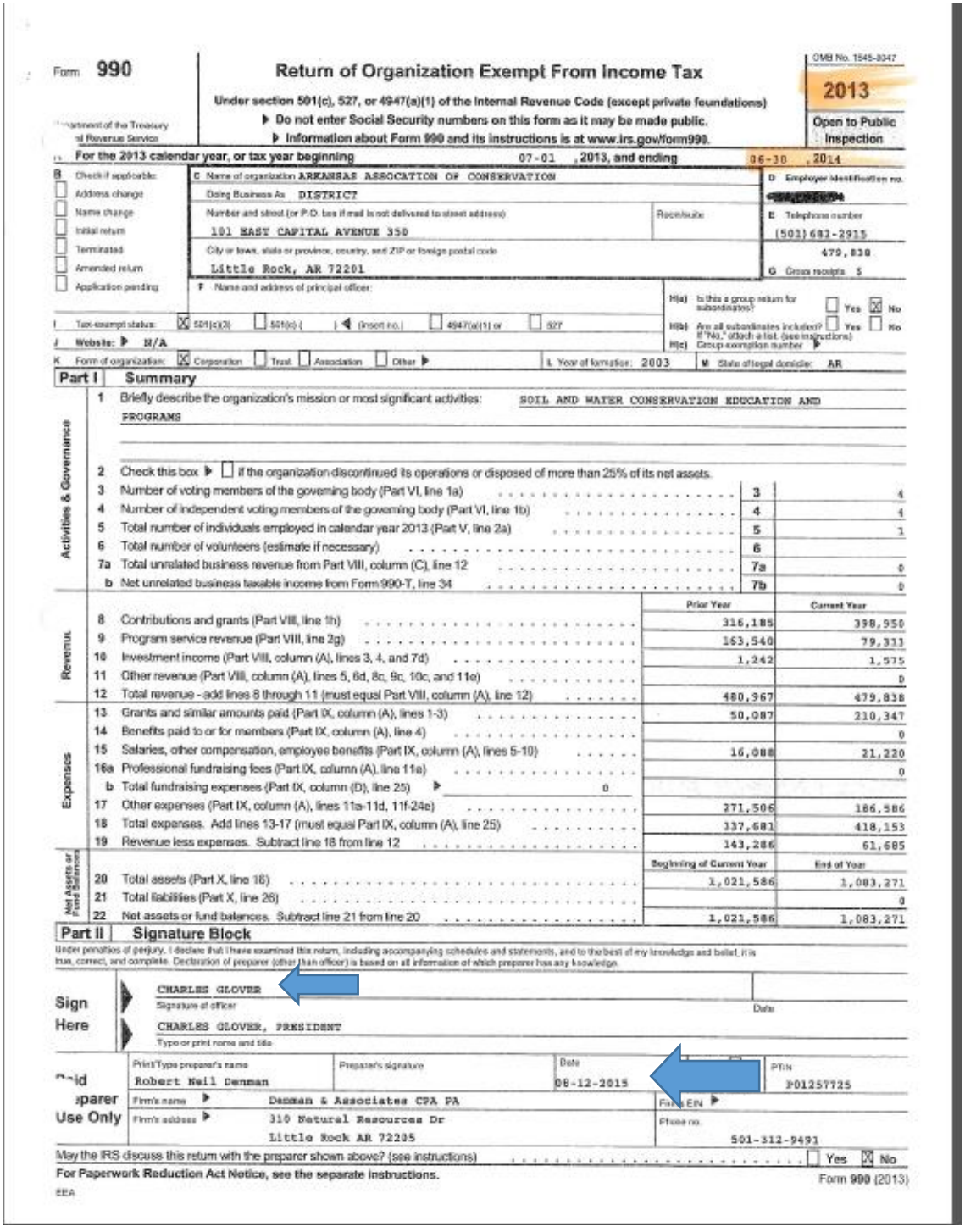
Firm's address ▶ 310 Natural Resources Dr, Little Rock AR 72205 — Phone no. 501-312-9491

May the IRS discuss this return with the preparer shown above? (see instructions) [ ] Yes [X] No

For Paperwork Reduction Act Notice, see the separate instructions. Form 990 (2012)

EEA

2012 Tax Return produced in August of 2015 Signed by Charles Glover



Form **990** — **Return of Organization Exempt From Income Tax**

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter Social Security numbers on this form as it may be made public.

▶ Information about Form 990 and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047 — **2013** — Open to Public Inspection

For the 2013 calendar year, or tax year beginning 07-01 , 2013, and ending 06-30 , 2014

B Check if applicable: ☐ Address change ☐ Name change ☐ Initial return ☐ Terminated ☐ Amended return ☐ Application pending

C Name of organization ARKANSAS ASSOCIATION OF CONSERVATION DISTRICT

Number and street (or P.O. box if mail is not delivered to street address): 101 EAST CAPITAL AVENUE 350 — Room/suite:

City or town, state or province, country, and ZIP or foreign postal code: Little Rock, AR 72201

D Employer identification no. [redacted]

E Telephone number: (501) 682-2915

G Gross receipts $ 479,838

F Name and address of principal officer:

H(a) Is this a group return for subordinates? ☐ Yes ☒ No

H(b) Are all subordinates included? ☐ Yes ☐ No — If "No," attach a list. (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status: ☒ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no.) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ N/A

K Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶ L Year of formation: 2003 M State of legal domicile: AR

Part I Summary

1 Briefly describe the organization's mission or most significant activities: SOIL AND WATER CONSERVATION EDUCATION AND PROGRAMS

2 Check this box ▶ ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets.

3	Number of voting members of the governing body (Part VI, line 1a)	3	4
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	4
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	1
6	Total number of volunteers (estimate if necessary)	6	
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b	Net unrelated business taxable income from Form 990-T, line 34	7b	0

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	316,185	398,950
9	Program service revenue (Part VIII, line 2g)	163,540	79,313
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,242	1,575
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		0
12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	480,967	479,838
13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	50,087	210,347
14	Benefits paid to or for members (Part IX, column (A), line 4)		0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	16,088	21,220
16a	Professional fundraising fees (Part IX, column (A), line 11e)		0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 0		
17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	271,506	186,586
18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	337,681	418,153
19	Revenue less expenses. Subtract line 18 from line 12	143,286	61,685

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	1,021,586	1,083,271
21	Total liabilities (Part X, line 26)		0
22	Net assets or fund balances. Subtract line 21 from line 20	1,021,586	1,083,271

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here — CHARLES GLOVER, Signature of officer — Date

CHARLES GLOVER, PRESIDENT, Type or print name and title

Paid Preparer Use Only — Print/Type preparer's name: Robert Neil Denman — Preparer's signature — Date: 08-12-2015 — PTIN: P01257725

Firm's name ▶ Denman & Associates CPA PA — Firm's EIN ▶

Firm's address ▶ 310 Natural Resources Dr, Little Rock AR 72205 — Phone no. 501-312-9491

May the IRS discuss this return with the preparer shown above? (see instructions) ☐ Yes ☒ No

For Paperwork Reduction Act Notice, see the separate instructions. Form 990 (2013)

EEA

2013 Tax Return produced in August of 2015 Signed by Charles Glover

Debbie Moreland mailed these documents to then chairman, Norman Findahl late August of 2015. They are for previous years have yet to be filed with the IRS. Why is Glover's name on these when he is not the current treasurer or current president of AACD

We wonder if the entire board of directors was notified concerning the AACD tax status--perhaps they will let all of us know if they read this report.

Washington County Soil and Water Conservation District

In February 2016, at the annual meeting in Little Rock, to our knowledge, AACD did not discuss their tax status, loss of tax exempt status or their activities in reestablishing their lost tax status. At that meeting, the AACD board enacted changes to the bylaws that would change the IRS reporting period for AACD from a fiscal year (July 1 through June 30 of any year) to a calendar year. We were informed that having a calendar year would relieve the AACD employee and treasurer from the apparent mind-boggling task of filing a tax return for a fiscal year.

In fact, the rules for filing 990's, are very simple. IRS publication 538 is very clear and online instructions are readily available and simple to understand. They state that any non-profit corporation must file within five months and 15 days from the end of its fiscal year–that's it.

