

Grand Strand Humane Society Discourse

Position/Analysis

Evidentiary Support and Recommendations for Dissolution and Replacement of the Board of Directors of the Grand Strand Humane Society

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PURPOSE: PUBLIC INTEREST AND RIGHT TO KNOW

The purpose of this paper is to provide the public with information that is vital to the relationship and good will endeavored between the Grand Strand Humane Society (GSHS) and the communities of the Grand Strand. As a nonprofit entity serving the public interest with city tax revenue, the public has a right to know if the organization is meeting proper governance and ethical standards in its service to the recipients of care (animals) and in its service to the community.

This paper will clearly demonstrate and provide evidence that the Grand Strand Humane Society Board of Directors is/was not meeting proper governance and ethical standards but also suffers from toxicity and malfeasance among members of the Board. Excerpts from a few emails and audio recordings with transcripts are introduced as part of the evidence. This toxic culture threatens the health and longevity of the organization going forward.

March 28, 2019 marks one year since the public was exposed to the dysfunctional climate at the Grand Strand Humane Society. Local media outlets covered the board meeting, where several board members resigned and Mayor Bethune provided the City's response and support for the Grand Strand Humane Society, stating she would approve a business consultant to assist the Board as well as a financial audit. The question on where the organization is currently with good governance should resonate with registered members of the Grand Strand Humane Society, the elected officials of the City of Myrtle Beach and the tax paying citizens of Myrtle Beach. The question remains, where do things stand now, one year later?

Lastly, this paper will provide recommendations and a clear roadmap to resolve issues involving the Board of Directors in a positive and productive way.

Grand Strand Humane Society Board of Directors Unable to Adequately Meet the Mission Statement

A Mission Statement defines the goals and objectives of a business. It describes what a business does for its customers or a particular market. The Mission Statement of the Grand Strand Humane Society is as follows:

"The Grand Strand Humane Society exists to improve the quality of life for companion animals by providing shelter and care to the lost, homeless and unwanted animals of the community. We focus on finding adoptive homes for the animals in our shelter, providing low-cost veterinary care to the public, and through community involvement and education we are able to further the bond between people and animals."

Dysfunction within the Board of Directors and personal agendas in Board members' communications with the community have undermined public trust in the organization and have impaired the organization's ability to meet all points of this mission statement.

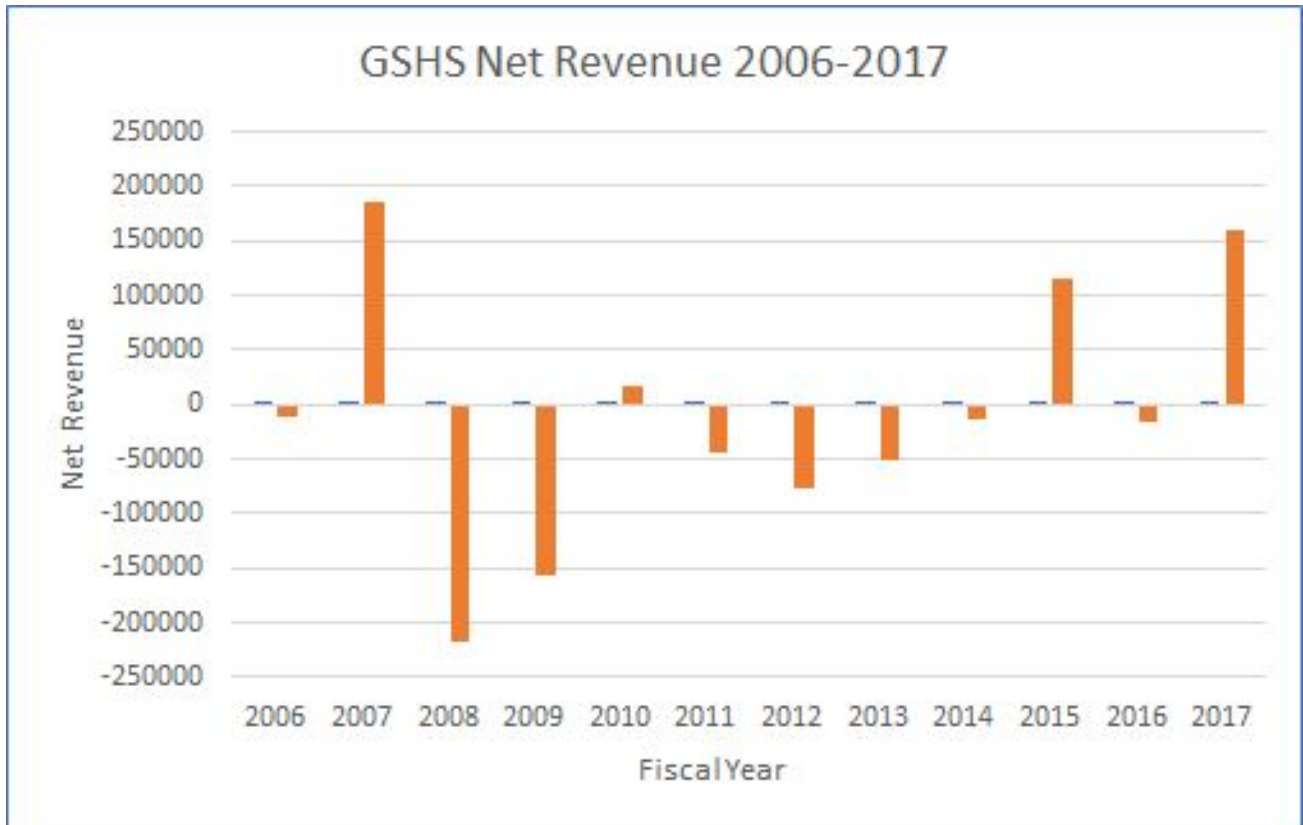
Grand Strand Humane Society Building Owned by the City of Myrtle Beach

The Grand Strand Humane Society operates from a building owned by the City of Myrtle Beach. The City of Myrtle Beach provides use of this building for a fee of \$1.00 per month--essentially rent-free. This increases the public interest and the interests of the elected officials of the City of Myrtle Beach to ensure the organization and Board of Directors are operating in a manner that follows proper financial, legal and ethical regulations and responsibilities in the use and management of city-owned property.

Improper Management of Revenues by the Grand Strand Humane Society Board of Directors

The Grand Strand Humane Society receives revenues and funding of \$1.2 million per year, including \$280,000 of funding provided directly by the City of Myrtle Beach. This funding is chronically mismanaged due to Board Members' lack of financial management experience and lack of adequate policies for the organization's stewardship of funding received (see Figure 1).

Figure 1. This graph displays the Net Revenue of the Grand Strand Humane Society from 2006 through 2017. It illustrates the organization's budgetary mismanagement of funding received, resulting in financial instability. Note: The revenue spikes in 2015 and 2017 were the result of large donations by two individual donors, one in each year, and not a result of fundraising or other financial efforts of the Board.



Additionally, the lack of financial stability across the organization is clearly spelled out in the five year plan requested by and submitted by the Board to the City of Myrtle Beach, *Becoming "Best in Class" - A 5 Year Strategic Plan for the Growth and Development of the Grand Strand Humane Society*. Figure 2 provides a screenshot from this document demonstrating this financial instability and addresses long-term viability.

Figure 2. This screenshot from the document *Becoming "Best in Class" - A 5 Year Strategic Plan for the Growth and Development of the Grand Strand Humane Society* demonstrates the dire financial situation as the shelter operates at a loss year after year and must rely on the clinic to help offset costs. This screenshot also discusses previous fundraising efforts and the results, including impact on staff.

Three Year Financial Look Back

There are three operating units to the GSHS: shelter operations, clinic operations, and fundraising operations. Its primary function is shelter operations. Under the shelter umbrella the GSHS houses and cares for abandoned or unwanted animals. The shelter side then works to adopt these animals to the community. Historically, the shelter operates at a loss. Its primary revenue sources are the Myrtle Beach City grant, retail sales, adoption fees, and the R.A.I.N. program. The City grant was \$230 thousand, \$230 thousand, and \$280 thousand in fiscal years 2013, 2014, and 2015, respectively. The shelter's largest expenses are payroll, the costs of goods for resale, and food and supplies for its residents.

Shelter Operations	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenue	\$373,735	\$458,429	\$598,560
Expenses	\$559,193	\$626,212	\$702,448
Shelter Net Income	(\$185,458)	(\$167,783)	(\$103,888)

The clinic operation is a revenue generating enterprise that serves the GSHS's animal residents and the public. There is a part time veterinarian and two veterinarian assistants within the clinic, which are the clinics largest costs. Without the in house clinic, the GSHS would have to outsource the care of its animals. With the in house clinic, the Humane Society is able to offset the costs of caring for its resident animal population by opening its doors to the public.

Clinic Operations	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenue	\$126,226	\$169,455	\$239,913
Expenses	\$132,053	\$144,951	\$131,850
Clinic Net Income	(\$5,827)	\$24,504	\$108,063

The third operation of the GSHS is its fundraising operations. In order for the Humane Society to offset the costs of operating the shelter it must solicit donations from the community it services. The strategy over the last three years was to hold numerous smaller events throughout the year. The result was a burnt out staff and the supporters were largely the same at each event.

Fundraising Operations	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenue	\$200,713	\$213,415	\$175,922
Expenses	\$80,048	\$100,990	\$94,765
Fundraising Net Income	\$120,665	\$112,425	\$81,157

Total net income for the Grand Strand Humane Society was **(\$70,620)**, **(\$30,854)**, and \$85,332 in fiscal years 2013, 2014, and 2015, respectively. The banner year experience in fiscal year 2015 was the result of \$50,000 additional monies given by the City of Myrtle Beach, increased clinic revenues, and vacant positions. The GSHS operated with a skeleton staff in fiscal year 2015, which cannot be sustained long term.

Dysfunction of the Board of Directors Puts the Grand Strand Humane Society on Course for Organizational Failure

The way the Board of Directors of the Grand Strand Humane Society operates do not follow the core principles of good governance for nonprofit organizations. Operating practices of the Board of Directors are commonly cited reasons for organizational failure. This paper will provide additional specific details and evidence points on this issue as well as acts of malfeasance by members of the Board of Directors.

Members of the GSHS Board of Directors and staff (current and former) referred to within this document are:

Current:

Larry Bragg - Current City-Appointed BOD Member

Terri Brobst - Current BOD Member (Term began March 2018)

Yvette Caufield - Current Vice President of the BOD

Lindsey Rankin - Current BOD Member (Term began March 2018)

Carol Wallauer - Current President of the BOD

Jessica Wnuk - Current Executive Director of GSHS, Former Operations Director of GSHS

Former:

Dr. Michelle Crull - Former Veterinarian at GSHS Facility (Resigned)

Missy Davisson - Former BOD Secretary (Resigned)

Dave Dettling - Former BOD Treasurer (Resigned)

Frank Espinal - Former BOD Treasurer (Resigned, Author of this paper)

Susan Means - Former City-Appointed Member (Resigned)

Eleana Nicholas Former President of the BOD (Resigned)

Suzanne Roman - Former Executive Director of GSHS (Resigned)

Amy Wingard - Former BOD Secretary (Resigned)

BACKGROUND: EFFECTIVE OPERATION, ROLES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS, AND GOOD GOVERNANCE FOR NONPROFIT ORGANIZATIONS

This section will provide guiding information for the public on the effective operation and good governance practices for successful nonprofit business organizations.

Roles and Responsibilities for Members of the Board of Directors

Accepting a position as a member of the Board of Directors for a nonprofit organization entails understanding and following a set of fiduciary duties in service to and on behalf of the organization. These fiduciary duties are legal, financial and ethical responsibilities that apply to every member of the Board of Directors are as follows:

Duty of Care: Responsibility to take care of the nonprofit through sensible and discerning use of all assets of the organization, including facility/property, people (staff/volunteers) and good will of the community.

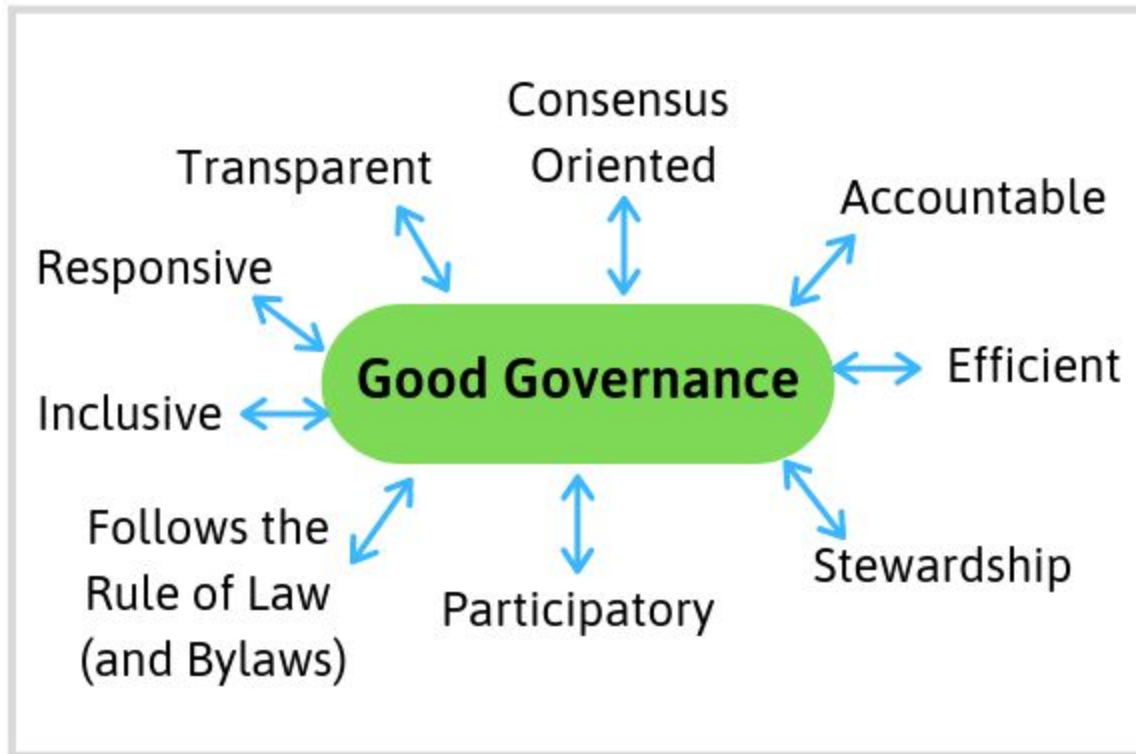
Duty of Loyalty: The Duty of Loyalty includes several responsibilities. Responsibility to make sure all of the nonprofit's transactions and activities are in line with advancing the organization's mission. Recognize and disclose any conflicts of interest. Make decisions solely in the best interest of the nonprofit organization, independent from consideration of the interests of any individual Board member or any other person or entity.

Duty of Obedience: Responsibility to ensure the nonprofit obeys all applicable laws and regulations (state and national), adheres to its own bylaws and follows its stated corporate purpose/mission statement (National Council of Nonprofits, n.d.).

Good Governance for Nonprofits

Good governance for nonprofits refers to the leadership, practices and policies used by the Board of Directors to ensure the organization operates as optimally as possible in the present and remains stable and viable in the future. The elements or principles of good governance can vary by state and by type of organization. There are, however, a number of core principles that are common among nonprofit organizations with demonstrated good governance (see Figure 3).

Figure 3. This image demonstrates core principles of good governance common among well-run nonprofit organizations.



Governance is the way the organization is run by the Board of Directors. Good governance is when the Board of Directors ensures the organization is run according to several core principles that contribute to a standard of excellence in current operations and in future operations of the nonprofit business organization. These core principles include:

Accountable: The Board of Directors is held accountable for their decision-making, actions and management to ensure ethical and honest conduct in all matters on behalf of the organization. This includes the obligation of the Board of Directors to explain its actions and decisions to appropriate stakeholders/the public (Price, 2018).

Consensus Oriented: The Board of Directors is consensus oriented in its decision-making, procedures and policies. The Board of Directors mediate different ideas and solutions until a consensus is reached that reflects the best interests of the organization (Patton, 2008).

Efficient: The Board of Directors makes decisions and implements policies and practices that produce results which meet the needs of the organization while making the best use of available resources (Patton, 2008).

Follows the Rule of Law (and Bylaws): The Board of Directors follows all applicable state laws, federal laws and its own bylaws to the fullest extent. Further, all laws and bylaws are applied to the Board of Directors as a whole and to all individual members so that no person is above the laws or bylaws. Additionally, this principle includes but is not limited to meeting compliances required by IRS Form 990, all laws and regulations that apply to businesses with a 501(C)(3) categorization (a Nonprofit Business Entity) and compliance with all applicable portions of the Sarbanes-Oxley (SOX) Act of 2002 (Runquist & Malamut, 2009).

Inclusive: There are two ways in which the Board of Directors can fulfill the principle of being inclusive. The first way is when it seeks or gathers multiple perspectives and sources of information to guide their decision-making. This could also include developing strong awareness of the community that benefits and supports the organization to ensure the community's views and needs are considered when decisions are made. The second way the Board of Directors can be inclusive is in the composition of its own membership. An inclusive board is one that uses sound recruitment practices to cultivate a membership that includes individuals from diverse backgrounds, expertise and experience (Brown, 2002).

Participatory: The Board of Directors is participatory when all members have equal voice in discussions and decision-making. This requires both the Board of Directors as a whole to welcome and expect participation of all members and for each individual member to endeavor to participate fully in a constructive manner (Patton, 2008).

Responsive: The Board of Directors is responsive when they address important matters in a timely manner. This principle also includes designing and implementing policies and procedures that best meet the needs of the organization but do so within a reasonable time frame (Governance Pro, n.d.).

Stewardship: The Board of Directors demonstrate appropriate stewardship. Good stewardship ensures all donations (including monetary and non-monetary/goods) entrusted to the organization are used wisely and the acquisitions from donations are used wisely. This could include but is not limited to special purchases, routine expenses, well-monitored inventory, training expenses, staff salaries and appropriate management of people and the facility (Carter, 2009).

Transparent: The Board of Directors is transparent when it provides appropriate communication on its mission, vision, policies and decisions to the public or to make essential information available to the public upon request. Maintaining transparency between the Board of Directors and the community/public on key issues promotes public trust and support of the organization (Charity Navigator, n.d.; Price, 2018)

ANALYSIS: GRAND STRAND HUMANE SOCIETY OPERATION, ROLES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS, AND ASSESSMENT OF GOVERNANCE

This section will provide the public with an analysis of the operation and governance practices of the Grand Strand Humane Society's Board of Directors, in direct comparison with the previous section describing the operation and governance practices of successful nonprofit business organizations.

Roles and Responsibilities of the Board of Directors: Grand Strand Humane Society

Every member on the Board of Directors for the Grand Strand Humane Society is required to have a clear understanding of and adherence to the primary fiduciary duties (legal, financial and ethical) accepted by each member in service to and on behalf of the organization. These fiduciary duties are inherent to every position on the Board of Directors as fundamental required obligations and responsibilities upon each individual's acceptance of a membership role.

Analysis: Duty of Care

The Duty of Care is being met by the current Board of Directors in the following ways:

- The organization meets the minimum requirements of its daily operational tasks, though this is achieved primarily through the dedication of a small group of employees and volunteers, as opposed to efforts undertaken by the Board of Directors.
- The organization is able to ensure that the job of caring for the animals completed at a satisfactory level.

The Duty of Care is not sufficiently being met by all members of the current Board of Directors in the following ways:

- The organization is plagued with high turnover, high overtime and no basic control of the operations.
- Employees do not know what is expected, since the organization does not have an employee handbook outlining policies and procedures.
- Through its hiring of unqualified and ineffective Executive Directors, the Board has failed to provide a number basic essentials for employees and volunteers, including an employee handbook, job descriptions, training manuals, Standard Operating Procedures (SOP's) and no process for control of the operations. The Board had numerous meetings/discussions from 2016 through 2018 about this issue without any measurable results. This is clearly evidenced in the following transcript from a recording of the April 18, 2018 meeting of the Board with Dr. Michelle Crull (see Figure 4).

Figure 4. Transcript of recorded conversation of April 18, 2018 meeting of the Board of Directors with Dr. Michelle Crull. Transcript of audio file labeled GSHS 4-18-18 Sequence 3.

{{See Audio Link File GSHS 4-18-18 Sequence 3}}

>> CAUFIELD: So we don't have that for the employees, protocol or procedures or whatever it is? Is there a way --

>> Dr. MICHELLE: You have to have them written out, so that people can read them.

>> CAUFIELD: You say you do have them written up. That's all I ask. We can adjust them. We can talk to -- we can see how to do it.

>> Dr. MICHELLE: Sorry, that's what we were trying to accomplish, yes.

>> BRAGG: Under Suzanne.

>> Dr. MICHELLE: No, since Suzanne left. Myself, Jessica, and Lisa trying to write the standard ordinary operating procedure.

>> BROBST: And it's all written out. I mean, it's written out step by step by step via ASPCA guidelines.

>> BRAGG: Do you have that?

>> BROBST: Yeah, it was in that e-mail.

>> WALLAUER: Yeah, I sent it out.

>> BROBST: So when we get a new employee, they have to be taken through all that. Clinic, especially, but anybody that's doing intakes, right? Animal care -- everybody needs to go through it, and everybody needs to be on the same page and sign off on it.

>> BRAGG: No one is hired off the street that doesn't have any clinic experience whatsoever?

>> CAUFIELD: Of course they are.

>> BROBST: Yeah, they are, at that wage, yeah.

>> CAUFIELD: I think everybody is better to be --

>> WALLAUER: Where are you with that?

>> Dr. MICHELLE: Beg your pardon? With what?

>> WALLAUER: The procedures.

>> Dr. MICHELLE: We had met, I believe, three times for approximately three hours each time we met. I think that, and then when all of this recent events happened, we haven't met since then. So.

>> CAUFIELD: How long do you think before we can get any rough draft or something --

>> Dr. MICHELLE: I'm sorry, again, as I said, we stopped doing them, because we were under the impression that you no longer wished for us to do them.

>> BROBST: Oh, no.

- Prior to my tenure as a Board member, written job descriptions for the Executive Director and Director of Operations did not exist. I wrote these job descriptions and explained that the template could be duplicated for other staff and personnel. The job descriptions for the other staff and personnel were supposed to be completed by the Director of Operations and approved by the Executive Director. Additionally, an employee handbook outline was provided to the incoming Executive Director to use in developing a Grand Strand Humane Society handbook. It is unclear if these actions have been completed in the time after I resigned.

- The shelter building is in need of major repairs. The city attempted to make repairs several years back, however, their repairs were inadequate for a shelter housing animals. Problems with drainage, air circulation and protective barriers can make safety an issue with animals and also with infection control. The city requested that the Board initiate a Needs Assessment for the shelter. In August 2017, I was selected to lead that initiative due to my corporate sourcing background. During the initial phase, Amy Wingard (former Board Member) undermined the process and the rest of the Board by going straight to the Myrtle Beach City Manager with a proposal. She was neither authorized to speak on behalf of the Board or qualified to even explain the proposal she had in hand. Despite her unauthorized actions, she received no consequences from the Board. This is evidenced by a transcript from a Board meeting on April 17, 2018 (see Figure 5). Note: As you read the transcript, keep in mind that months before this meeting, the Board had received three recommended proposals from the Needs Assessment RFP (Request For Proposal).

Figure 5. Transcript of recorded conversation of April 17, 2018 meeting of the Board of Directors. Transcript of audio file labeled GSHS 4-17-18 Sequence 6.

{{See Audio Link File GSHS 4-17-18 Sequence 6}}

>> ESPINAL: Is this repair, is this including the design change to the roofing? Or is it just --

>> BRAGG: It's flat roofs right now.

>> ESPINAL: Right, but are they making any changes to the structure from the roof standpoint? I know we had done a needs assessment. The reason why we're doing that is because we wanted qualified people that understood shelters. Because there's a lot more to building and setting up a shelter than somebody who has a license to cut wood.

>> BRAGG: What happened to the proposal?

>> ESPINAL: Oh, we still have them. They were taken to the city.

>> BRAGG: Well, no, the truth be told, there were like six or eight taken to the city, and dropped off, and then demands put on people who receive their paycheck from the city, and it was almost a "throw up hands" thing on the matter. It was basically there at the door. That's the truth of where we're standing on what those reports were, and how they were turned over to the city.

>> ESPINAL: I'm not quite understanding. They were given the -- there was three, I think proposals that came out of the whole needs assessment. I haven't heard anything back from -- what the response was from the city.

>> BRAGG: Right.

>> ESPINAL: So what was the response?

>> BRAGG: Basically, what I understand, that there were so many phone calls demanding "what is going on there, what is your report back to us, or me or whatever," that it pretty well has just been shoved into File 13 at the moment.

>> ESPINAL: Phone calls from who?

>> BRAGG: Frank, I'm not going to get into a pissing contest with you.

>> ESPINAL: No, I'm just -- who was --

>> BRAGG: I think you know who.

>> ESPINAL: Somebody from here?

>> BRAGG: Yes.

>> ESPINAL: Was asking the city where we were?

>> BRAGG: Yes, daily.

>> ESPINAL: Okay. All right.

>> BRAGG: We're on holy ground now.

>> CAUFIELD: Do we have a copy on those proposals, so we can compare?

>> BRAGG: I would like to see them.

[CROSS-TALK]

>> BRAGG: Carol, did you ever see them?

>> CAUFIELD: No, I never seen either.

[CROSS-TALK]

>> BRAGG: Did you ever see them? Neither did I.

>> WALLAUER: The Quackenbush? Oh, no. That one we weren't doing, because it was like \$52,000, wasn't it?

>> ESPINAL: I know that it was brought before the Board, the recommendations.

>> BRAGG: -- copies of all of them?

>> WALLAUER: We all got e-mails.

>> ESPINAL: We all did.

>> WALLAUER: I'd have to look them up.

>> CAUFIELD: Quackenbush or --

[CROSS-TALK]

>> ESPINAL: Everybody got copies of the proposals.

>> WALLAUER: That was for the whole new shelter and all the other -- I think this one, the reason for this was because there's holes in the ceiling, watering coming through, the dogs are getting wet, the workers are getting wet. I thought this was only a temporary emergency thing to fix that for right now, because they're getting soaking wet.

>> BRAGG: Well, the workers are getting soaked, because you got cages here and cages here. It was open to the sky here.

>> CAUFIELD: And the dogs.

>> RANKIN: Here's a question, instead of having a temporary fix at \$9,000 and this promise of the money from above, why don't we look at the assessment, realizing that it's spring, and it's going to keep raining. We have to do something, maybe a tarp --

>> WALLAUER: Yes, because Jess has to climb up there every time and put tarps up there.

>> RANKIN: We can do something, but let's get the assessment out, look at it, and then if it's something that we really need to do, talk to the city and say, "These are the 28 things that we need."

>> BRAGG: I think probably when that came out, that was when I was in hospital with another stroke. But I would very much like to see copies of -- all I got was a report back from the city of phone calls coming in every day. Not nice, sweet phone calls.

>> RANKIN: If it's something that's accessible, or whoever has it, I'd like --

>> WALLAUER: If I can't find them, I'll e-mail you, but I think we all got copies of them.

[CROSS-TALK]

>> BRAGG: Carol, will you try to see if you got them in your thing?

>> WALLAUER: Yes. I only remember the one that Amy had sent by Quackenbush, but we weren't going with that one because it was \$52,000. That's all I remember.

[CROSS-TALK]

>> BROBST: Is that the one that Amy gathered?

>> CAUFIELD: Yes, Amy and Suzanne.

>> BROBST: Is that in Dropbox?

>> WALLAUER: I don't think that was one of the three, was it? Quackenbush?

[CROSS-TALK]

>> WALLAUER: Ladies, gentlemen, just FYI, I don't think Quackenbush was one of the three that was submitted.

>> CAUFIELD: No?

>> WALLAUER: No. He was \$52,000. Yes, it was outrageous.

>> BRAGG: Was that permanent-permanent?

>> CAUFIELD: There was one that was permanent was the whole thing.

>> RANKIN: 22.

>> CAUFIELD: 22, yeah.

>> WALLAUER: Yes, and then it goes on, and we had a phone call with him, and I think it went up to 52. There's another part to it, yeah. Keep looking. It was a lot. Eventually you'll see the \$52,000.

>> BRAGG: Good lord.

>> ESPINAL: My point with this quote is that the last time there were some renovations done -- and I believe it was the city who came in and did some renovations?

>> BRAGG: They did the assessment.

>> ESPINAL: No, no, no. Before that, there were some changes done to the kennels.

>> WALLAUER: Yes, the fencing and the drains.

>> ESPINAL: Yes, and it wasn't done correctly.

>> WALLAUER: It was not.

>> BRAGG: That's when John came, I think.

>> ESPINAL: So my point is, is that to me, that is a structural change to the facility that went wrong.

>> BRAGG: The ball got dropped and it shouldn't.

>> ESPINAL: I just want to make sure that this is not a structural change that's going to cause yet more problems. Or if it's just a fix to keep water from coming in. Because the minute you start changing things, air flow is affected. When you're changing the structure, you may wind up causing more of a problem. This individual may not have the qualifications to understand all the requirements in a habitat like this.

>> BRAGG: That's why I was going for, because of what they showed me. To me, it was on the line for an emergency fix, because you had volunteers and all out there, and workers, that were getting flooded because absolutely no protection over them when they were trying -- and then you had other cages that had pieces of corrugated tin that were rusting and was dripping on the poor babies. So then you get tarps and then the tarps would get torn or wind --

>> ESPINAL: It's one thing to change a panel because it needs to be changed. But the openings that we have, maybe it was designed that way because of air flow. I just want to make sure --

>> BRAGG: -- designed to these places out back. It isn't straight.

>> ESPINAL: But my point is, if you wind up encapsulating that, is that going to create a problem for us?

>> RANKIN: I think it's wise, if we do make any changes, to get them approved by --

>> ESPINAL: But that's what the need assessment was all about, because these are people that are qualified --

>> BRAGG: And the city will have to approve.

>> BROBST: Who did the needs assessment? Was that city construction people?

>> ESPINAL: No, no, no, no. The needs assessment was after the fact. The city -- the Board went to the city and said, "Look, we have problems with the work that was done. The shelter is falling apart. We need to look at fixing this." So the city basically came back to the Board and said, "You guys are more qualified than us to know what you need."

Well, no one here is an architect. We're basically saying, "Okay, we'll initiate a needs assessment." That's going and finding architects that understand and have built shelters, and know what the framework is from ground up.

>> BRAGG: Was that for temporary or permanent?

>> ESPINAL: Permanent.

>> WALLAUER: That was permanent, yeah.

>> BRAGG: Was that when Amy [Amy Wingard] got into the mix?

>> ESPINAL: Yeah. But when we did that, we wound up coming up with three proposals that we felt were the best proposals. The city basically said, "Just bring us your top proposals, whatever they are." We did give that to them. Suzanne and Elena, I think, handed it over to the city at that point, okay? From there, I haven't heard anything.