That is to say, that from the beginning of the AACD non-profit's existence, the AACD treasurer and Debbie Moreland were required to file their tax returns by November 15th of every year. It's that simple.

We believe that changing the fiscal year was merely a ploy used to create the notion that filing taxes for a fiscal year that ends in June of a year is particularly confusing–as such, it indicates that AACD board is more interested in covering up their laxness and incompetence. In effect, this is just a flimsy excuse. How they will ultimately explain their complete failure to file tax returns and their subsequent loss of tax exempt status for several years in a row is anyone's guess.

Debbie Moreland has already blamed the IRS itself for their lost tax status. Despite what Debbie told the AACD attorney, the IRS revoked AACD tax exempt status for failure to file tax returns for at least three years in a row.

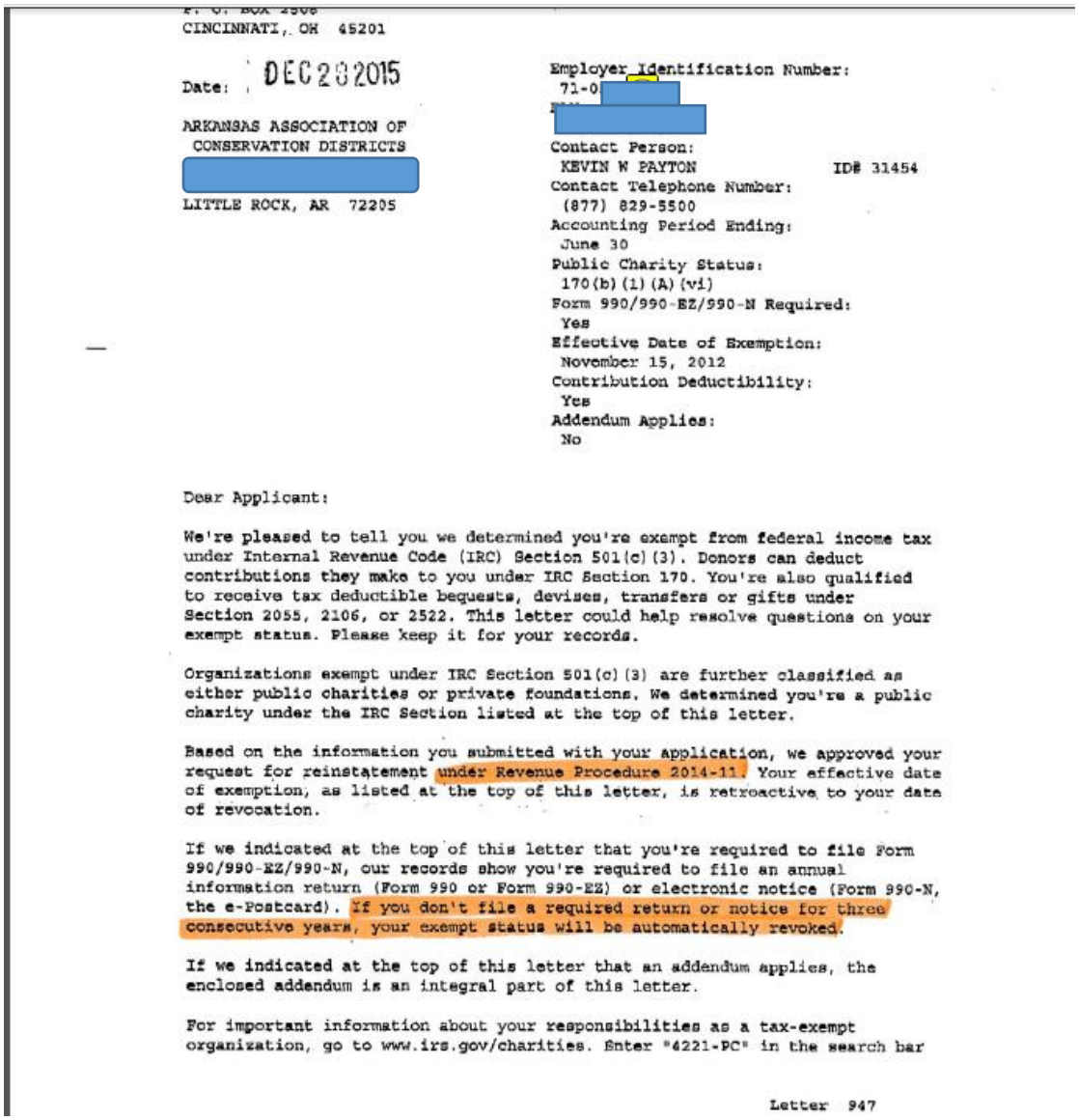
The letter Debbie presents as proof of reinstatement itself includes the IRS code (Revenue Procedure 2014-11) that clearly states in Section 3.04 the following: *"Section 6033(j)(1) automatically revokes the tax-exempt status of any organization described in section 6033(a)(1) that fails to file a required Annual Return for three consecutive years or any organization described in section 6033(i) that fails to file an Annual Return or notice for three consecutive years. Revocation under section 6033(j)(1) is effective on and after the date set by the Secretary for the filing of the third Annual Return or notice.."*

There can be no doubt, AACD had its tax-exempt status revoked due to a **failure to file tax returns for three years in a row**. Perhaps AACD will now ***let us see the file-marked tax return for 2010 to prove when IRS obtained it.***

HYDEN, MIRON & FOSTER, PLLC
Page 2
June 27, 2016

- Regarding the loss and subsequent reinstatement of AACD's tax exemption letter, I have spoken both to Ms. Moreland and the entity's CPA, Mr. Neil Denman, about the subject today. Neither knew there was a problem with the exempt status until last fall. If I understand them correctly, they eventually concluded that the IRS had mistakenly concluded that AACD had not filed its 2010 tax return, even though it had and later submitted the return again on two or three other occasions. One theory is confusion relating to AACD (at the time) using a fiscal year ending on June 30. In any event, the situation was cleared up when the IRS eventually decided that AACD really had filed its 2010 return after all. So, the IRS reinstated the exemption letter on December 20, 2015, but made it retroactive to November 15, 2012 (enclosed). In my experience, this is about as close as the IRS usually comes to admitting it made a mistake. In any event, AACD was not prejudiced in any way by these events.

Placing blame on IRS



P. O. BOX 1906
CINCINNATI, OH 45201

Date: DEC 28 2015

ARKANSAS ASSOCIATION OF
CONSERVATION DISTRICTS
[redacted]
LITTLE ROCK, AR 72205

Employer Identification Number:
71-0[redacted]
[redacted]
Contact Person:
KEVIN W PAYTON ID# 31454
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
June 30
Public Charity Status:
170(b)(1)(A)(vi)
Form 990/990-EZ/990-N Required:
Yes
Effective Date of Exemption:
November 15, 2012
Contribution Deductibility:
Yes
Addendum Applies:
No

Dear Applicant:

We're pleased to tell you we determined you're exempt from federal income tax under Internal Revenue Code (IRC) Section 501(c)(3). Donors can deduct contributions they make to you under IRC Section 170. You're also qualified to receive tax deductible bequests, devises, transfers or gifts under Section 2055, 2106, or 2522. This letter could help resolve questions on your exempt status. Please keep it for your records.

Organizations exempt under IRC Section 501(c)(3) are further classified as either public charities or private foundations. We determined you're a public charity under the IRC Section listed at the top of this letter.

Based on the information you submitted with your application, we approved your request for reinstatement under Revenue Procedure 2014-11. Your effective date of exemption, as listed at the top of this letter, is retroactive to your date of revocation.

If we indicated at the top of this letter that you're required to file Form 990/990-EZ/990-N, our records show you're required to file an annual information return (Form 990 or Form 990-EZ) or electronic notice (Form 990-N, the e-Postcard). If you don't file a required return or notice for three consecutive years, your exempt status will be automatically revoked.

If we indicated at the top of this letter that an addendum applies, the enclosed addendum is an integral part of this letter.

For important information about your responsibilities as a tax-exempt organization, go to www.irs.gov/charities. Enter "4221-PC" in the search bar

Letter 947

All IRS related tax returns or filing data for 501-C3's are located at https://www.guidestar.org, we recommend you look at the information there. You will see that when AACD actually filed tax returns, they were late every year for at least the **last thirteen years**.

Failure to Perform Auditing

To our knowledge, AACD never did any Audits until WCCD requested copies of audits in our request in July 2015, and to our knowledge the audit for the period ending June 30, 2015 was the only audit performed by AACD. The other recent financial reviews that AACD paid for were "agreed-upon-procedures" or AUPs.

The bylaws in effect through 2015 state in Article 8. Executive Board, (e), in part: **"It (the executive board) shall…arrange for an annual audit of the Associations' financial affairs".**

When the WCCD began asking for financial and other records and indicated that we wanted copies of the audits, we were met with silence. It appears that the AACD could not produce any audit until they provided one dated January 29, 2016. They did however produce Agreed upon Procedures (AUPs) for the previous three fiscal years (2013 – 2015) in late 2015. These AUPs were never approved by the districts and were done instead of the actual audits.

In a telephone conversation last summer, the WCCD chairman Norman Findahl was informed by AACD chairman Rocky Harrell that AACD would allow Arkansas Natural Resources Commission Controller to examine their books and perhaps perform an annual analysis similar to the district's AUP procedure. By the middle of October, Debbie Moreland was trying to peddle the story that WCCD "requested" AUPs instead of audits. That story is blatantly false: In an email dated October 16, 2015, Casey Dunigan reiterated to Debbie that AACD had already engaged an accounting firm to perform AUPs before WCCD ever discussed it with Rocky Harrell. In fact, Debbie had delivered the previous three years of financial documents to her accountant for the purpose of doing AUPs. That is why we were informed on October 1, 2015, in Little Rock, that there were no financial documents for us to examine. Does anyone believe that we would have wasted a day traveling to Little Rock if we KNEW that there were no financial documents for us to examine because they had been removed from the office for "AUPs"?

In an email to Debbie Moreland on October 16, 2015, Casey Dunigan clearly explained that AACD had already begun the process of obtaining AUPs instead of audits, and that WCCD never asked for AUPs in lieu of audits. In spite of this, two weeks later, Charles Glover sent a letter statewide in defense of AACD.

From the Charles Glover letter of October 30, 2015:
"AACD's finances are audited annually by a CPA, but even that was not enough for WCCD. They wanted AACD to do the Agreed Upon Procedures and then let Cynthia Bearden look over them. At their request, the Executive Board instructed Debbie to honor their request and we did. Upon completion, even that was not enough for WCCD."

This may be a compelling story, unfortunately, it is false. AACD produced no audits covering the FOIA period 2012-2014. **Even if the WCCD had requested that AACD do AUPs instead of audits, it would still be a violation of AACD's own standing rules because their own rules require them to perform an annual audit.**

The AACD minutes occasionally refer to the annual audits and even approve audits. In the AACD minutes of April 19, 2013 for example, there was a "motion to file for audit". What on earth is a "filed" audit, and, more importantly, where is this audit that they approved? How can you perform an audit if you didn't even file a tax return?

By Charles Glover's reckoning, there should be at least eleven audits available for inspection for the years 2005-2015, perhaps AACD will provide copies for us to examine at the next state meeting.

Abuse of AACD Travel and Wasteful spending

In the Standing Rules, Section II. C. Conferences, Workshops and Regional Meetings, National Association of Conservation Districts Annual Meeting/ Leadership Forum states the following:

- *The President and the Immediate Past President will represent AACD at these meetings.*
- *The Immediate Past President will serve as the NACD Delegate and the President will serve as Alternate.*
- ***Travel expenses are paid for the President and the Immediate Past President or their designee(s)**.*

We know that these provisions of the standing rules are routinely ignored. Not only do the President and Past President routinely travel to these events, we see Debbie Moreland almost always goes and often other board members, some board member spouses and third parties are traveling, incurring expenses and receiving perks at nearly every NACD-sponsored meeting imaginable.

In Section V., A through D, we see the following:

- *All expenses of the President incurred in the pursuance of the duties of the office shall be paid upon receipt of an itemized voucher with receipts attached for such expenses within the limits of the total budget.*
- *An official voucher filled out by the person incurring the expenses shall be submitted to the Treasurer within 30 days of the expense. The check should be cashed immediately and will be void after 60 days of the date of the check.*
- *Receipts of ALL expenditures shall accompany the official voucher when presented to the Treasurer for approval.*

While we appreciate that all legitimate travel expenses should be reimbursed to any authorized traveler, you will note that the AACD standing rules lack any clear provision for AACD to pay the way of any officer or other person directly using AACD credit card—only reimbursements are identified and there is the language concerning vouchers for persons incurring expenses. This is an important point, because we argue that it was the use of AACD credit card that led to large sums of money being spent in a wasteful manner. You will see that AACD money was spent on groups that are not clearly identified resulting in ambiguity as to the veracity of the expenses.

Vouchers are the proof required. We are unaware of there being any voucher system "official" or otherwise. There are travel expense reimbursement forms that are the same ones most districts use. Usually these are limited to Debbie Moreland's routine, in-state travel, monthly cell phone allowance, etc. Unfortunately, most of them have no receipts or only partial documentation. Most of these documents are either not signed by the traveler (and many bear wrong dates) or most are paid by single signed checks (another violation of the AACD's own rules). What is more at issue is the fact that AACD routinely used its several American Express credit cards (AMEX) (issued to Debbie Moreland and at least one other board member such as Andrew Wargo and Charles Glover) to pay for every conceivable travel expense for themselves and others who were in their travel group.

Not only were unauthorized and unnecessary travelers jetting around the country, they were also meeting up with whoever had an AACD credit card to get free meals.

Section V. item D. of the standing rules that were in effect at the time states the following:

- *The maximum travel expense shall be a round trip plane fare, tourist class. Mileage in a personal vehicle is reimbursed at the prevailing rate paid by the state.*

- *The maximum daily allowance for meals in state and out of state will be reimbursed at the same **per diem rate paid by the state** unless otherwise approved by the President.*

The Arkansas Department of Finance and Administration generally refers to individual state agency policies, but most rely on the published federal per Diem rates. These federal per Diem rates indicate the maximum allowable amount that may be paid for hotel rooms, breakfasts, lunches, dinners and incidental expenditures. These rates vary by month, year and location around the country. They are readily available for current and past years on the GSA website [http://www.gsa.gov]. Also, we are unaware of any signature, vote or any document that indicates that any President approved additional persons travel expenses, but even if a president did approve of additional persons traveling, the rules governing maximum reimbursement are still in effect.

Travel Abuse Examples

Abuse of travel expenditures was routine. There are simply too many examples to include in this report, so we will detail a few as best we can. Bear in mind that records are often incomplete and often spread over different months. For example, airfare to NACD events was often paid with a credit card in advance of a planned trip. Usually, checks paying for registration fees ($250 to $515 for each traveler) went to the program sponsor (mostly NACD) in advance of a given trip. Then the trip would occur and one or more AACD credit cards would be used to pay for food, hotels, etc. for either the entire group or part of the group. On top of that, individual travelers were incurring expenses and separately and later submitting "vouchers" for reimbursements.

All of this is to say that if you find the following expenditures to be outrageous, remember that they in no way represent the entire amount of money spent on the individual trips.

NACD travel to San Antonio in January of 2013.

In the first week of January 2013, it appears that no less than nine persons traveled to the NACD meeting in San Antonio, Texas and, again, only two of these were authorized in the Standing Rules, Section II. C., and they were *The President and the Immediate Past President.* The travelers are not all identified on the supporting documents associated with the AACD AMEX bill. Only Steve Whitehead, Martha Manley and Debbie Moreland are identified. All other travelers are a mystery.