>> BRAGG: There hasn't been any action.

>> RANKIN: This was something that the Board discussed?

>> WALLAUER: Yeah, a while ago, a while ago, yeah.

>> ESPINAL: We put a lot of effort behind it.

>> BRAGG: It's been almost a year, was it? Maybe?

>> RANKIN: I think we should resurrect those.

>> BRAGG: I really want to read them.

>> ESPINAL: I'm just a little sensitive with the notion that the city was having an issue with somebody calling them regarding the needs assessment, when they were the ones telling us to get it.

>> BRAGG: The way I understand it, the three had been turned in. And then the phone calls started almost immediately, but not from the city representative, but in this case, would have been Susan. Council has often wondered -- and I never brought it up to Elena, except several times, and then it was met with rebuke. They never understood with any trips to the city why the city representatives didn't have complete knowledge of every trip that went on. Because what would happen, the different trips over there, I would get phone calls from council members saying, "What do you think of this? Are you in?" And I did not have a clue what they were talking about.

So I don't know -- I know Susan [Means] went over there once or twice, but I don't think Susan has been going over there for the last two or three years, when the group went over there for the quarterly payments and everything. Is that true?

Analysis: Duty of Loyalty

The Duty of Loyalty is met by the current Board of Directors in the following ways:

- The Board demonstrates strong loyalty to the care of animals at the shelter. They accepted and approved a new Mission Statement. I also drafted and introduced a Vision Statement for the organization to help with envisioning where the organization would like to go moving forward into the future.
- During my first Board meeting in February 2016, one of the first motions the Board passed involved the proper handling of the remains of euthanized animals. Prior to that meeting, the Grand Strand Humane Society staff would dump the remains of euthanized animals in the dumpster located on city property. The Board was horrified by this practice and immediately motioned to have a local cremation service properly dispose of animal remains.

The Duty of Loyalty is not sufficiently being met by all members of the current Board of Directors in the following ways:

- A number of basic and required documents, practices and policies for the proper operation of any type of business, whether for-profit or nonprofit, did not exist when I joined the Board. I wrote and introduced a number of these basic business practices and policies for the Board's review and approval during my tenure, including:
 - Purpose of the Board of Directors
 - Purpose of a Vision Statement
 - Organizational Function
 - Organizational Chart
 - Board of Directors Committee Alignment and Structure
 - Performance Management
 - Code of Conduct and Ethics
 - Business Sponsorship Program
 - Sourcing Management Process
 - Request for Proposal (RFP) - Accounting Services
 - Request for Proposal (RFP) - Needs Assessment

Although these have been written and ratified by the Board, the Board members would not adhere to these basic practices and policy changes.

- The Board members would speak of transparency, but really do not understand what that means in a business environment, as their actions would demonstrate otherwise. The organization didn't have a Code of Conduct or an Ethics and Conflict of Interest policy until I wrote and introduced these documents in June 2016. Several members of the Board took issue when I explained examples of several Code of Conduct and Conflict of Interest situations. For example:
 - One serious conflict of interest issue uncovered was that of Board members representing other nonprofit rescue organizations while tasked with

representing GSHS at fundraising events. Board members would be at the GSHS events, but sitting at a booth with their other nonprofit group trying to raise money on behalf of the other nonprofit, instead of GSHS. This is a clear situation of Conflict of Interest and a violation of the Duty of Loyalty.

- We had one Board member who was part of a RFP committee tasked with finding a new Certified Public Accountant (CPA) for the organization. This Board member contracted a new CPA without properly vetting and communicating the results of the RFP's to the Board. Five local CPA firms that were part of the RFP process had their proposals dismissed without any consideration, due to that one Board member's actions.

Analysis: Duty of Obedience

The Duty of Obedience is met by the current Board of Directors in the following ways:

- The Board of Directors adheres to most (but not all) of the requirements outlined in the Bylaws.
- The Board of Directors follows the location and number of meeting requirements outlined in the Bylaws.

The Duty of Obedience is not sufficiently being met by all members of the current Board of Directors in the following ways:

- The Bylaws require the Board of Directors to use Robert's Rules of Order to effectively manage its meetings. This was brought to the Board's attention during the June 2016 Special Meeting. The Board consistently does not follow the Robert's Rules of Order guidelines and, as a result, the meetings are complete chaos.
- The Board currently has an endowment fund called The Cotton Fund, which was donated sometime between 2004-2006. The Board/GSHS has borrowed money from this fund and has never paid it back. If this fund is restricted or reserved for only specific needs, it could prove problematic for the organization for violating the terms and conditions for use of the money in the fund. Complicating this issue is that nobody on the Board knows the location or contents of the origination documents. The originating brokerage firm that set up The Cotton Fund was purchased by another firm and the funds transferred. It appears that necessary documentation was lost during this process. I advised the Board that an attorney would need to be hired to determine GSHS's liability in the situation and how best to manage it going forward. I also advised that a forensic accounting process would need to be completed to determine the history of the fund and the financial impact to the organization. To the best of my knowledge, there has been no action taken on these recommendations to remedy the potential legal and financial consequences of this situation. The discussion of The Cotton Fund/Endowment occurs in the recorded meeting of the Board on April 17, 2018 with transcript provided below as evidence (see Figure 6).

Figure 6. Transcript of recorded conversation of April 17, 2018 meeting of the Board of Directors. Transcript of audio file labeled GSHS 4-17-18 Sequence 8.

{{See Audio Link File 4-17-18 Sequence 8}}

>> WALLAUER: Frank has something, then we're done, we're done. Hang on.

>> ESPINAL: This has to do with the endowment fund. Cotton Fund.

[CROSS-TALK]

>> ESPINAL: I've been investigating what the status is with that. Anybody know when that fund was brought here to the shelter, the initial donation?

>> BRAGG: I had asked Carol and before --

>> WALLAUER: Let me go grab the file.

>> BRAGG: The documents that we had regarding when those funds, if there were any legal ramifications as far as how the money would be spent, where it was to be placed. Couldn't find the file.

>> ESPINAL: I got into contact with the initial person who set it up. The initial fund was about \$348,000.

>> BROBST: Oh, my god.

>> CAUFIELD: Oh! Didn't Elena move the \$250,000 and the Board has decided --

>> ESPINAL: That was back in 2006. \$348,000.

>> CAUFIELD: What was that that she moved?

>> BRAGG: Was it robbing every month from it to do ongoing bills or salaries or what?

>> ESPINAL: There were draws. We'll call it loans, perhaps, to the organization.

>> WALLAUER: Hah!

>> ESPINAL: I mention it because right now, we don't have the source document. If it was a restricted donation --

[CELL PHONE BUZZING NEXT TO MIC]

>> WALLAUER: [Sniffing] Do you know who it might have been? Because it was Pinnacle, and then it was -- I'm sorry, it was LPL, and then it was changed to Raymond James. These are the only two files I pulled out, because I don't know who it was prior to, if it was someone prior to.

>> ESPINAL: Well, what we need to do is find out from --

>> CAUFIELD: You can ask the bank. They'll give you --

>> ESPINAL: -- from LPL, who was the initial firm.

>> WALLAUER: [Sniffing] Just looks like there are statements in here.

>> BRAGG: But there wasn't any document? No originating document? No articles of incorporation or any of that? Not in the safe?

>> ESPINAL: So I've been checking to see what the risks are.

>> BRAGG: We're screwed if it was restricted to a particular thing that wasn't there --

>> ESPINAL: So assuming that it's not a trust or a legally private foundation, established foundation, you can do loans against it.

>> CAUFIELD: You can, yeah.

>> ESPINAL: But it has to be paid back.

>> CAUFIELD: Pay back, absolutely.

>> ESPINAL: And we haven't paid a penny back.

>> BRAGG: Plus interest, probably.

>> ESPINAL: Yes, absolutely.

>> CAUFIELD: Where is this loan? Do we have a paper trail? There's no paper trail, that's another problem.

>> ESPINAL: The risks here, and I'm just going to give you the worst-case scenario. The risk here is that the original donor, who has since passed, but if the estate –

>> BRAGG: The estate could claim it back.

>> ESPINAL: The estate could claim it back.

>> CAUFIELD: Oh, god.

>> BRAGG: The entire 350 plus interest.

>> ESPINAL: Plus interest.

>> WALLAUER: Do you know how much we borrowed?

>> BRAGG: Currently over \$150,000.

>> ESPINAL: Yeah, about half of it.

>> WALLAUER: What did they do with it?

>> CAUFIELD: The check was written. You should have paper trail, and if not, you can request it from the bank.

>> WALLAUER: All that is here is statements.

>> BRAGG: This is going back to 2006.

>> ESPINAL: You're talking about a forensic audit.

>> BRAGG: When did we first borrow against the account? We don't know that, do we? We don't know who the executive director was, who was on the Board.

>> WALLAUER: No paperwork. That's all I got, just statements.

>> BRAGG: We know nothing. Was why I wanted the founding documents for that.

>> WALLAUER: Wait, here's something, hold on.

>> BRAGG: But there used to be restrictions. And my fear was they don't do like the nice little lady that walks in and gives us \$100, \$150,000. Usually when it's in something like the Cotton Endowment or the Cotton Fund, there are restrictions to how it is to be used. If you're pulling out 25 grand plus interest, and you're borrowing it every two or three months over a 12-year period, that's a hell of a lot of interest.

>> CAUFIELD: But the bank should have –

>> ESPINAL: This wasn't in the bank.

[CROSS-TALK]

>> ESPINAL: This was in a fund set up by an investment house, okay?

>> WALLAUER: There's nothing.

>> BRAGG: It could have been a stockbroker.

>> CAUFIELD: But even a stockbroker –

>> ESPINAL: This is what I know, and I pulled information. Greg, from an e-mail, had basically -- says that this is what he remembers about the fund. Which may not be fact, but he also broke it down by what he felt was fact. What he said was, he knows that a lady gave a lump sum of money. Very general here, okay? The people who accepted the money got the impression her intent was to endow the gift. Then we were supposed to invest the money, grow it, add to it, and when it got to a million dollars, we would start using the earnings to offset operational costs.

>> BRAGG: Right. But we don't touch the principal.

>> ESPINAL: Don't touch it until it hits a million.

>> CAUFIELD: Absolutely.

>> ESPINAL: Then the donor wound up passing away in the meantime.

>> BRAGG: Always had the heirs.

>> ESPINAL: The fact, and this is when he feels was fact, he says that there was no documentation placing any donor restrictions on the gift. I question that, because usually an endowment is a restriction.

>> BRAGG: Exactly. Hence the word.

>> ESPINAL: Right.

>> BRAGG: Was he on the Board 12 years ago?

>> WALLAUER: Six. Greg was six here...[sniffing]

>> ESPINAL: This was from 2006. I don't know when he first –

>> WALLAUER: I think he was on the Board for, like, six years. Maybe a little bit more.

>> BRAGG: Get to be on. He was from –

>> ESPINAL: So –

>> BRAGG: I don't think Greg was on the Board 12 years ago.

>> ESPINAL: No, I don't think so, either.

>> BRAGG: I don't think he can speak with any certainty or authority until we see documents.

>> CAUFIELD: Joan and Missy.

>> ESPINAL: I'm just trying to follow the trail here, but he's basically saying that he felt that this was unrestricted money. Which again, I have just an issue with that. If it's an endowment, usually it's restricted. But he did indicate that the Board restricted the money, and invested it.

>> BRAGG: Sandy was not on the Board then. That would have gone back to Susan Canterbury. Sandy was the executive director, like, almost seven years.

>> WALLAUER: She wasn't in here when I moved here.

>> BRAGG: Right, okay. And then after that, we've been doing this, like three or so. That means that goes back to Susan Canterbury's days. And before that, her mother.

>> BROBST: Diane Stubbs was on the Board years ago. You know Diane? She might know something. [CROSS-TALK]

>> BRAGG: This is what scares the hell out of me, when we don't have the founding documents of the transference. They have to be here.

>> RANKIN: I called the Chapin Foundation to find out about the Chapin Foundation money that we have a BB & T account. But they don't have any information on it. It's only \$500 in there now, and she said just for us to close it out and cut a \$500 check and do whatever we want to with it.

>> BRAGG: All of our documents, from the joining of the city of Myrtle Beach to the establishing of Grand Strand Humane Society, there are formal, lots of formal documents to create from the state, and all that had to be signed with separations and equalities and all of this stuff. Then even the formal documents, when it came time to add in two city representatives on the thing, anything that related to any endowment would be a formal document that had to be recorded and accepted for both sides, and signed off for. And we should have an original of that somewhere.

>> WALLAUER: [indiscernible]

>> BRAGG: No, I asked –

>> BROBST: 12 years ago is archive.

>> BRAGG: I asked Carol, did we have a safety deposit box anywhere? Apparently we're not paying on one. Do you know? We have a couple of safes here. But somewhere under this roof has got to be those founding documents. They have to be.

>> BROBST: Is it a matter of public record?

>> BRAGG: Yeah, they would be recorded at the courthouse. Some of them, if they got around to it.

>> CAUFIELD: If not, then the bank or wherever it is, whoever the holding the money, they should have the paper trail.

[CROSS-TALK]

>> BRAGG: -- moved all around. That's what Frank has been telling us.

>> WALLAUER: We have LPL, and now we have Raymond James. Where it was prior to that --

>> ESPINAL: It's gone to BNC. It's gone now to Raymond James. And Pinnacle, right.

>> BRAGG: And the original donor, we don't know her name.

>> ESPINAL: Just the last name is Cotton.

>> BRAGG: God.

>> WALLAUER: I thought Cotton was the name of the dog?

>> ESPINAL: Oh, whatever, you know.

[LAUGHTER]

>> BRAGG: That could have been one of the Chapin girls. I think there were three. You had Louise. That's where Mayor Bob and all of that comes in next to [inaudible]. Patterson, Elizabeth Chapin Patterson has been a big player. Chapin, and her daughter, Lily Chapin, that's where we get the name from here at the Humane Society and the YMCA, for that one. Those were by far the richest people in Horry County at the time, and certainly on this side of the waterway. We're going to just have to do some research. That time frame would go back to the Canterbury.

>> CAUFIELD: Talk to the bank again, and see -- they have to have something.

>> BRAGG: Susan is still alive.

>> WALLAUER: Susan Canterbury, she's on my Facebook page, but she's not a fan of Grand Strand.

[LAUGHTER]

>> BRAGG: Yell, I know she applied for the job --

>> WALLAUER: She did, but I saw a post recently, and her comments about Grand Strand were not nice.

>> BRAGG: Oh, god.

>> WALLAUER: Yeah, I know.

>> BRAGG: But she would know, because that would have been right in her time period. Because before Susan, her mother, Martha, she was the executive director. And this would have been gone back into the '90s.

>> RANKIN: I don't know when Diane was part of it. But I can ask her.

>> CAUFIELD: I asked Joan, too.

>> BRAGG: That would scare the hell out of me. There is no legal defense. If it said the money was there to be built upon, and then the residual amount after the 1 million came along, we were able to use for expenses -- and we were borrowing hither and yonder whatever amount every year, plus not paying it back, plus no interest, we shouldn't have been allowed to draw out the first little -- we did of it, because it hadn't reached a million. But if it did, we sure would have started paying it back, plus the interest. Oh, my god, that's a crime.

>> CAUFIELD: We should be able to go back.

[CROSS-TALK]

>> BRAGG: Where is this magical file cabinet that has got all these documents that we're operating under?

>> CAUFIELD: You have to have something. If not, whomever opened it up the first time –

>> WALLAUER: But we don't know who that is.

>> CAUFIELD: Even now, when you transfer it –

>> BRAGG: Martha -- not Washington. Canterbury.