On January 26, 2013, Debbie charged $1,500.29 for one meal at Little Rhein Steakhouse. There are no supporting documents to indicate how many persons ate at the Little Rhein Steakhouse on that day, but if all nine travelers were present, that would be $166.69 per person. [If there were more than nine diners, we have to ask who were they and why did you pay for them?] This is a gross violation of the standing rules. On that day in San Antonio, the federal per Diem was as follows:

Food: Federal per Diem and meals and incidentals for January of 2013 was $66 or approximately as follows:

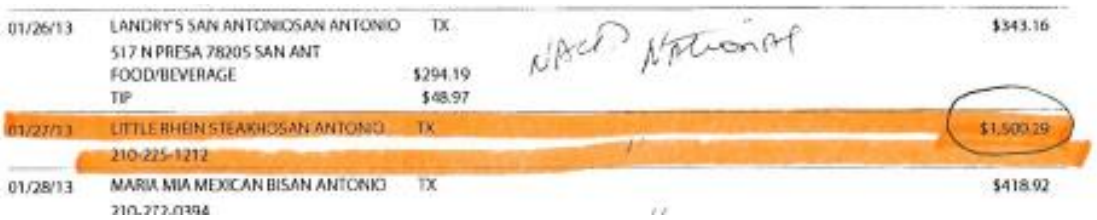
- Breakfast: $14
- Lunch: $15
- Dinner: $32
- Incidentals: $5
    - Total allowed food was **$66 per day for San Antonio**.

That is $66 FOR THE ENTIRE DAY.

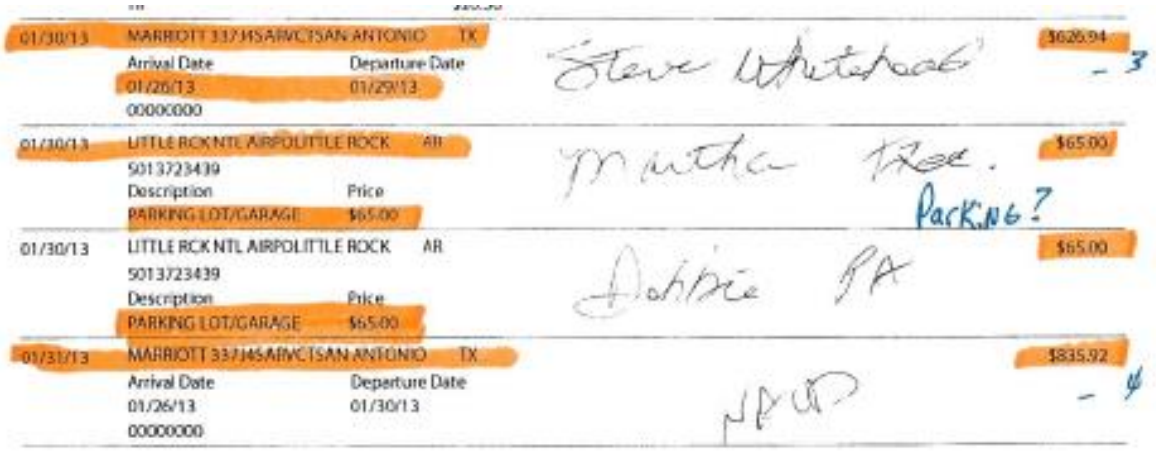
Hotel: For nine persons, Debbie Moreland paid for thirty four (!) nights lodging for a total of $8,011.46 or $235.63 per person per night. Oddly, one room cost $357.28 per day while the others cost between $209 and $260 per night, while the federal per Diem rate for hotels for San Antonio Texas for January of 2013 was **$106 per night**. Was the expensive room reserved as a hospitality room for AACD? If so, why? Was someone in a suite? Why do the room rates vary so much? We have no idea. Maybe AACD will tell us.

Bear in mind that these are the travel charges that appear on the AACD AMEX that was paid with check number 6425. This is not the total cost of this trip. If you look at the AMEX bill you will see that there are no charges for meeting registration, airplane tickets, mileage reimbursements, or individual reimbursements for food and travel paid to individual travelers. There are excessive baggage fees for Moreland and Manley on this bill, which is routine for most of their travel. In this case, we paid $50 to pay for excessive baggage, in other cases the costs for these two women's extra baggage is $100. Debbie also routinely

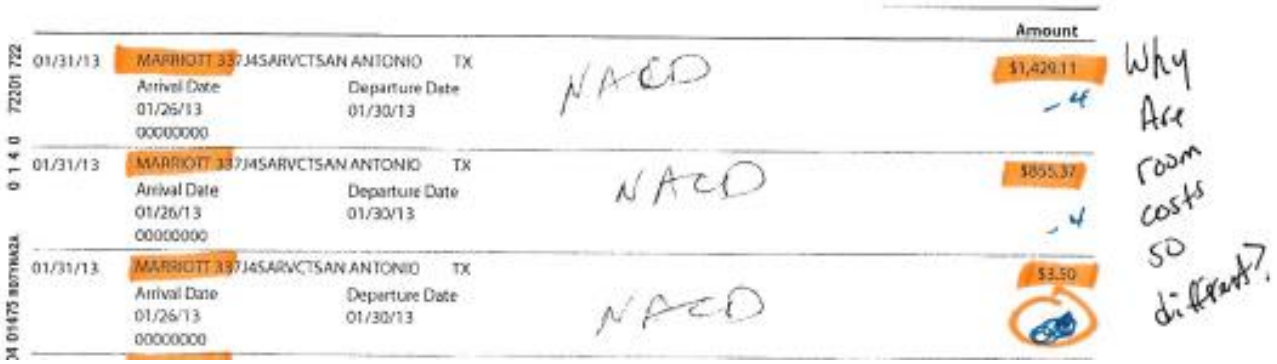
purchases unnecessary flight insurance (usually about $40 per ticket).



Little Rhine Steakhouse, San Antonio 1/26/13 for $1,500.29



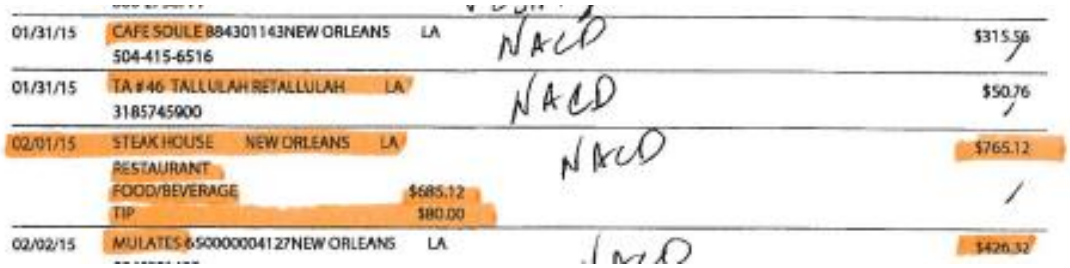
1/30/13 San Antonio, Hotel Rooms over $200 per day.



NACD Meeting Travel to New Orleans February 2015

In the first week of February 2015, apparently, seven people traveled to New Orleans to conduct AACD business. The seven travelers we know of were Charles Glover, John Mc Alpine, Debbie Moreland, Rocky Harrell, Steve Whitehead, Neal Ward and Martha Manley.

These seven AACD representatives used the AACD AMEX credit cards in the following way: New Orleans Steakhouse ($765.12 on 2/01/2015) or $109.30 each and that is assuming that all seven were eating, unfortunately we have NO information about how many diners were actually there because we have no associated receipt attached. On this same trip to New Orleans, Charles Glover spent $101.57 at Vacherie Restaurant on the AACD AMEX credit card issued in his name. Again, there are no supporting documents to indicate how many meals were purchased by Glover on this date.