>> CAUFIELD: When you transfer it, you should be able -- no bank would take it away from you without having any kind of paperwork.

>> BRAGG: Oh, we used to do things like that all the time, sugar. Seriously.

>> CAUFIELD: I don't know.

>> WALLAUER: You mean moving from one bank to another, that paper –

[CROSS-TALK]

>> BRAGG: -- handshake and everything back then.

>> WALLAUER: Apparently I don't think that happened, because there's nothing in any of these files.

>> CAUFIELD: They have to have trails on that.

>> WALLAUER: But per Raymond James, that's a mutual fund now.

>> BRAGG: I'd go in to co-defense that I need the money. Here, Mr. Bragg, would you just sign this? And I would sign that. I'd walk out within 90 seconds with money.

>> WALLAUER: LPL won't know, if they don't have any documents.

>> ESPINAL: I wouldn't –

[CROSS-TALK]

>> ESPINAL: I wouldn't trust anything that's said about this fund without looking at the source document.

>> BRAGG: That's right, absolutely.

>> WALLAUER: What if we can never uncover it?

[CROSS-TALK]

>> ESPINAL: This is what I told Raymond James, because basically, if we can't find the source document, then what we need to do is we need to hire an attorney, and get their advice.

>> BRAGG: They can research the record.

>> ESPINAL: That's the only way to get -- because you're talking forensics here, and there's no way of really figuring this out. That's going to cost us money.

>> BRAGG: Some people are dead.

>> CAUFIELD: Why did it just come up now?

>> BRAGG: When did you talk to Raymond James?

>> ESPINAL: Why? Because I looked into it.

>> CAUFIELD: Weren't we supposed to do that two years ago, or three years ago?

>> WALLAUER: Should have been done a long time ago.

>> ESPINAL: This should have been done a long time ago, from day one.

>> BRAGG: I know, but when was this done with Raymond James?

>> ESPINAL: This was in the last -- this e-mail here, which I sent to him, was April 12.

>> CAUFIELD: It was just recently. So why were we not aware of that?

>> WALLAUER: Just recently, he got the e-mail from him.

>> ESPINAL: No, no. When I assumed the treasury role, which I was appointed in November, but I abstained because I'm not going to vote for myself. But I basically said, "Look, I'm not going to be able to do anything until January, because of the holiday season and all that."

So when I got access to the books, that's when I uncovered some of the abnormalities, okay?

>> CAUFIELD: How come the Board was not made aware of that?

>> ESPINAL: They were. I put that out on the January Board meeting.

>> BRAGG: So we don't know when the first monies were taken from the account.

>> ESPINAL: Right. So my point is this, is that when the audit was being done, I had mentioned, one of the Board meetings, I just said, "Look, I just have some questions about the audit," because if you remember, CCU was doing a review. Then we had the external audit. I can look at a financial statement and pick out something real quick that doesn't look right. Even between those two, something didn't look right.

>> CAUFIELD: Who was the CPA prior?

>> ESPINAL: Barry Spivey.

>> BRAGG: Find out from the city, because they have records going back 80 years. I can find out when the original documents were signed, with the partnership. Also, when did they start funding the Humane Society? Has that been 10 years, has it been 12 years, has it been 20 years? Are they aware, because, let's see -- I've had John there, the assistant city manager, John's been there like 14 or 15 years now. The city manager. The city attorney has been there about that long.

>> ESPINAL: But they wouldn't know anything about the investment of this fund.

>> BRAGG: No, but they would know, with this being a small town, they would know about money being given to the Humane Society as an endowment. They would know that.

>> ESPINAL: They may, but from a corporation standpoint, they wouldn't –

>> BRAGG: It's not on their books.

>> ESPINAL: They wouldn't know anything about it from that standpoint.

>> WALLAUER: Would it be on the court records? I can look that up.

>> CAUFIELD: Somewhere.

>> ESPINAL: We don't even know the lady's name. No, he's guessing.

>> WALLAUER: Would it be under her name, or would it be under Grand Strand, if I looked up –

>> ESPINAL: If it's a trust, it could be the person's dog.

>> BRAGG: It could be anything. I mean, Cotton, as you say, could be a person. It could be a fiber. It could be a doggie.

>> WALLAUER: Looking for a needle in a haystack.

>> BRAGG: We know it's been called Cotton Fund.

>> ESPINAL: I'm just making –

>> BRAGG: We've lost 150 grand, plus interest to be paid back, basically. Great. Great.

>> ESPINAL: Again, the Raymond James people are telling me one thing, but I don't trust the information until we see the source document.

>> BRAGG: Exactly.

>> ESPINAL: In my opinion, it's a liability.

>> WALLAUER: When I was just in there, I looked under Siefer endowment, Siefer Cotton Fund, and I knew Raymond James and LPL. Is there anything else I can look under?

>> ESPINAL: TD.

>> WALLAUER: Who?

>> ESPINAL: TD.

>> BRAGG: Before her would have been the Canterbury.

>> WALLAUER: TD bank?

>> ESPINAL: T, Tom, delta.

>> BROBST: I know who she is.

>> BRAGG: But Carol said she saw her on Facebook, she wasn't happy with us. Was she not happy with the shelter in general, or what? Susan Canterbury. She looked like one of those World War II a dime-a-dance when she came in for the interview.

>> BROBST: It might be worth asking Diane.

>> RANKIN: I'll mention it to her, because I know she was on the Board.

>> CAUFIELD: I asked Joan, so I'm waiting for her to answer back. Missy just asked Gail Alexander. She used to be on the --

>> BROBST: Wow.

>> BRAGG: I really want to see the document. I'd like to see it signed off on. As executive director, as office holders, or what.

>> BROBST: And who was borrowing.

>> BRAGG: And then also would have been signed off for whoever given the money. That's just what you do if they're giving such a large sum.

>> CAUFIELD: Non-profit is the one that you can take money, no problem. So many people get arrested because of that. You can move it, nobody knows. That's why you have to have transparency, and everybody on the Board has to know what's going on. Otherwise everything can disappear.

[CROSS-TALK]

>> BRAGG: -- regarding the funding.

>> CAUFIELD: Even the city, I think, should be made aware of what's going on.

>> BRAGG: But I think we need a paper trail as to when the monies were being -- I'd like to know what they based the withdrawal on. Because it seems to me that's black and white. Now, hopefully, if --

Failure by any member of the Board of Directors to meet every element of these three key fiduciary duties (Duty of Care, Duty of Loyalty and Duty of Obedience) would determine that member unfit to continue to serve on the Board of Directors for failure to meet the most fundamental required legal, financial and ethical obligations of their position.

Governance by Current Board of Directors of the Grand Strand Humane Society

This section will review the core principles of good governance for nonprofits demonstrated in the previous section of this paper and provide analysis of the current Board of Directors of the Grand Strand Humane Society's adherence to these core principles in running the organization.

Analysis: Accountable

The Board struggles in the area of accountability. One example involves the death of two kittens caused by a dog roaming free and unsupervised at the shelter in early 2016. This issue was discussed at the March 14, 2016 Board meeting. The Board unanimously voted to eliminate allowing animals to roam free and unsupervised in the public area. This ruling was later overturned by the Board with the assumption that such an incident just would not happen again.

Analysis: Consensus Oriented

Although, the Board would adhere to the voting procedures outlined in the Bylaws. Frequently, discussions attempting to reach a consensus would result in disruptive arguments and shouting matches between Board members.

Analysis: Efficient

In 2015, the City of Myrtle Beach requested a five-year strategic plan (5YP) for the growth and development of the Grand Strand Humane Society. The Board did approve a strategic plan, which was finalized in March 2016. The Board also ‘voted in’ several new members in February 2016 [myself being one of the new Board members] to help implement the plan. Progress with and achievement of the goals outlined in the 5YP was to be driven by the Executive Director. Unfortunately, the Executive Directors hired to date did not have the experience or skills to implement such a plan.

Analysis: Follows the Rule of Law (and Bylaws)

The Board would adhere to the laws it knew where obvious, such as labor laws, and follow most of its Bylaws. In regards to laws that were less obvious, when presented with the facts, the Board would generally adhere to those laws. However, there were exceptions. One such exception was the Board’s failure to adhere to the laws pertaining to fiscal management of endowment funds (see Cotton Fund discussion under Duty of Obedience analysis earlier in this paper). Another exception would be the appropriate use of ‘Robert’s Rules’ during the meetings.

Analysis: Inclusive

Committees help break down the work involved in governance, utilizing specific talents and knowledge of Board members. There were no standing committees within the Board of Directors prior to 2016. The Board did accept the alignment proposal I introduced in mid-2016. This included developing a Finance Committee, HR Committee, Operations Committee and a Clinical Committee. However, the alignment was unsuccessful, due to refusal of buy-in from the members. As a result, several members became disengaged and refused to participate in committees and meetings.

Analysis: Participatory

The Board followed the Bylaws as it pertains to allowing members to speak. They would also give other non-Board members the opportunity to speak during the Board of Directors meetings, as required. However, it was a frequent occurrence during meetings for discussions to devolve into arguments and childlike tantrums between Board members. Additionally, several Board members refused to participate in the same committees with other members with whom they did not get along. Overall, the personal feelings and individual alliances of several Board members hindered the ability of the Board to be fully participatory.

Analysis: Responsive

Initially, the Board was responsive in regard to the difficult task of finding a new Executive Director. However, the responsiveness began to deteriorate with the cumulation of other tasks, including the tasks associated with the 5YP. The majority of the Board members did not have the experience or business aptitude to handle multiple tasks in a responsive time frame.

Analysis: Stewardship

The organization receives approximately \$280,000 each year from the City of Myrtle Beach. It also receives revenue through the RAIN program, which allows Myrtle Beach residents to make monetary donations through their water bill. All other donations come from personal donations or fundraising events throughout the year. The current Board of Directors does not have the fiscal discipline to properly budget and manage these funds, even in simple tasks. Several examples are as follows:

- In early 2017, the Washer/Dryer at the shelter had to be replaced. It took nearly three months to get a new Washer/Dryer in the facility. The replacement of an appliance was a major distraction for the Executive Director and the Board of Directors. The situation appeared as if the Executive Director needed written instructions on how to obtain a new Washer/Dryer. In fairness, the Board was disruptive to the process as they attempted to micromanage the replacement of this appliance. This is evidenced by the following email thread in Figure 7 (email addresses redacted for privacy).

Figure 7. Email thread discussing the replacement of the washer/dryer appliance at the facility. Emails are presented in order of most recent emails first.

From: Frank Espinal <frank [REDACTED]>
Sent: Monday, March 20, 2017 12:15 PM
To: 'Yvette Caufield' <[REDACTED]>; 'Carol Wallauer' <[REDACTED]>
Cc: 'Amy Wingard' <[REDACTED]>; 'Missy Davisson' <[REDACTED]>; 'Larry Bragg' <[REDACTED]>; 'Dave Dettling' <[REDACTED]>; 'Elena Nicholas' <[REDACTED]>; 'Susan Means' <[REDACTED]>
Subject: RE: Washer/dryer update

A non-profit organization is still a business. It doesn't matter if the organization is a church, private school, or hospital. The goal of a 'For Profit' business is to maximize profits and forward those profits to its owners and/or shareholders. A non-profit organizations goal is to provide services to the general public and/or society, so any profits go back to providing those services. Non-profit organizations do not have owners or shareholders.

I don't believe the GSHS made any public announcement regarding the large donation? Funding operations, managing capital, is all a part of fiscal management in business regardless of the entity type. There are some things the general public should know and then there are things that are not for the general public as it pertains to the GSHS. With the exception of private foundations, a non-profit or exempt business is not required to disclose the name and address of any contributor(s) to the

organization.

<https://www.irs.gov/charities-non-profits/public-disclosure-and-availability-of-exempt-organizations-returns-and-applications-documents-subject-to-public-disclosure>. It is up to the BOD to define and establish transparent policies for itself and the GSHS.

Hope that helps delineate what is Fact vs Fiction from a disclosure/transparency standpoint of non-profit organization.

Best regards,
Frank

From: Yvette Caufield [mailto: [REDACTED]]

Sent: Monday, March 20, 2017 8:32 AM

To: Frank Espinal

Cc: Amy Wingard; Missy Davisson; Carol Wallauer; Larry Bragg; Dave Dettling; Elena Nicholas; Susan Means

Subject: RE: Washer/dryer update

We are all happy to receive updates, this is what a proper should be doing at any given time, since we are a non profit organization not a business, we owe everyone to be as transparent and true to our donors and board members.

We cannot ask for donations when we just announced we received a large sum of money from a donor, this puts our integrity as a board on the line.

On Mar 19, 2017 3:20 PM, "Frank Espinal" <frank [REDACTED]> wrote:

I for one am glad to have received the email progress updates on the recent events pertaining to the accident. This Board has a long way to go in establishing internal governance that measures the quality of performance of itself as a whole. Keeping that in mind; capital expenditures are a requirement for any business to remain in business. Funding these expenditures can be done with Financing, Cash-On-Hand, Cash Reserves , Fund Raising or a combination thereof. As of the time of this email, it appears that the before mentioned 'Go Fund Me' account has realized nearly 15% of the expected Capital Outlay. This is what I expect a good Executive Director should be doing. The Executive Session scheduled for this month, will pick up where we left off in June of 2016. I'll be sending a copy of the updated Executive Session presentation to the Board later this week.

Best regards,
Frank

From: Carol Wallauer [mailto: [REDACTED]]

Sent: Saturday, March 18, 2017 10:00 PM

To: Elena Nicholas

Cc: Larry Bragg; Yvette Caufield; Missy Davisson; Dave Dettling; Frank Espinal; Susan Means; Amy Wingard

Subject: Re: Washer/dryer update

No I did not misunderstand at all Elena, this was brought up awhile ago, more than once actually and nothing was done. If we have a go fund me, pretty much shows the public we don't have the \$.

I saw the time line she said as well, I did read it, but the concern seemed to be with the cost of doing the laundry at a laundry mat. Did it not?? That was why I said what I said, if money is the concern, which I took from the email it was, toss the items vs going to a laundry mat. There is no other way around it. No one or not many will take home n put in their own washer/dryer. None of my questions are answered either.

Get Outlook for Android

From: Elena Nicholas

Sent: Saturday, March 18, 8:43 PM

Subject: Re: Washer/dryer update

To: Carol Wallauer

Cc: Larry Bragg, Yvette Caufield, Missy Davisson, Dave Dettling, Frank Espinal, Susan Means, Amy Wingard

Carol,

I think you must have misunderstood something in the email. There was nothing mentioned about not having the funds to do this. Suzanne just wanted us to know that it is starting to get expensive to keep up with the laundry right now. I did put at the end of the email that within two weeks from Tuesday March 21st we should be up and running with our upgraded electricity and our new commercial washer and dryer. The email that I sent was just to update the Board with the current situation.

Elena

On Mar 18, 2017, at 6:36 PM, Carol Wallauer <[REDACTED]> wrote:

The only cheaper solution would be to throw out the stuff vs washing it and keep asking for donations. We need to have funds set aside for emergencies, if we can give bonuses at times then we should have a fund to use for these type of emerhency situations also, does not look like good business practice.

What about that money from the stocks that had to be held for renovations? Why can't that be used for this situation??

Get Outlook for Android

From: Elena Nicholas <[REDACTED]>

Sent: Saturday, March 18, 2017 6:04:24 PM

To: Larry Bragg; Yvette Caufield; Missy Davisson; Dave Dettling; Frank Espinal
frank [REDACTED]; Susan Means [REDACTED]; Carol Wallauer; Amy Wingard
[REDACTED]

Subject: Washer/dryer update

Hi Everyone,

The city is going to upgrade our electrical wiring in the laundry room area so that we can get the commercial washer and dryer. This will be done free of charge. Suzanne had gotten one estimate for a new commercial washer dryer that was approximately \$10,470. Suzanne decided this week that she wanted to get a second estimate on a commercial washer/dryer. This is from a company that could possibly have slightly larger machines that will work with our situation. This estimate will be coming in this Tuesday, March 21st. Once this quote is received and it is decided which company has the best products for our laundry room area she will contact the city's electrician and put them in touch with the washer/dryer company to make sure everything is upgraded properly. Once Suzanne orders the new machines it will take one to two weeks to receive them.

At the moment we can't use our one working washer because the hoses are broken and the water leaks into the electrical. The fire marshal said he would replace the hoses this week coming up. We have two dryers that don't work great and it takes several cycles for them to dry things. Suzanne just sent me an email late this afternoon letting me know that every three days we need to send someone to the laundromat and it cost an average of \$100 to wash and dry all the laundry we have. We have had many volunteers helping to do the laundry but there are some days where we have to send staff and of course they have to be paid for the time that they are there doing this. Suzanne wanted us to know that this is getting expensive. It sounds to me as if once she gets this quote on Tuesday it will take about two weeks to have our new machines with our new upgraded electricity.

Just wanted to keep everybody up-to-date on the situation.

Thanks,

Elena

(Continuation - Analysis: Stewardship)

- The Executive Director failed to institute a Point of Sale (POS) system that was approved by the Board. This system would account for the sales generated both in the shelter and the clinic. Most importantly, it would provide a solid inventory control system for the facility. The facility has never had an adequate inventory control system. The lack of an adequate inventory system puts at risk the required controls and accountability of not just general supplies, but medications and controlled substances. The cost of inventory

purchases have increased 262% from 2012 to 2015, as outlined in a 2015 Financial Assessment conducted by Coastal Carolina University [link to report found on Media Kit Links].

- Upon taking over the Treasury role in January 2018 and gaining access to the books, I made the Board aware of the unusual accounting practice involving the entries of utilities and clinical payroll under the Cost of Goods Sold (COGS). These entries do not meet General Acceptable Accounting Principles (GAAP) guidelines. The GAAP is a common set of accepted accounting principles, standards and procedures used by businesses and accounting professionals follow when compiling financial statements. The unusual practice of applying utilities and payroll under COGS has been ongoing for an unspecified amount of time. Figure 8 below depicts these entries within the red circles. Although not illegal, these entries are suspect and should have been picked up and reported to the Board on a recent audit completed by an external firm in 2017.

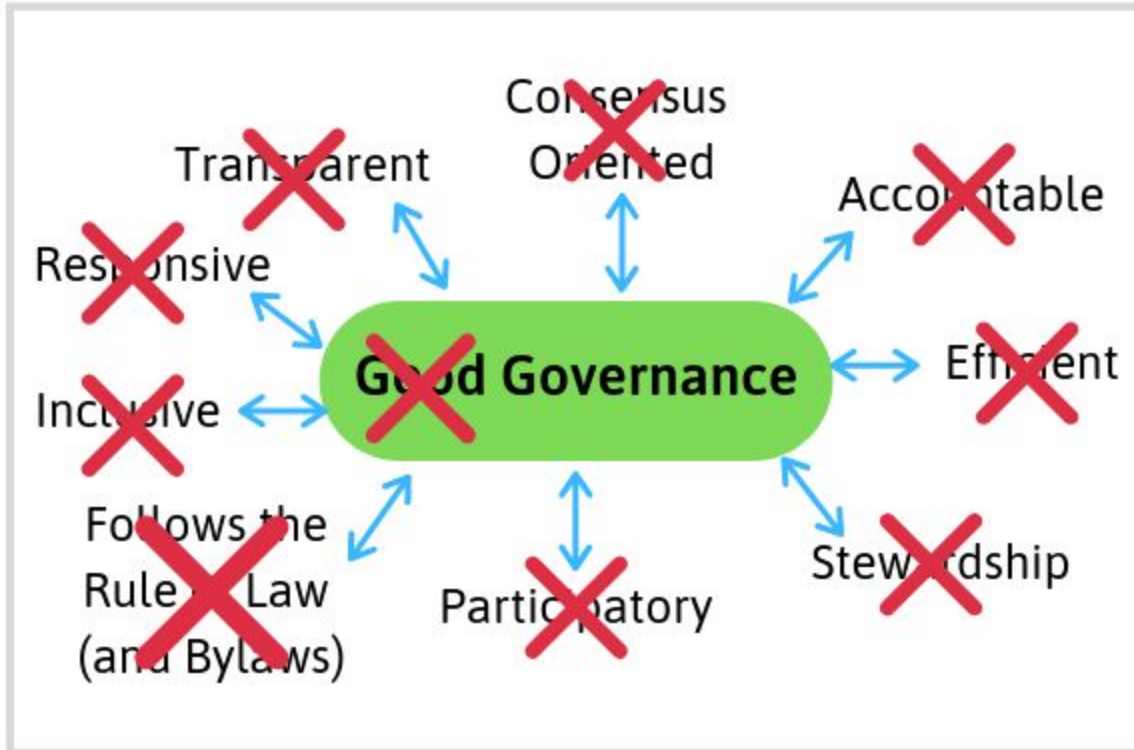
Figure 8. Financial ledger depicting entries miscategorized as COGS, circled in red. As documented, these entries do not meet the GAAP guidelines.

Grand Strand Humane Society Profit and Loss	Grand Strand Humane Society Profit and Loss	Grand Strand Humane Society Profit and Loss	Grand Strand Humane Society Profit and Loss
October 2017	November 2017	December 2017	January 2018
Income	Income	Income	Income
1 - Revenues From Operations	1 - Revenues From Operations	1 - Revenues From Operations	1 - Revenues From Operations
4100 Shelter Income	4100 Shelter Income	4100 Shelter Income	4100 Shelter Income
4120 Adoption Fees	4120 Adoption Fees	4120 Adoption Fees	4120 Adoption Fees
4260 Heartworm Preventative	4260 Heartworm Preventative	4260 Heartworm Preventative	4260 Heartworm Preventative
4340 Merchandise Sales	4340 Merchandise Sales	4340 Merchandise Sales	4340 Merchandise Sales
4360 Rescue Revenue	4360 Rescue Revenue	4360 Rescue Revenue	4360 Rescue Revenue
Total 4100 Shelter Income	Total 4100 Shelter Income	Total 4100 Shelter Income	Total 4100 Shelter Income
4200 Clinic Income	4200 Clinic Income	4200 Clinic Income	4200 Clinic Income
4210 Clinic Appointments	4210 Clinic Appointments	4210 Clinic Appointments	4210 Clinic Appointments
4220 Spay/Neuter	4220 Spay/Neuter	4220 Spay/Neuter	4220 Spay/Neuter
4230 Microchip	4230 Microchip	4230 Microchip	4230 Microchip
4240 Heartworm Test	4240 Heartworm Test	4240 Heartworm Test	4240 Heartworm Test
4250 Heartworm Treatment	4250 Heartworm Treatment	4250 Heartworm Treatment	4250 Heartworm Treatment
4270 Other Preventative	4270 Other Preventative	4270 Other Preventative	4270 Other Preventative
Total 4200 Clinic Income	Total 4200 Clinic Income	Total 4200 Clinic Income	Total 4200 Clinic Income
Total 1 - Revenues From Operations	Total 1 - Revenues From Operations	Total 1 - Revenues From Operations	Total 1 - Revenues From Operations
2 - Private Contributions, Sponsorships, Etc.	2 - Private Contributions, Sponsorships, Etc.	2 - Private Contributions, Sponsorships, Etc.	2 - Private Contributions, Sponsorships, Etc.
4300 Fundraising Revenue	4300 Fundraising Revenue	4300 Fundraising Revenue	4300 Fundraising Revenue
4320 Fundraising Events	4320 Fundraising Events	4320 Fundraising Events	4320 Fundraising Events
4350 Medical Funds	4350 Medical Funds	4350 Medical Funds	4350 Medical Funds
Total 4300 Fundraising Revenue	Total 4300 Fundraising Revenue	Total 4300 Fundraising Revenue	Total 4300 Fundraising Revenue
4310 RAJN Revenue	4310 RAJN Revenue	4310 RAJN Revenue	4310 RAJN Revenue
4320 Donations	4320 Donations	4320 Donations	4320 Donations
4370 Direct Mail Marketing Income	4370 Direct Mail Marketing Income	4370 Direct Mail Marketing Income	4370 Direct Mail Marketing Income
4375 Newsletter	4375 Newsletter	4375 Newsletter	4375 Newsletter
4380 Sum Direct Mail	4380 Sum Direct Mail	4380 Sum Direct Mail	4380 Sum Direct Mail
4390 Direct Mail Marketing Income	4390 Direct Mail Marketing Income	4390 Direct Mail Marketing Income	4390 Direct Mail Marketing Income
Total 2 - Private Contributions, Sponsorships, Etc.	Total 2 - Private Contributions, Sponsorships, Etc.	Total 2 - Private Contributions, Sponsorships, Etc.	Total 2 - Private Contributions, Sponsorships, Etc.
3 - Government Grant	3 - Government Grant	3 - Government Grant	3 - Government Grant
4110 City Grants-MB	4110 City Grants-MB	4110 City Grants-MB	4110 City Grants-MB
Total 3 - Government Grant	Total 3 - Government Grant	Total 3 - Government Grant	Total 3 - Government Grant
4 - Other Income	4 - Other Income	4 - Other Income	4 - Other Income
4500 Investment Income	4500 Investment Income	4500 Investment Income	4500 Investment Income
4511 Interest Income	4511 Interest Income	4511 Interest Income	4511 Interest Income
4512 Dividend Income	4512 Dividend Income	4512 Dividend Income	4512 Dividend Income
4513 Unrealized Gain/Loss on Invest.	4513 Unrealized Gain/Loss on Invest.	4513 Unrealized Gain/Loss on Invest.	4513 Unrealized Gain/Loss on Invest.
Total 4500 Investment Income	Total 4500 Investment Income	Total 4500 Investment Income	Total 4500 Investment Income
Total 4 - Other Income	Total 4 - Other Income	Total 4 - Other Income	Total 4 - Other Income
Total Income	Total Income	Total Income	Total Income
Cost of Goods Sold	Cost of Goods Sold	Cost of Goods Sold	Cost of Goods Sold
Clinic Costs	Clinic Costs	Clinic Costs	Clinic Costs
5040 Other Medications	5040 Other Medications	5040 Other Medications	5040 Other Medications
5050 Surgical Supplies	5050 Surgical Supplies	5050 Surgical Supplies	5050 Surgical Supplies
5070 Testing Supplies	5070 Testing Supplies	5070 Testing Supplies	5070 Testing Supplies
Total Clinic Costs	Total Clinic Costs	Total Clinic Costs	Total Clinic Costs
Fundraising Cost	Fundraising Cost	Fundraising Cost	Fundraising Cost
5060 Cost of Fundraising Events	5060 Cost of Fundraising Events	5060 Cost of Fundraising Events	5060 Cost of Fundraising Events
5065 Cost of Ram	5065 Cost of Ram	5065 Cost of Ram	5065 Cost of Ram
Total Fundraising Cost	Total Fundraising Cost	Total Fundraising Cost	Total Fundraising Cost
Shelter Costs	Shelter Costs	Shelter Costs	Shelter Costs
5010 Shelter Supplies	5010 Shelter Supplies	5010 Shelter Supplies	5010 Shelter Supplies
5020 Preventative Medications	5020 Preventative Medications	5020 Preventative Medications	5020 Preventative Medications
5030 Transportation	5030 Transportation	5030 Transportation	5030 Transportation
Utility Expenses	Utility Expenses	Utility Expenses	Utility Expenses
Telephone	Telephone	Telephone	Telephone
Water/Gas/Electric	Water/Gas/Electric	Water/Gas/Electric	Water/Gas/Electric
Total Utility Expenses	Total Utility Expenses	Total Utility Expenses	Total Utility Expenses
Total Shelter Costs	Total Shelter Costs	Total Shelter Costs	Total Shelter Costs
Total Cost of Goods Sold	Total Cost of Goods Sold	Total Cost of Goods Sold	Total Cost of Goods Sold
Gross Profit	Gross Profit	Gross Profit	Gross Profit
Expenses	Expenses	Expenses	Expenses
Administrative Expenses	Administrative Expenses	Administrative Expenses	Administrative Expenses
Alarm Expense	Alarm Expense	Alarm Expense	Alarm Expense
Auto	Auto	Auto	Auto
Board Expense	Board Expense	Board Expense	Board Expense
Continuing Education	Continuing Education	Continuing Education	Continuing Education
Costs & Subscriptions	Costs & Subscriptions	Costs & Subscriptions	Costs & Subscriptions
Equipment	Equipment	Equipment	Equipment
Fees and Licenses	Fees and Licenses	Fees and Licenses	Fees and Licenses
Food	Food	Food	Food
Grand Strand Humane Society	Grand Strand Humane Society	Grand Strand Humane Society	Grand Strand Humane Society

Analysis: Adherence to Good Governance Principles by the GSHS Board of Directors

This analysis demonstrates a significant lack of adherence to the core principles of good governance for nonprofits by the acting Board of Directors of the Grand Strand Humane Society (see Figure 10).

Figure 10. This image demonstrates core principles of good governance from Figure 3 that the Grand Strand Humane Society Board of Directors meets satisfactorily. A red X indicates principles the current GSHS Board does not meet.



EVIDENCE: OPERATIONAL FAILURES AND MALFEASANCE ON THE BOARD OF DIRECTORS OF THE GRAND STRAND HUMANE SOCIETY

This section will provide examples and evidence to demonstrate operational failures on the part of the Board of Directors that negatively impact the current and long-term viability of the organization. This section will also provide examples and evidence to demonstrate the pervasive toxic cronyism and acts of malfeasance by a number of current members of the Board of Directors of the Grand Strand Humane Society.

Lack of Long-Term Planning and Implementation of Approved Plans

Until the City of Myrtle Beach requested a strategic plan for the growth and development of the GSHS in 2015, no such plan for success of the organization existed. The Five Year 'Best In Class' Strategic Plan was finalized in March 2016. A significant number of strategies from the 5YP have

not been implemented, goals have not been met and the plan has been essentially set aside. Coastal Carolina University (CCU) also provided a nonprofit financial assessment, evaluating the performance of the GSHS with comparison of several other animal shelters in the Grand Strand. These two documents provide a guide to establishing a road map to follow. A roadmap, which I produced for the Board. A road map that was dismissed by the Board for lack of understanding, lack of experience, and lack of accountability to the registered members of the GSHS, the GSHS employees/volunteers, the City of Myrtle Beach and the animals.

Poor Leadership and Disengaged Board Members

Board members have disengaged and missed meetings for months at a time, only surfacing in urgent situations and demonstrating a clear lack of knowledge of the events of the meetings they missed. A strong example of this disengagement is evidenced in Figure 11, an email thread where Yvette Caufield makes false and inflammatory statements about the events that transpired leading up to the resignation of Suzanne Roman--events she was not present for and not appropriately informed about to make accusations of misconduct toward other Board members (email addresses redacted for privacy).

Figure 11. Email thread demonstrating false and inflammatory accusations made by Yvette Caufield against another Board member after months of being disengaged from the workings of the Board of Directors. Emails are presented in order of most recent emails first.

From: Susan Means <[REDACTED]>
To: "Frank Espinal, BA, MBA" <frank[REDACTED]>, "Yvette Caufield" <[REDACTED]>
Cc: "Elena Nicholas GSHS Pres." <[REDACTED]>, Carol Wallauer GSHS <[REDACTED]>, Larry Bragg GSHS <[REDACTED]>
Date: Wed, 14 Mar 2018 08:46:38 -0500
Subject: RE: GSHS Organizational Function

Frank,

You are absolutely right, and I thank you for stating the facts so succinctly.