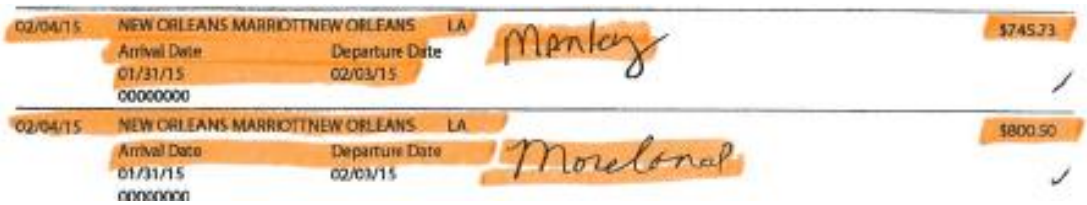
Food: Federal per Diem and meals and incidentals for New Orleans in February of 2015 was approximately as follows:

- Breakfast: $17
- Lunch: $18
- Dinner: $34
- Incidentals: $5
    - **Total allowed food was $71 per day for New Orleans.**

Total food purchases on the AACD AMEC credit cards for the New Orleans trip was $1,686.06, which equates to $240.86 per person per day, which is almost 4 times more than they should have spent.

Hotel: Hotel expenditures appearing on the AACD AMEX were as follows: Manley, $248.58 per day; Moreland, $266.50 per day; Whitehead, $256.49 per day; McAlpine, $372.48 per day; Ward, $245.92 per day; Harrell, $257.11 per day. Total hotels charged to the AACD AMEX came to $6,077.84. Note: we have no record of hotel charges for Charles Glover. Again, this AACD AMEX card does not include all travel for this trip.

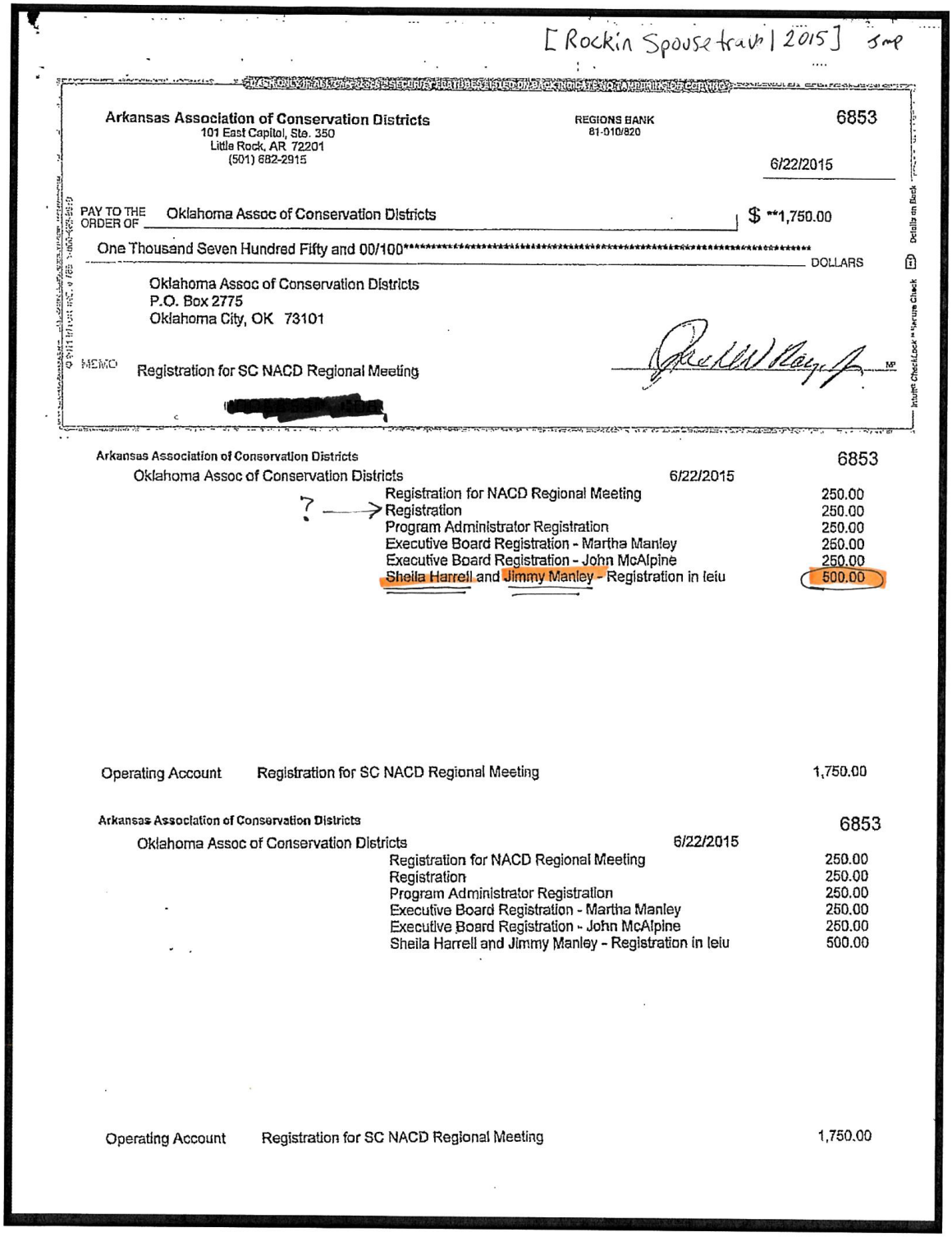
Federal per Diem for February 2015 allowed $151 per day for a New Orleans area hotel room or a maximum of $3,322 for seven persons to accumulate twenty two nights. They spent nearly twice that.



Manley and Moreland hotel fees: three days each $745.73 and $800.50

"Rock'n for Conservation" at an Oklahoma Casino 2015:

On June 22, 2015, AACD paid for a regional NACD meeting at the Tulsa Hard Rock Casino. They paid for seven persons including two spouses. Seven registrations alone cost AACD $1,750. This does not count the cost of travel.



[Rockin Spouse travel 2015] smp

Arkansas Association of Conservation Districts
101 East Capitol, Ste. 350
Little Rock, AR 72201
(501) 682-2915

REGIONS BANK
81-010/820

6853

6/22/2015

PAY TO THE ORDER OF Oklahoma Assoc of Conservation Districts $ **1,750.00

One Thousand Seven Hundred Fifty and 00/100********** DOLLARS

Oklahoma Assoc of Conservation Districts
P.O. Box 2775
Oklahoma City, OK 73101

MEMO Registration for SC NACD Regional Meeting

[redacted]

Arkansas Association of Conservation Districts 6853

Oklahoma Assoc of Conservation Districts 6/22/2015

Registration for NACD Regional Meeting	250.00
Registration	250.00
Program Administrator Registration	250.00
Executive Board Registration - Martha Manley	250.00
Executive Board Registration - John McAlpine	250.00
Sheila Harrell and Jimmy Manley - Registration in lieu	500.00

Operating Account Registration for SC NACD Regional Meeting 1,750.00

Arkansas Association of Conservation Districts 6853

Oklahoma Assoc of Conservation Districts 6/22/2015

Registration for NACD Regional Meeting	250.00
Registration	250.00
Program Administrator Registration	250.00
Executive Board Registration - Martha Manley	250.00
Executive Board Registration - John McAlpine	250.00
Sheila Harrell and Jimmy Manley - Registration in lieu	500.00

Operating Account Registration for SC NACD Regional Meeting 1,750.00

In general, we can state that travel expenses for AACD has been exorbitant. A profit and loss Previous Year Comparison for July 2012 through March 2013 indicates that travel for the two year period (fiscal 2011 and 2012) was approximately **$85,000**. It is unclear if this amount accurately captures all travel, because Debbie Moreland's routine in-state travel reimbursements appear to be excluded from the analysis. She typically is paid about $7,000 per year in cash for driving in-state.

9:44 AM
04/12/13
Cash Basis

Arkansas Association of Conservation Districts
Profit & Loss Prev Year Comparison
July 2012 through March 2013

	Jul '12 - Mar 13	Jul '11 - Mar 12
Total Scholarships	1,000.00	0.00
Training		
Board & Staff Development	1,030.00	145.33
Mentoring Program	305.06	193.22
Total Training	1,335.06	338.55
Travel		
Executive Board		
National - Executive Board	18,150.65	22,578.16
Regional - Executive Board	4,994.48	5,393.66
State - Executive Board	8,396.12	5,621.87
Total Executive Board	31,541.25	33,593.69
NACD Delegate		
National - NACD Delegate	4,837.65	5,671.23
Regional - NACD Delegate	481.66	0.00
State - NACD Delegate	1,506.89	2,300.68
Total NACD Delegate	6,826.20	7,971.91
President		
National - President	445.00	1,344.84
Regional - President	591.66	0.00
State - President	224.97	298.37
President - Other	444.70	0.00
Total President	1,706.33	1,643.21
Other Staff Travel	1,233.46	331.77
Total Travel	41,307.24	43,540.58
Youth Activities		
Poster Contest	125.00	0.00
Southern Regional Forestry Clin	514.91	200.00
Meetings - YCW	0.00	134.14
Photo Contest	225.00	300.00
Envirothon	7,297.93	20,115.09
Forestry Contest	341.79	0.00
Youth Conservation Workshop	157.50	2,247.97
Total Youth Activities	8,662.13	22,997.20
Total Expense	262,175.81	219,511.06
Net Ordinary Income	-30,715.21	195,422.42
Net Income	-30,715.21	195,422.42

EXEC. Bd

$84,847.82

To Travel for NACD

In an emailed report to all conservation districts dated July 28, 2015, Debbie Moreland stated that board travel and expenses were only **$15,000 to $20,000** per year and this included NACD meeting travel for state, regional and national meetings. Really? Based on what?

Springdale Arkansas Executive Board Travel 2014

On October 26, 2014 the AACD "Exec Board" traveled to Springdale, AR. We have a single charge for $2258.55 for hotels on the Debbie Moreland's business AMEX. Again there are incomplete supporting documents; therefore, we do not know for sure how many board members and others actually traveled. We do possess one receipt for nine diners at Mary Maestri's in Springdale (with possibly two children) where they consumed $532.20 in food and what appears to be $94.82 in a separate bill for alcohol. To be fair, it is unclear if AACD paid the alcohol bill. On this trip, someone ate at Doe's Eat Place twice ($21.21 and $276.89). Total food bill for this two day trip was $992.49.

Federal per Diem for Springdale in October of 2014 was **$83 for a hotel room and $46 per day for food**.

Credit Card abuses.

When Allen Shumate traveled to AACD offices last October, he asked to look at any credit card bills. Debbie Moreland told him that there were NO credit cards at all explaining that the AACD bank would not "allow" AACD to have credit cards in its name. Casey Dunigan informed her that he had secured company credit cards at numerous banks for company use over the past thirty years and did not understand her comment. When pressed, Debbie admitted that there were three credit cards in the recent past. Why she told us this nonsense is anybody's guess.

It appears that there were AACD-issued credit cards for a very long time, but sometime in 2015, AACD stopped using them. We would like to know why? What precipitated the change in a long standing policy of using the AACD credit cards? Was there some incident that was covered up involving AACD credit card? Did someone get caught misappropriating or otherwise misusing the credit card? Perhaps one of their board members would be willing to tell us the truth. So, while we do not know what the facts are concerning the AACD credit cards being discontinued, it may have had something to do with the totally slipshod way the credit cards were used and paid off. Here are a few examples of credit card abuses.

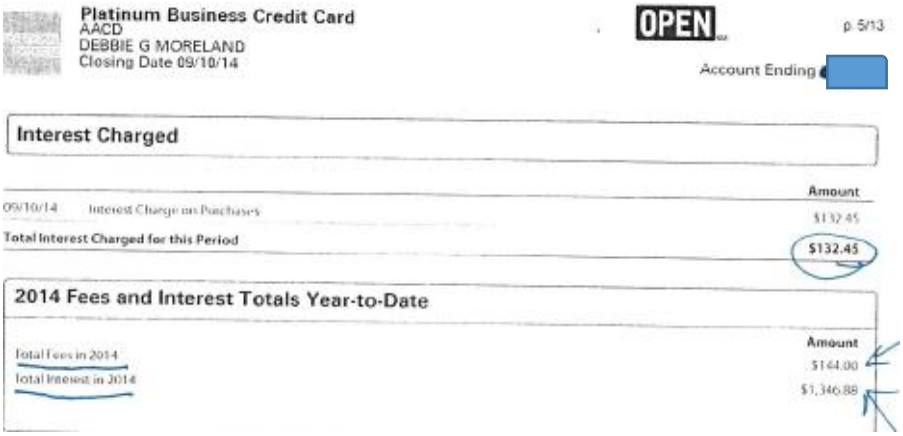
Credit Card Abuses: Late Fees, Partial Payments, Interest

We understand that life is not perfect and that occasionally a bill does not get paid resulting in a late fee or even some interest–it happens. What we don't understand is how an employee entrusted with paying the credit card bills, who is sitting on over half a million dollars in unrestricted cash can't pay the credit card bill and in full and on time–every month. Debbie Moreland repeatedly racked up late fees, incurred unnecessary interest and frequently only made partial payments.

We do not have time to examine every document for the four years of financial material that we sued for. What we do see is a systematic failure to pay the bill off, incurring late fees repeatedly and paying unnecessary interest on many of the bills. We will give some examples and provide a few images.

2014 AACD AMEX bill closing on 9/10/2014: total late fees to date were $144 and interest to date was $1,346.88. You will note that this bill shows that the previous bill of $5,485.09 was not paid off in full. Only $1,668.97 was credited in the previous month resulting in a carryover of $3,816.12 with a charge of 27.24% interest of $132.45 for the month.

2012 AACD AMEX bill closing on 8/10/2012: total late fees to date were $140 and interest to date was $1,456.22. The previous balance of $4,717.60 was NOT paid resulting in a late fee of $35, interest of $299.76. Debbie Moreland then charged $15,354.40 resulting in a total balance of $20,406.76. She made a partial payment of $15,689.16 for some unknown reason. If you examine the check and the AACD AMEX bill you will see that Debbie added the late fee and the interest charges totaling $334.76 and itemized them both as "fees" in the check's line item breakdown. Was she attempting to disguise the interest? If so, from whom?



Platinum Business Credit Card
AACD
DEBBIE G MORELAND
Closing Date 09/10/14

OPEN

p 5/13

Account Ending

Interest Charged

		Amount
09/10/14	Interest Charge on Purchases	$132.45
Total Interest Charged for this Period		$132.45

2014 Fees and Interest Totals Year-to-Date

	Amount
Total Fees in 2014	$144.00
Total Interest in 2014	$1,346.88

Total interest for the month $132.45, $144 in late fees, $1,346.88 interest to date

No Receipts for cash, checks and credit card transactions.

In our FOIA, we asked for copies of receipts for cash and other financial transactions where Debbie Moreland took in payments for AACD activities. Apparently, Debbie only began keeping receipts in October of 2015–two months after we asked for financial documents!

There are numerous single signed checks. For example the Damascus Quail account has numerous single signed checks by Debbie Moreland.

IRS Reporting Issues
Failure to pay Employment Taxes: Contract Labor abuses

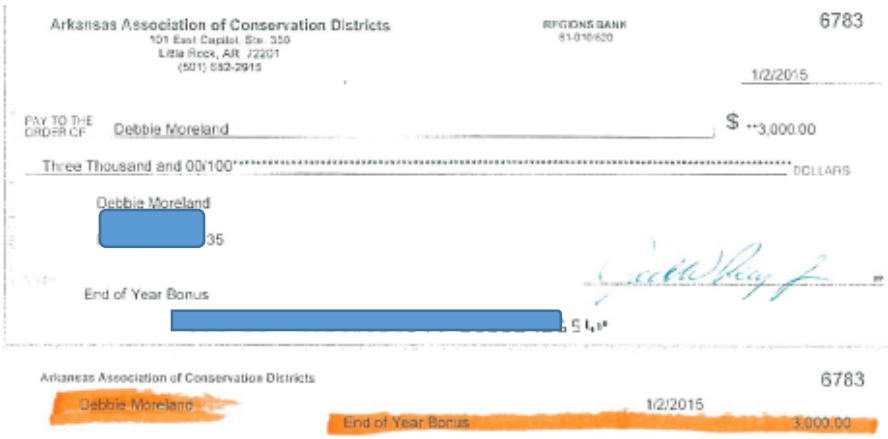
The AACD typically pays employees as "contract labor" to avoid paying employee taxes. You will note that in an email to the AACD board chairman dated October 26, 2015, Debbie Moreland included a list of AACD contract laborers. She then identifies supervisors who sign off on the supposed contract laborer's timesheets.