Susan

---- "Frank Espinal wrote:

Yvette,

First and foremost, I'm taken back by the accusation of any violation of our By-Laws with decisions being made within the organization by our Board President.

I made it clear during the HR committee meeting that the organizational chart approved by the BOD is what governs the operational authority day-to-day, until such time a new E.D. is hired or the BOD approves a new Org Chart.

It's important to realize that any implemented directive/strategy (such as 5YP) may have an impact on how the Organization is aligned as changes are made during the execution of such directives/strategies. These changes are things that can/should be brought up to the BOD for approval. If a budget is passed with additional personnel or a new department/function then the E.D. should have brought that before the BOD for approval as a change to the approved Org Chart. The Org Chart is static within the framework of the organization, but is dynamic as changes are implemented and becomes static again until such time it is voted and approved by the BOD.

That said, I'd like to address your accusation regarding our Board President. I'm very surprised that someone in a HR position would continuously demonstrate lack of judgement with their comments. This is the second time since February that someone from the BOD has had to address your destructive comments. If you have a concern, then it should be brought before the BOD with some facts. It is difficult to value someone's input when criticism is not supported with any facts.

I for one believe that our Board President has been acting in accordance with our By-Laws. Not only has the BOD voted to have her be the point of contact with the E.D., but her position and role as such is supported by our By-Laws. Section 6.3.1 gives the Board President the Authority, as does section 4.2. In fact, Section 4.2 reinforces Section 6.3.1 unequivocally with the language; "...with the purposes set forth herein...". This basically translates into; 'as stated in greater detail in this document'. Below are screen shots of those paragraphs for reference.

Our By-Laws and our Org Chart also makes no distinction on any Authority given, based on whether an employee is fulltime or part-time. Dr. Michele is the Medical Director over Clinical Operations and she's the person who should be providing some oversight to the BOD, until such time a different decision is made by the BOD.

We are a long way off from being a functional organization. It starts with the BOD and works it way down to the functional areas of the GSHS.

Best regards,
Frank

From: Yvette Caufield <[REDACTED]>
Sent: Tuesday, March 13, 2018 10:44 PM
To: Elena Nicholas <[REDACTED]>
Cc: Carol Wallauer <[REDACTED]>; Frank Espinal <frank[REDACTED]>; Larry Bragg <[REDACTED]>; Susan Means GSHS <[REDACTED]>
Subject: Re: GSHS Organizational Function

First of all I believe that on the HR meeting we agreed that no changes or further discussion about the org chart will take place until the next meeting March 28th with the full board.

I am requesting that Elena stop making any organizational decisions or having any organizational discussions with dr. Michelle (she is a part time and should not be making any shelter decisions), until the next board meeting. Elena you are working outside of the board of directors which is in violation of the bylaws.

Yvette

On Mar 11, 2018 4:06 PM, "Elena Nicholas" <[REDACTED]> wrote:

Hi Everyone,

Suzanne proposed changes but the Board never voted on this or approved this.

Elena

Do All Things With Love

On Mar 11, 2018, at 3:41 PM, Carol Wallauer <[REDACTED]> wrote:

We spoke about this on June 14th, she informed us of the changes she had made to the Organizational Chart, its in the meeting notes.

Carol Wallauer

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

From: Elena Nicholas <[REDACTED]>

Sent: Saturday, March 10, 2018 6:31 PM

To: Yvette Caufield

Cc: Frank Espinal; Larry Bragg; Carol Wallauer GSHS; Susan Means GSHS

Subject: Re: GSHS Organizational Function

We did not!

Elena

Do All Things With Love

On Mar 10, 2018, at 5:32 PM, Yvette Caufield <[REDACTED]> wrote:

Did we approve an updated organizational chart sometime last summer that Suzanne presented? Can we check on this?

Yvette

On Mar 8, 2018 2:35 PM, "Frank Espinal, BA, MBA" <frank[REDACTED]> wrote:

Greetings Board Members,

With the absence of an Executive Director at the GSHS, I'm resending the Organizational Function document I sent out in 2016. In the absence of a E.D. and Director of Operations, the Medical Director would be the person in charge at the GSHS and would report to the BOD President with any issues that need to be addressed with the BOD.

I understand that the past E.D. made some changes to several of the positions at the GSHS, but the Organizational Chart and Function approved by the BOD is still in place. We may want to revisit the organizational chart in our next BOD meeting.

Hope this email finds you all well.

Best regards,
Frank

[https://www.dropbox.\[REDACTED\]](https://www.dropbox.com/[REDACTED])
[REDACTED]

----- Forwarded message -----

From: Susan Means <[REDACTED]>
To: Elena Nicholas <[REDACTED]>, Yvette Caufield <[REDACTED]>
Cc: Missy Davisson <[REDACTED]>, "Frank Espinal, BA, Mba" <frank[REDACTED]>, Carol Wallauer <[REDACTED]>, Larry Bragg <[REDACTED]>
Date: Sat, 3 Feb 2018 10:39:58 -0500
Subject: Re: Roman Resignation

Yvette,

I feel compelled to reply to your very misinformed email. First of all, the ED WAS given the tools to work with, but unfortunately, perhaps because of her own insecurities, she could not make a decision on her own about anything. She continually blamed anything or anyone for her own shortcomings. I find it ironic that you said there are always ways to evaluate employees when that is exactly what we did, and found that she came up short of her goals. I do not believe that you have been involved enough in the operations of the shelter to criticize the board members who have worked hard to try to keep things on track. Maybe you should consider your words before you are so quick to judge others.

Susan

---Yvette Caufield <[REDACTED]> wrote:

I agree with Carol on all of it, I think we have lost a good director, especially following all the winners we had before. She cared for the animals the way it should be. She was not perfect, but did what she could do with what she had to work with. Our shelter is not new and easy to deal with, further some board member forget where to draw the interference line. If anyone ever worked in a corporation knows there are some objective given with a job description for the position, and if the person is a professional and you have given him the tools to manage the shelter most of the time they will do a good job. We cannot keep micromanaging the ED they we have been. Not sure if any of you are aware how trying it is to find good staff in this area, unless you pay them well to stay at the a company.

Our board is here to offer assistance not a path to failure. Their is always a way to avaluate employees. I hope we learned our lesson and maybe stay in the background and offer assistance when an ED stumbles.

We do not have 5 candidates waiting for this job. Frank and Elena stop micromanaging.

Yvette

On Thu, Feb 1, 2018 at 10:03 AM, Elena Nicholas <[REDACTED]> wrote:

Hi Everyone,

Just received this from Suzanne. Please email your thoughts so we can all discuss this.

Thanks,

Elena

Do All Things With Love

Begin forwarded message:

From: Suzanne Roman <[REDACTED]>
Date: February 1, 2018 at 9:36:11 AM EST
To: Elena Nicholas <[REDACTED]>
Subject: *Roman Resignation*

Good Morning,

Further to our discussion at the Board meeting last evening, I wish to confirm that my last day at Grand Strand Humane Society will be February 14. I certainly do understand if the Board feels it is in the best interest of the Shelter to end our employment relationship effective immediately.

I do have some personal items (several large dog crates marked with my name, my NJ State Animal Control license and some small items) I need to have returned as well as several shelter items charged to my personal credit card when we had issues with the shelter card, that I need to have reimbursed and of course, need to return my shelter key.

I will prepare a list of events, speaking and media days and other initiatives I was working on asap so you can arrange follow up.

I have appreciated the opportunity to serve the animals and residents of Myrtle Beach.

Best,
Suzanne Roman

Sent from my iPhone

Lack of Financial and Business Discipline

Several Board members lack the proper background to understand and carry out financial and business functions of the Board of Directors. This is evidenced by Board members asking basic business questions, such as “what is an RFP?”. This is further evidenced by the lack of understanding of basic business concepts and basic knowledge required to run a nonprofit by several Board members, such as one Board member expressing confusion about whether a nonprofit was a “business” or not. The lack of business expertise can be detrimental to an organization being lead by unqualified Board members. This is evidenced by the highlighted statements from the following email thread in Figure 12 (email addresses redacted for privacy).

Figure 12. Email thread depicting Board member, Yvette Caufield's incorrect assumption that a nonprofit organization is not a business and the response to her incorrect assumption. Emails are presented in order of most recent emails first.

From: Frank Espinal <frank[REDACTED]>
Sent: Monday, March 20, 2017 12:15 PM
To: 'Yvette Caufield' <[REDACTED]>; 'Carol Wallauer' <[REDACTED]>
Cc: 'Amy Wingard' <[REDACTED]>; 'Missy Davisson' <[REDACTED]>; 'Larry Bragg' <[REDACTED]>; 'Dave Dettling' <[REDACTED]>; 'Elena Nicholas' <[REDACTED]>; 'Susan Means' <[REDACTED]>
Subject: RE: Washer/dryer update

A non-profit organization is still a business. It doesn't matter if the organization is a church, private school, or hospital. The goal of a 'For Profit' business is to maximize profits and forward those profits to its owners and/or shareholders. A non-profit organizations goal is to provide services to the general public and/or society, so any profits go back to providing those services. Non-profit organizations do not have owners or shareholders.

I don't believe the GSHS made any public announcement regarding the large donation? Funding operations, managing capital, is all a part of fiscal management in business regardless of the entity type. There are some things the general public should know and then there are things that are not for the general public as it pertains to the GSHS. With the exception of private foundations, a non-profit or exempt business is not required to disclose the name and address of any contributor(s) to the organization.

<https://www.irs.gov/charities-non-profits/public-disclosure-and-availability-of-exempt-organizations-r-eturns-and-applications-documents-subject-to-public-disclosure>. It is up to the BOD to define and establish transparent policies for itself and the GSHS.

Hope that helps delineate what is Fact vs Fiction from a disclosure/transparency standpoint of non-profit organization.

Best regards,
Frank

From: Yvette Caufield [mailto:[REDACTED]]
Sent: Monday, March 20, 2017 8:32 AM
To: Frank Espinal
Cc: Amy Wingard; Missy Davisson; Carol Wallauer; Larry Bragg; Dave Dettling; Elena Nicholas; Susan Means
Subject: RE: Washer/dryer update

We are all happy to receive updates, this is what a proper should be doing at any given time, since we are a non profit organization not a business, we owe everyone to be as transparent and true to our donors and board members.

We cannot ask for donations when we just announced we received a large sum of money from a donor, this puts our integrity as a board on the line.

The Board is unable to carry out policies and procedures they pass during meetings because they either don't understand them or don't follow through. This is evidenced by the passing and then overturning of the rule prohibiting free roaming animals in public areas following the killing of two kittens by a dog roaming unsupervised in early 2016.

- An incident discussed publicly on the GSHS Facebook page in December 2018 involving the death of a senior dog named Jack due to puncture wounds/bite wounds inflicted by another, younger dog suggest that issues such as the one discussed above from 2016 have likely continued. To be clear, the incident involving Jack from December 2018 occurred after my tenure, therefore, this point relies on evidence from the public posts and responses from the GSHS as provided in the screenshots below (see Figures 13-16).

Figure 13. Screenshot of Facebook post and comments regarding the injuries and death of Jack following an incident at the GSHS shelter in December 2018. Figure 13 shows the Facebook post by GSHS about this incident beginning with an update following Jack's death.

The screenshot shows a Facebook post from the page "Grand Strand Humane Society" (@mbgrandstrandhumanesociety). The post is dated December 4 at 5:04 PM and is categorized as "asking for donations." The post content includes an "UPDATE" section stating that a dog named Jack has passed away. The text expresses gratitude to Dr. Ellis and the community for their support and prayers. It details Jack's injuries, including deep punctures and a probable punctured lung, and mentions that he is being cared for at Grand Strand Animal Hospital. The post requests urgent support and donations to cover the veterinary bills, which could reach several hundred dollars. It also notes that any remaining funds would be used for other animals in need. The post includes a photo of a person's hands holding a dog's head.

Grand Strand Humane Society is asking for donations. December 4 at 5:04 PM · 🌐

UPDATE

This is not the update we wanted to give. Our sweet Jack passed away approximately an hour ago. We are so grateful to Dr. Ellis for all of his hard work trying to save Jack's life, ensuring he wasn't in pain as his body fought to keep going. We are so grateful to each and every one of you who said a prayer, held Jack in your thoughts tonight and donated to his care. While we mourn this tragic loss we can find a small sense of peace in knowing that absolutely everything possible was done, without hesitation, to save this precious life - all thanks to your unwavering support.

We need your **URGENT SUPPORT** as we fight to save Jack's life ❤️

This sweet boy was involved in a very bad fight with another dog this morning and is in poor condition. Jack is one of our senior babes and with very few teeth it appears he was unable to defend himself when the fight occurred. He has dozens of deep punctures all over his body and x-rays show a probable punctured lung. He is in critical condition right now and is being cared for by the amazing team at [Grand Strand Animal Hospital](#).

We know that his veterinary bills will be a minimum of several hundred dollars, but it could quickly become far more. We are 100% committed to Jack and his recovery but we can't do it without you! Please consider a donation towards his care via PayPal or through his fundraiser posted on our Facebook page. If you are unable to donate, please share. Most importantly, please pray, and send positive thoughts and energy Jack's way tonight. He needs all of our love and support right now. ❤️

****Should we raise more than is needed for Jack's care, the remaining funds will be used for the urgent medical needs of another GSHS animal. ❤️****

Figure 14. Screenshot of Facebook post and comments regarding the injuries and death of Jack following an incident at the GSHS shelter in December 2018. Figure 14 provides a photo of Jack and shows the amount of donations raised at the time Jack's death was announced.