- Debbie Moreland identifies both contract laborers and employees in lists that we obtained. We believe that these positions were all employees not contract laborers.

Specifically, the AACD's Administrative Manager (sometimes referred to as "Executive Director", Debbie Moreland, is reported to the IRS as a contract laborer. This position is in fact an employee who works in and runs the AACD office, supervises all AACD employees and contract laborers and is directed in her work by the AACD executive board. See the following specific examples of the Administrative Manager's employment:

- The manager operates out of the AACD office that is rented as her office space. The manager uses office supplies, paid parking spaces, office telephones, computers, furniture, etc. supplied by the AACD;
- The manager works under the direction and supervision of the AACD board of directors and is paid hourly. Debbie confirmed this at the October 1, 2015 meeting;
- The AACD has adopted the Arkansas Association of Conservation Districts Employee Handbook that identifies four classes of employees and makes no provisions for any contract labor (see the AACD handbook–Employment Status and Records section 201);

- The AACD Employee handbook provides that all employees' timesheets are approved by the executive director (Moreland), thus making Debbie Moreland the direct supervisor of all AACD employees.
- The AACD adopted an AACD Administrator job description that states in part of item 13: "the AACD administrator shall be in charge of day-to-day operations of the organization and of the office operations for the Association"; additionally, Item 14 provides that the administrator "Perform other administrative responsibilities as designated by the Executive Board". Additionally, under the supervision heading, we read that the "incumbent's" performance will be evaluated annually and "the president of the AACD will then review the final evaluation with the *employee*" (see, Moreland Job Description);
- Annual evaluations of Moreland have resulted in annual bonuses being paid with no income tax withholdings

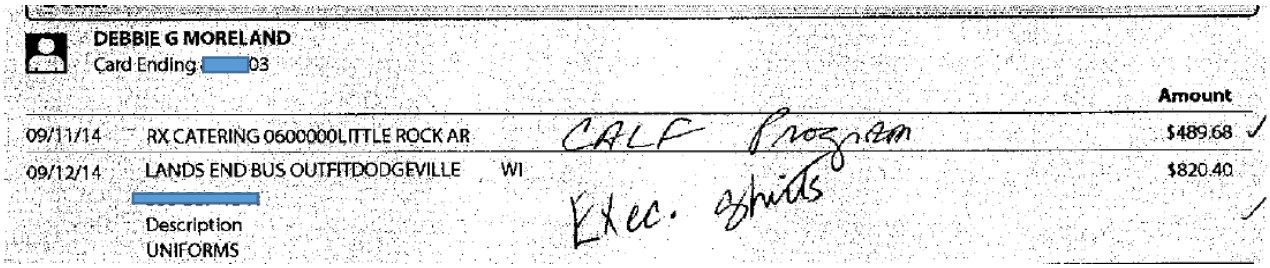


[Moreland: End of Year, $3000 Bonus Check dated 1/2/2015 Bearing only one signature]

- The AACD chairman, Rocky Harrell, and Steve Martin declared at a WCCD board meeting on October 28, 2015 that the AACD paid Debbie Moreland as contract labor because as Martin put it the AACD "saved a lot of money" by doing so. The WCCD board of directors informed AACD of its legal duty to pay proper taxes concerning its employees, but this admonition has gone unheeded.
- The AACD issues 1099's to Pinnacle Realty, Inc. c/o Debbie Moreland. There is no contract for services between Pinnacle Realty Inc. and AACD

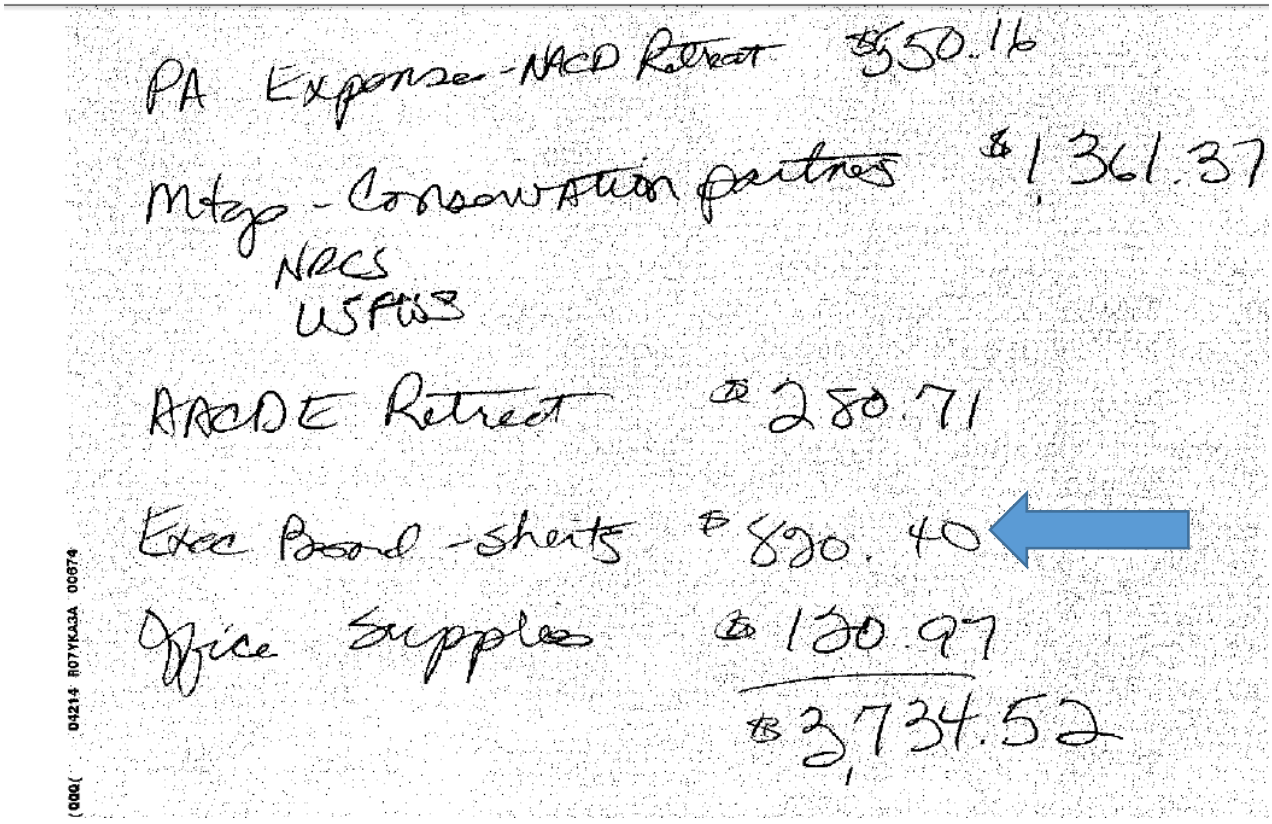
- The AACD issues 1099's only for hourly wage compensation paid to Pinnacle Realty Inc. If Moreland were a contract laborer, her other forms of taxable income would include items such as parking, cell phone reimbursements and mileage costs; thus lending credence to the determination that Moreland is in fact an hourly employee.
- AACD pays for Debbie Moreland's professional development for example when attending the Executive Director's retreat in Cleveland, OH August 23 through 26, 2015. If Moreland were a contract laborer, this expenditure would be a form of compensation, but it was not reported to IRS;
- Moreland has no financial risks associated with this position. She pays for nothing and hires and supervises AACD employees using AACD money and authority.
- We believe that AACD continues to pay Debbie Moreland as contract labor to deny the federal and state government of its rightful employer tax burden.