Grand Strand Humane Society ✓
@mbgrandstrandhumanesociety

Home
Services
Reviews
Photos
Videos
Posts
Events
About
Community
Info and Ads
Donations
Adopt a Friend

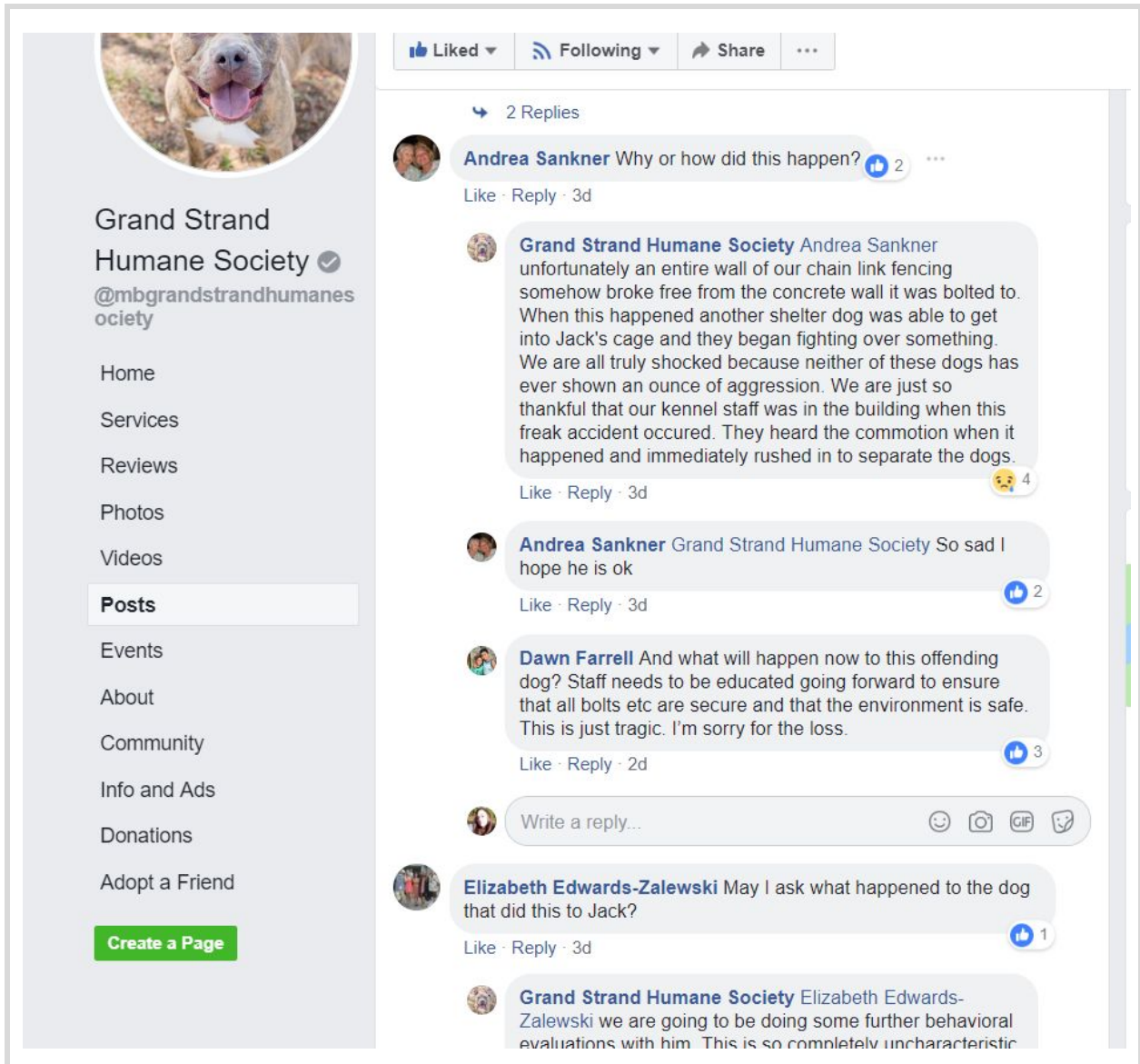
Create a Page

Liked Following Share ...


\$1,885 raised for Grand Strand Humane Society Inc
71 people donated.

Donate

Figure 15. Screenshot of Facebook post and comments regarding the injuries and death of Jack following an incident at the GSHS shelter in December 2018. Figure 15 shows GSHS's explanation to the public on the incident that led to Jack's death.




The screenshot shows a Facebook post from the page "Grand Strand Humane Society" (@mbgrandstrandhumanesociety). The post includes a profile picture of a dog and a navigation menu on the left with options like Home, Services, Reviews, Photos, Videos, Posts, Events, About, Community, Info and Ads, Donations, and Adopt a Friend. The main content area shows a post with 2 replies. The first reply is from Andrea Sankner asking "Why or how did this happen?". The organization's response explains that a chain link fence broke free from a concrete wall, allowing another dog to enter Jack's cage, leading to a fight. Other comments from Andrea Sankner and Dawn Farrell express sadness and concern for staff safety. A reply box is visible, and a comment from Elizabeth Edwards-Zalewski asks for more details about the incident.


Grand Strand Humane Society 
@mbgrandstrandhumanesociety


Home
Services
Reviews
Photos
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Events
About
Community
Info and Ads
Donations
Adopt a Friend
[Create a Page](#)


Liked Following Share ...





2 Replies


Andrea Sankner Why or how did this happen?  2 ...
Like · Reply · 3d

Grand Strand Humane Society Andrea Sankner unfortunately an entire wall of our chain link fencing somehow broke free from the concrete wall it was bolted to. When this happened another shelter dog was able to get into Jack's cage and they began fighting over something. We are all truly shocked because neither of these dogs has ever shown an ounce of aggression. We are just so thankful that our kennel staff was in the building when this freak accident occurred. They heard the commotion when it happened and immediately rushed in to separate the dogs.  4
Like · Reply · 3d

Andrea Sankner Grand Strand Humane Society So sad I hope he is ok  2
Like · Reply · 3d

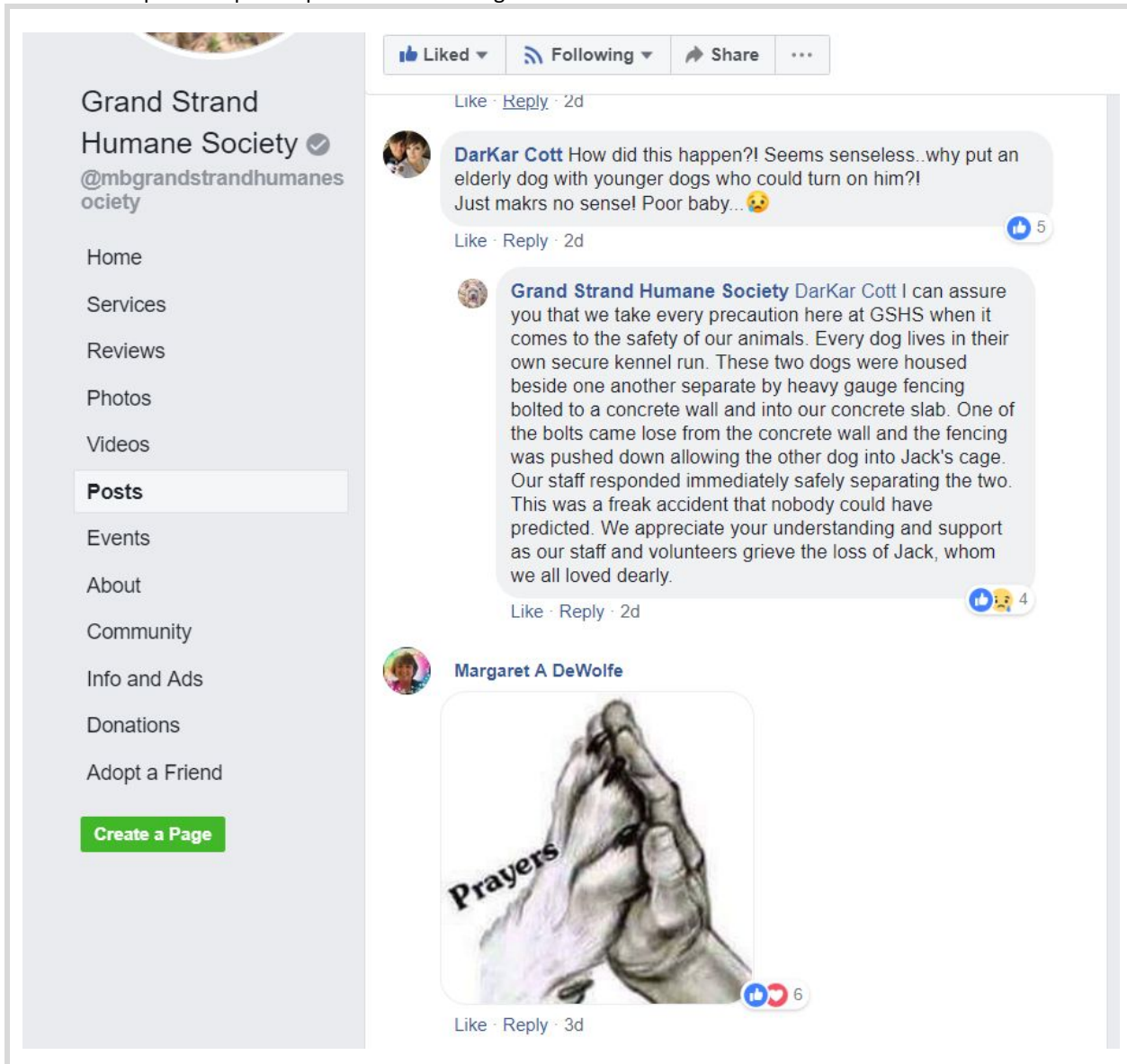
Dawn Farrell And what will happen now to this offending dog? Staff needs to be educated going forward to ensure that all bolts etc are secure and that the environment is safe. This is just tragic. I'm sorry for the loss.  3
Like · Reply · 2d

Write a reply...    

Elizabeth Edwards-Zalewski May I ask what happened to the dog that did this to Jack?  1
Like · Reply · 3d

Grand Strand Humane Society Elizabeth Edwards-Zalewski we are going to be doing some further behavioral evaluations with him. This is so completely uncharacteristic

Figure 16. Screenshot of Facebook post and comments regarding the injuries and death of Jack following an incident at the GSHS shelter in December 2018. Figure 16 shows further explanation from GSHS regarding this incident in response to public questions and outrage.



Independent review of the incident as explained in the Facebook posts (Figures 13-16) by an independent party with extensive experience managing animal care (dogs, in specific) in multi-animal facilities resulted in the following feedback (see Figure 17).

Figure 17. Feedback upon review of the public Facebook posts by the GSHS about the death of a senior dog, Jack, in December 2018, provided by an independent third-party deeply experienced managing dogs in multi-dog facilities.

The incident as described by GSHS should not have provided sufficient opportunity for the younger dog to inflict “dozens of puncture wounds” and resulting in Jack’s death. The failure

of the fence bolt anchored in a concrete wall is unlikely, even in a facility in disrepair. It is more likely the dogs were free roaming in an area that was not sufficiently monitored by appropriately trained staff, as they would have noticed aggressive body language prior to the attack and had time to intervene fast enough to prevent a significant number of the injuries Jack is reported to have suffered. A second, alternate scenario that is more likely than the fencing failure reported is that both dogs enclosures were not secured or were open, allowing the dogs to come and go from their enclosures. These alternate scenarios provide appropriate reasonable doubt that are far more likely than the fencing failure as described. Additionally, if the staff had intervened immediately to separate the dogs as stated, Jack would not have sustained wounds of the severity that would result in his death. The fatal nature of Jack's injuries indicate a few different possibilities. The first is that the attack was not immediately noticed by the staff. The second is that the staff might not be properly trained to break up a dog fight of this severity and hesitated, looking for an opening in which to intervene. The third is that the staff might not have recognized the escalation level of the attack in progress and attempted to intervene using methods reserved for attacks of lower escalation level, such as spraying with water hoses. And some animals are too aggressive to respond to measures like being sprayed with water hoses at all. One of the first elements of training for staff in any multi-animal care facility is how to evaluate an animal's temperament and potential for aggression and how to evaluate the escalation level of fight or attack incidents so as to intervene as effectively as possible. Even if the fencing failure scenario were accurate, these two dogs should not have been housed in adjacent caging, if the younger dog's temperament had been evaluated accurately. And finally, the injuries Jack sustained, including "dozens of puncture wounds" are not in alignment with the shelter's story of immediate intervention. The extensive nature of Jack's reported injuries would have necessitated a minimum of three minutes, more likely five minutes, of uninterrupted attack/fighting time.

The incident and feedback above demonstrate the Board's inability to properly and consistently implement policies and adequate training for staff. Inadequate training, policies and procedures for staff results in a dangerous situation for vulnerable animals and compromises staff safety, as well. It is the responsibility of the Board of Directors under the Duty of Care to provide and implement policies and procedures that ensure the safety of all animals and staff members. While this incident occurred after my tenure, the lack of business aptitude I witnessed during my tenure combined with this incident create reasonable concern for the safety of the animals, staff and volunteers.

Malfeasance by Members of the Board of Directors

There are a number of incidents and points of evidence that demonstrate malfeasance on the part of several members of the Board of Directors, resulting in a toxic and hostile situation that compromises the integrity of the organization and sets the organization up for failure as outlined in detail in earlier sections of this paper. This malfeasance is illustrated by the following evidence:

- The turnover of Executive Directors in a three-year period (2015-2018), during which three Executive Directors resigned, one was hired but rescinded before assuming the position due to personal attacks endured before he even started, and one was terminated.
- The resignation of seven Board members within a 1.5 year time frame as a result of the significant dysfunction, personal attacks and acts of malfeasance by current/still serving Board members. Resignations include the following Board members:
 - Greg Thompson (Former Treasurer)
 - Amy Wingard
 - Missy Davisson
 - Dave Dettling (Former Treasurer)
 - Elena Nicholas (President)
 - Susan Means (City Appointed)
 - Frank Espinal (Former Treasurer)
- Board members have created social media frenzies to support malfeasance and deliberately mislead the public. Additionally, Board members routinely lie to City of Myrtle Beach Officials and the community. This is evidenced by the false information released to the public through social media and other channels by specific Board members and former Board members regarding animals being euthanized at the shelter for treatable conditions, specifically Parvo and Ringworm, leading up to the Executive Board of Directors meeting on March 28, 2018. The actions of these individuals were intended to create a public and media firestorm and use the public as a pawn to help them oust Board members they disagreed with or held personal vendettas against. In this particular instance, certain members of the Board intended to undermine then-President Elena Nicholas to remove her from the Board. This is demonstrated by the following notable pieces of evidence:
 - Transcribed statements from a recording of a meeting of the Board on April 18, 2018 and a follow-up email from April 19, 2018 as noted below :
 - Dr. Crull states the actual situation regarding the ringworm cats and parvo puppies orders (see Figure 18 and Figure 19).

Figure 18. Transcript of recorded conversation of April 18, 2018 meeting of the Board of Directors with Dr. Michelle Crull. Transcript of audio file labeled GSHS 4-18-18 Sequence 14.

{{See Audio Link File GSHS 4-18-18 Sequence 14}}

>> Dr. MICHELLE: We talked about, we think that we could probably get fosters for the ringworm cats to treat them. So was there something that we thought, "Oh, we're going to have to start massive euthanasia of anything?" Absolutely not. It was never something that we thought we were going to have to do. We simply wanted to make sure that we were treating things safely and effectively for the staff, for the animals, for the public.

>> BRAGG: But we knew nothing as far as that was the case --

Figure 19. Transcript of recorded conversation of April 18, 2018 meeting of the Board of Directors with Dr. Michelle Crull. Transcript of audio file labeled GSHS 4-18-18 Sequence 1.

{{See Audio Link File GSHS 4-18-18 Sequence 1}}

>> BRAGG: Didn't they used to? I know that my vet used to have (indiscernible), there were gloves that prevented --

>> BROBST: Is it every cat?

>> Dr. MICHELLE: She did have them dipping every cat that was brought in, that is correct.

>> BROBST: So not just ones that are suspected.

>> Dr. MICHELLE: No, every cat.

>> BROBST: It's part of the intake procedure.

>> Dr. MICHELLE: It was supposed to be, yes.

>> WALLAUER: Jess told me right now, they're just doing a thorough check of the --

>> BRAGG: When did that stop, and who gave the command to stop it, if it was given to start it?

>> Dr. MICHELLE: Suzanne [Roman] gave the order to start it, and Suzanne gave the order to stop it.

>> WALLAUER: Oh, okay. So then I'm not sure why the girls were confused. I just wanted to ask.

>> Dr. MICHELLE: I don't know, either. Again, that was not anything that I started. The only question I was asked was -- I was told after the fact that they were now just wiping them. I said there's really no point in just wiping them. There's a whole procedure that actually you're supposed to do, that I spent my Thanksgiving last year going over. And it was never -- I was then told that we didn't need to do all that.

>> BRAGG: Who told you that?

>> Dr. MICHELLE: Suzanne [Roman].

- The Board denies knowledge of the false statements released to the public and the press. However, several members are able to quickly provide names for the individuals who created the media frenzy and provided the images of the puppies during the March 28, 2018 meeting.

This suggests several Board members had knowledge of this situation prior to the meeting that was withheld (see Figure 20).

Figure 20. Photos of the puppies that were discussed in this transcript of the recorded conversation of April 18, 2018 meeting of the Board of Directors with Dr. Michelle Crull. Transcript of audio file labeled GSHS 4-18-18 Sequence 4.