Questionable Spending



DEBBIE G MORELAND
Card Ending: [redacted]03

			Amount
09/11/14	RX CATERING 0600000LITTLE ROCK AR	CALF Program	$489.68 ✓
09/12/14	LANDS END BUS OUTFITDODGEVILLE	WI	$820.40
	[redacted]	Exec. shirts	✓
	Description		
	UNIFORMS		



PA Expense - NACD Retreat $550.16
Mtgs - Conservation partners $1,361.37
NRCS
USFWS
AACDE Retreat $280.71
Exec Board - shirts $820.40
Office Supplies $120.97
$3,734.52

(000(04214 R07YKA3A 00674

Executive Board Shirts bought from Land's End, $820.40

Conclusions

Many of the problems that we have identified in this report have already been addressed by Debbie Moreland and the AACD board of directors including getting rid of the AACD AMEX credit card (or at least we think so), doing away with the requirement to perform annual audits and changing the standing rules to essentially allow anybody to travel on AACD business. Those actions may smooth the road for AACD, but it can't hide the facts about the previous abuses and wasteful spending that we have reported here. It is also no guarantee that AACD will stop misusing our money for their entertainment and unnecessary travel.

We contend that AACD has not been a good investment of our collective money. Spending forty to sixty thousand dollars per year to travel to NACD and other meetings and eating numerous expensive meals has provided little to nothing for us over the past twenty years.

We fail to understand how taking an unnecessarily large group of people to an expensive NACD meeting in New Orleans or San Antonio for example relates to getting anything done for conservation in the state of Arkansas. Perhaps AACD, upon reading this, will have verifiable answers for us.

We also wonder about Debbie Moreland's intentions in creating the non-profit corporation in the first place. Does anyone remember AACD board asking our permission or even our opinion concerning the creation of this legal entity? We wonder why AACD would continue to operate the non-profit without ever acknowledging its failure to file required income tax documents or its REVOKED non-profit status. We wonder if AACD has the courage to inform us of the facts concerning this debacle. We doubt it, but at the same time, we believe that AACD partners such as the Arkansas Game and Fish Commission should be made aware of the AACD status because it continued to operate in good faith with AACD for all the years that it was no longer a tax exempt organization. What do the other districts think?

Two years ago, Debbie Moreland and AACD were advised by Randy Young, ANRC Director, to get in gear to request additional state funding for conservation districts through the state legislature. Not only did Debbie Moreland and her board friends fail to take the opportunity to work for additional district funding, Debbie actually used our money to lobby for her own projects (AACD projects) that would allow her to sponge even more funds into her organization. In the end, Debbie and the AACD board failed to secure not only the entire statewide, district funding opportunity, but also, her own projects went down the drain as well.

When confronted about this lost state funding, Debbie Moreland blew it off and denied that Randy Young ever told her to do this district funding work. So as it stands, we all can choose to believe Randy Young or we can believe Debbie Moreland. Based on our interaction with Debbie and her board over the past 13 months, we choose to believe Randy.

Debbie Moreland recently sent out an email that indicated that the Arkansas Natural Resource Commission was created to support her organization (AACD). This is patently false. The legal entities that ANRC services are conservation districts—all 75 of them. The AACD is simply a voluntary organization that the districts created to help us survive financially and to improve our services to the public. On that point, if the districts choose, we can dissolve the AACD anytime we wish.

Membership in AACD is NOT REQUIRED. Membership in Area AACD groups is independent of state AACD membership (that is why we pay separate dues to the areas and the state organization and also why AACD disavows any legal liability with the various areas), and membership in any of these organizations is NOT required either. Attendance at AACD's area or annual meetings is NOT REQUIRED. The ANRC only requires conservation directors to comply with an "approved" annual meeting or training. We don't have to have AACD at all.

We also question why Debbie Moreland is constantly involving herself in our (and we assume other) Area business. Why aren't the areas running their own business and only including the AACD employee as a guest?

We believe that every district should receive every financial report produced by Debbie Moreland for her board members. Every expenditure, every travel voucher, every receipt should be sent to the districts as they are produced and reported to her board—exactly as districts have to do.

Our point with this freedom of information fight and this report is not to flog a dead horse about settled or irrelevant issues. Instead, we want to point out that essentially nothing was being done according to the rules until WCCD began asking for answers, and that is disturbing. It is also disturbing that AACD continued to act in secret--sneaking in old tax documents bearing the wrong presidents name, working to change the standing rules to retroactively accommodate their bloated and unnecessary travel budgets, spreading propaganda by producing letters from the likes of Charles Glover that contain little truth and that were in fact feeble attempts to humiliate and bully the WCCD and any other district that dared go against the AACD board.

Washington County Soil and Water Conservation District

None of the actors who created the problems, perpetuated the problems and acted to cover up or disguise the problems are gone. The same old buddy-buddy system is still in place. In fact, we wonder why the same old board members continue to play musical chairs with the officer seats—does no one in this state want to get involved besides this handful of old friends? Debbie Moreland likes to brag that until she became the AACD employee, the AACD was broke and (she claims) $40,000 in debt. **Ask yourself who was on that board of directors when the AACD ran off the rails and got in debt. Ask yourself who was the president of the board when the wheels of AACD fell off many years ago**. Hint: see Charles Glover's letter dated October 30, 2015.

It is these persons who wasted many thousands of your dollars to hire attorneys—not to correct their problems, but to prevent a DUES PAYING MEMBER and the general public the right to examine public documents. One of their attorneys, Philip Miron, actually asked why we did not just quit if we didn't like the organization. Well, we don't believe that we have to tolerate this behavior from our AACD leaders. We could ask the same, if AACD board and Debbie Moreland don't like answering questions, why don't they leave?

As it stands now, the AACD acts as nothing more than a country club for a handful of long-serving, board members and Debbie Moreland (the one-time president)—and we have the privilege of paying for it. Far from just killing off the organization or correcting past sins, we expect AACD to become an organization that is efficient, professionally operated and hard working for the DISTRICT'S interests not AACD or Debbie Moreland's interest. But to do so, to become the organization that works for us and not for their perks, some real change must occur. We believe it is time for Debbie Moreland to move on. It is past time for Charles Glover and some others to move on. We find it difficult to believe that with 375 elected and appointed board members, the AACD must continue to rely on a handful of directors who play musical chairs with the board positions. It is time for TERM LIMITS for officers of AACD.

If Debbie Moreland stays in the AACD position, nothing will change. It is time for AACD to live lean like we do. If Debbie Moreland had to live on the small funding that most districts do, you can bet she would have been motivated to seek additional funding when the time was right. Currently, Debbie Moreland works part-time, yet she still gets paid (based on a five year average) more than $50,000 with cash bonuses and fancy perks. We believe that competent and capable people can be found who would work harder and produced better results for us.

AACD bylaws and standing rules contain language that restricts information to the public (e.g., lists of board members for example), based on our recent FOIA success, these provisions are null and should be stricken from the rules and bylaws.

We believe that the AACD board and Debbie Moreland failed and can no longer be trusted. AACD failures include:

- Wasting many thousands of our organizations money to hire unnecessary attorneys to fight a dues paying member
- Failing to pay their credit card bills on time and incurring late fees and interest charges,
- overspending on unnecessary and frivolous travel (including spouse travel), catered meals at unnecessary meetings around the state,
- Not filing tax returns or filing them years late,
- approving audits that were never done
- Producing minutes that approve "financials" that are apparently financial reports that are not identified or attached to the minutes
- failing to receipt cash and other income,
- losing their tax status
- Attempting to place blame on others for losing their tax exempt status
- and failing to inform any member or provide even a tiny explanation about their lost tax exempt status when asked,
- Then to add insult to injury, giving Debbie Moreland bonuses for "outstanding" work.

But, what if AACD says they will correct the problem and move forward? That is for all districts to decide for themselves.

The WCCD is seeking continued legal advice concerning AACD and their inappropriate and excessive spending. We are prepared to turn over any information that we collect to appropriate authorities for review. We are exploring all legal avenues available to us. We believe that AACD should pay us back for some of the excessive spending. We expect board members whose spouses received travel benefits to repay in full the cost of all registration, automobile travel and airline tickets purchased.

We seek additional information from anyone who has knowledge of AACD spending abuses, and we encourage you to contact the WCCD with additional information. We also encourage you to notify us if you do not receive information from AACD in the future.