{{See Audio Link File GSHS 4-18-18 Sequence 4}}

>> Dr. MICHELLE: I wish you all the luck in the world. All I want is for this place to be the best that it can be.

>> BROBST: Dr. Michelle, please wait a minute.

>> Dr. MICHELLE: I'm sorry, I've been here for 11 years, 11 years.

>> BROBST: You didn't hear us at all.

>> Dr. MICHELLE: I did hear you. You told me I was assuming things.

>> CAUFIELD: When you were assuming, you know what it means.

>> Dr. MICHELLE: You guys didn't assume things when you made this announcement to the press, and didn't come and ask me?

[HEATED CROSS-TALK]

>> BROBST: That was Suzanne [Roman] and a Volunteer.

>> Dr. MICHELLE: Okay, so nobody put the pictures of puppies on the wall, that I was told happened? Everybody told me –

>> WALLAUER: Yea



[CROSS-TALK]

>> Dr. MICHELLE: And said they were going to be killed?

>> WALLAUER: But the public started all that. We did not do that.

>> ESPINAL: Who made the pictures of the puppies?

>> BROBST: -- gave an interview, and they talked about -- that's when the euthanasia came out. The ringworm, that you had been directed to either find foster homes for ringworm cats, or

parvo dogs, or they would be euthanized. And that's the information that we had. We checked it out with multiple sources, and that's when we felt like we needed to take action --

>> BRAGG: We didn't speak to the press.

>> BROBST: None of us. That did not come from the Board. Everybody thinks that it did. It did not.

>> ESPINAL: Do we know where it came from?

>> WALLAUER: Yes, Suzanne and Amy.

>> BRAGG: Suzanne [Roman] and Amy [Wingard].

- Larry Bragg directly states that several members of the Board conspired to remove the President (see Figure 21).

Figure 21. Transcript of recorded conversation of April 18, 2018 meeting of the Board of Directors with Dr. Michelle Crull. Transcript of audio file labeled GSHS 4-18-18 Sequence 15.

{{See Audio Link File GSHS 4-18-18 Sequence 15}}

>> BRAGG: We had to get Elena off of this Board. That was our goal.

[PAUSE]

I'm sorry, I know you [Dr. Michelle] have a relationship with her. But you see the frustration of **three of us** here. There's been some others that have heard of the frustration. But it partially falls to the rest of the Board at fault. I had meetings every nine or ten weeks. It just gave open season to her. The plan was, when we came in that night, was to remove her from the Board. I have not had --

- Discussion of the falsehoods conveyed to the media by Amy Wingard and Suzanne Roman prior to the March 28th meeting, thus creating the social media and public frenzy, and the lack of consequences for those actions as well as Dr. Crull's attempts to establish guidelines for the treatment of these ailments and resulting backlash (see Figure 22).

Figure 22. Transcript of recorded conversation of April 18, 2018 meeting of the Board of Directors with Dr. Michelle Crull. Transcript of audio file labeled GSHS 4-18-18 Sequence 5.

{{See Audio Link File GSHS 4-18-18 Sequence 5}}

>> BROBST: I've been practicing shelter medicine for a long time. You cannot jeopardize the overall population in the shelter versus an individual animal.

>> BRAGG: That's why they need to be --

>> BROBST: Those decisions all have to be made separate cases. And the last thing we want is for you to leave.

>> CAUFIELD: The meaning of this meeting was so you tell us what we need --

>> BRAGG: No, I don't think that's true.

>> CAUFIELD: That's one of them, too. What I was thinking, to come in, listen to what you have to say, what you have to say, what can we do in order to help you guys establish what needed to be established in this place. Not point any finger, no who did, who didn't. Whatever happened with the press, I know it's a sore thing, and I know we all went through it. But I think we probably can come to an agreement, to a way how to do it, whatever. I'm in HR by heart, so I can help anywhere. We can try to hire more people. I don't know what needed to be done. I really don't have any idea. We're trying just to come in and understand. I was not here all the time. We didn't hear a lot of things, and I would say that from Elena, we didn't know --

>> BROBST: Half of the Board was kept in the dark as to what was going on around here. And then a lot of things started to come to light that nobody knew about. So we're trying to all just get back only the same page with everything, for the animals and for the safety --

>> ESPINAL: Dr. Michelle, you and your husband was here that night. He mentioned that no animals were euthanized.

>> Dr. MICHELLE: That's correct.

>> ESPINAL: I just want to make sure of that.

>> Dr. MICHELLE: Absolutely.

>> ESPINAL: If the Herald reported that Amy and Suzanne were the ones that disclosed that falsehood, didn't I hear yesterday that Amy is working here as a volunteer?

>> BROBST: She's been a volunteer for years.

>> ESPINAL: Why is she here, then?

>> BROBST: What do you mean?

>> ESPINAL: We have policies regarding communicating --

>> BROBST: That applies to employees.

>> ESPINAL: Well, that should apply to volunteers, too.

>> BROBST: Well, that's not in place.

>> ESPINAL: But my point is, you have somebody who's made a falsehood that created a stir in the community.

>> BRAGG: Well, that's not true, too. Because the thing that came out as the truth was that Elena shifted it over to the clinic, giving them the authority on the matter of the new guidelines for euthanasia.

>> Dr. MICHELLE: That's not anywhere close to the truth. What you were told was that it was myself, Jessica, and Lisa who made the decision, based on all of the research that we had done.

>> BRAGG: I never said those three names.

>> Dr. MICHELLE: I beg your pardon?

>> BROBST: I don't know where that came from.

>> Dr. MICHELLE: What, that it was myself, Jessica, and Lisa making making the SOPs?

>> BROBST: We were told that the president of the Board gave you the authority to, if we didn't have the resources to treat or isolate ringworm cats and parvo dogs, and either find a

foster home --

>> Dr. MICHELLE: Gave me the authority?

>> BRAGG: Yes.

>> BROBST: Gave you the authority.

>> Dr. MICHELLE: No.

>> BROBST: And the Board had asked that no policy changes should be made until our --

>> Dr. MICHELLE: Did you not get the e-mail where I explained to you guys that it was myself, Lisa, and Jessica who made the decision?

>> WALLAUER: We got that.

>> Dr. MICHELLE: Well, okay.

>> CAUFIELD: This why we're meeting with you, so we can figure out what happened, and what can we do to rectify that. That's pretty much --

>> Dr. MICHELLE: I just told you what happened. Myself, Lisa, and Jessica were making this SOP. Jessica came to us and said, "We really need this in place. I would like for us to meet so that we can discuss these and get these in place, so that moving forward, we will have this in place. There's not an executive director at this point. I really think we need to do this."

>> BRAGG: So you think Jessica is the heavy in it now?

>> Dr. MICHELLE: No, I am not saying that at all. I'm not putting the blame on anybody. It did need to be done. I'm just saying that she was the original one who suggested it. I'm not blaming anyone for anything.

>> BROBST: Suggested the SOP?

>> Dr. MICHELLE: We all discussed it.

>> BROBST: Is that what you mean?

>> Dr. MICHELLE: I beg your pardon?

>> BROBST: She's the one --

>> Dr. MICHELLE: She's the one that suggested, "Why don't we all get together and meet and discuss these." I'm not trying to say that anybody did anything wrong, so don't misunderstand me.

>> BROBST: Okay.

>> ESPINAL: There's nothing wrong with that. That's actually what you should be doing.

>> Dr. MICHELLE: That's actually -- absolutely what we should be doing, and been trying to accomplish for years. So we finally decided, "You know what? Let's do this." We started meeting. We were told that the Board was aware that we were meeting, and they were happy we were all meeting together and working together.

>> BROBST: We were -- not true. We didn't know anything about it.

>> Dr. MICHELLE: Where the authority was given to myself came in, I have no idea. But yeah. As I

said in the e-mail that I sent you guys, it was myself, Lisa, and Jessica who were meeting together, having these discussions about the proper way to proceed. It was never suggested -- again, we were trying to get everything in order, so that moving forward, we would be able to safely treat these things. That was what we were trying to establish.

>> CAUFIELD: What I'm going to say, I am going blame our president of the Board, because they never told us all that. If we had known all that in the first place, we would have not been in this predicament, period.

- Carol Wallauer confirms the puppies whose images were presented to the media are all alive, have recovered from parvo, were initially part of a court case and are now doing well in rescue. She also denies knowledge of the origins of the photographs despite the animals being in her care. The puppy photos/posters were deliberately made and placed at the shelter for the March 28th meeting to drive an emotional response by the community (see Figure 23). Note: Animals that are part of a court case have their disposition directed by court order. This would include any treatment or medical decisions to euthanize (if applicable). These puppies were used as a catalyst by several members of the Board to invoke a response from the community and media.

Figure 23. Transcript of recorded conversation of April 18, 2018 meeting of the Board of Directors. Transcript of audio file labeled GSHS 4-18-18 Sequence 11.

{{See Audio Link File GSHS 4-18-18 Sequence 11}}

>> ESPINAL: I have a question about the three puppies. How are they doing?

>> WALLAUER: They're all right. They all got sick, but they're right.

>> ESPINAL: We have one that had the parvo?

>> WALLAUER: Nope, they all got it.

>> ESPINAL: But I thought during the Board, that one of the clinic people said --

>> WALLAUER: Right, but you probably don't understand.

>> ESPINAL: No, I understand, it's very contagious. At the time --

>> WALLAUER: At the one time --

>> ESPINAL: There was just the one?

>> WALLAUER: The one tested positive, yeah, at the time, yes.

>> ESPINAL: And they're all doing okay?

>> WALLAUER: They're great, yeah.

>> ESPINAL: Okay. Were they part of a court case or something like that?

>> WALLAUER: Originally, yes.

>> ESPINAL: Are they still part of a court case?

>> WALLAUER: No. Grand Strand won the court case, yes.

>> ESPINAL: Okay, so that was something that was -- how far back, do we know?

>> WALLAUER: Just recently.

>> BRAGG: Recently.

>> WALLAUER: Because I think by the time she -- I don't know how long -- what date they came in here. But all of the events of them getting sick and everything kind of happened fairly quickly.

>> BRAGG: Have they been adopted out?

>> WALLAUER: They went to rescue.

>> BRAGG: Did you send the photos with them?

>> WALLAUER: I don't have the photos. I don't know where those are.

- Figure 24 provides an email thread from April 19, 2018 where I directly call out falsehoods conveyed by Board members to the media and the public prior to the March 28, 2018 meeting. This email proves that the Board was made aware of the situation at the shelter 19 days before the Board meeting on March 28, 2018, and that Elena was going to bring this up in the Board meeting on that date. The Board elected to disseminate false information to the media and the community. No one from the Board responded to this email. (Email addresses redacted for privacy).

Figure 24. Email thread showing where Board members are called out for providing false information to the public and the press, which should be corrected. Emails are presented in order of most recent emails first.

From: Frank Espinal, BA, MBA <frank [REDACTED]>
Sent: Thursday, April 19, 2018 11:57 AM
To: Larry Bragg GSHS <[REDACTED]>; Carol Wallauer GSHS <[REDACTED]>; Yvette Caufield GSHS <[REDACTED]>; 'Lindsey Rankin' <[REDACTED]>; 'Terri Brobst' <[REDACTED]>
Subject: Meeting with the Vets

Good Morning Board Members,

I wanted to follow up on last evening's discussion with the GSHS Veterinarians.

Part of our discussion involved the lack of communication coming from Elena. I didn't quite understand where that was coming from, since all the emails I received from Elena had either everyone on the Board or on one of the Committees?

Last night, the Board responded to Dr. Michele that we didn't know anything about the meetings between Jess, Lisa and Dr. Michele. **That information was not true.**

Below is the email from Elena that everyone was copied on. It was sent on March 9th at 1:08:34 AM. It spells out what Dr. Michele was talking about last night.

I just want to make you aware of this falsehood. I think the Board needs to correct this statement with both Veterinarians and it should be reflected in the minutes, as a correction. This goes back to establishing credibility.

Frank

Begin forwarded message:

From: Elena Nicholas <[REDACTED]>

Date: March 9, 2018 at 1:08:34 AM EST

To: Larry Bragg <[REDACTED]>, 'Yvette Caufield' [REDACTED], "Frank Espinal, BA, Mba" <frank[REDACTED]>, 'Susan Means' [REDACTED], Carol Wallauer <[REDACTED]>

Subject: GSHS Organizational Function

All,

I have already spoken to Lisa, who is our Clinic Supervisor and Jess a few weeks ago, that if there is a daily problem with staff etc the two of them together are to discuss it and come to a mutual decision. If they cannot come to a decision that they both agree with they are to contact me and I would then bring it to the Board. If there is something that comes up that has to do with the well being of our animals, health/disease control, proper protocol with their care, it would be our Medical Director who is Dr Crull.

Dr. Crull, Lisa and Jess have been meeting together once a week after work on their own time to put together proper procedures about protocol to ensure that everything with the staff and our animals is done correctly and by best practices. They are discussing and following guidelines by the ASPCA. They are putting together a manual that will be issued to and signed by each staff member so they understand and agree to their job and their responsibilities. This not only will help our shelter to run smoothly but will help us moving forward so we can continue to strive for our "Best in Class" status until we hire a new ED.

This can be further discussed at our upcoming Board meeting at the end of this month.

Elena

Do All Things With Love

On Mar 8, 2018, at 11:32 PM, Yvette Caufield <[REDACTED]> wrote:

Thank you Frank for reiterating the organizational Chart.

Which bring me to say that I don't feel that's appropriate that Dr . Michelle should not be making daily decisions, because she's only part time and is already overworked. It should be a full time person that can resolve issues as they occur.

I suggest that in the interim perhaps Jess should be named acting director of operations and be consulted on daily decisions since she's there and have more experience.

Thanks

On Mar 8, 2018 2:35 PM, "Frank Espinal, BA, MBA" <frank[REDACTED]> wrote:

Greetings Board Members,

With the absence of an Executive Director at the GSHS, I'm resending the Organizational Function document I sent out in 2016. In the absence of a E.D. and Director of Operations, the Medical Director would be the person in charge at the GSHS and would report to the BOD President with any issues that need to be addressed with the BOD.

I understand that the past E.D. made some changes to several of the positions at the GSHS, but the Organizational Chart and Function approved by the BOD is still in place. We may want to revisit the organizational chart in our next BOD meeting.

Hope this email finds you all well.

Best regards,
Frank

- Toxic cronyism on the Board of Directors keeps individuals on the Board who lack the proper business and financial background. Further, some Board members endeavour to manipulate GSHS membership to ensure their security in their positions as evidenced in transcripts of a recorded meeting on April 17, 2018. This evidence clearly demonstrates the toxic cronyism present on the current Board of Directors. Historically, the majority of the GSHS members who have attended the annual meeting have been GSHS staff, who are also voting members of the organization. The statements by Larry Bragg in this transcript indicate desire to counter the potential votes of the 20+ GSHS staff/members by ensuring attendance of voting members who would vote as he wanted. This is

absolute malfeasance in terms of maintaining a functional, qualified and diverse Board. Also noteworthy in this transcript, several Board members clearly lack knowledge of the difference between donors, members and lifetime members, as well as the financial requirements for each level--details every Board member should know as a basic piece of information (see Figure 25).

Figure 25. Transcript of recorded conversation of April 17, 2018 meeting of the Board of Directors. Transcript of audio file labeled GSHS 4-17-18 Sequence 4.

{{See Audio Link File GSHS 4-17-18 Sequence 4}}

>> BRAGG: There are rumors abounding that ones do not go quietly into that good night. And I've requested that all board members have copies of who our memberships are. I want to know who my neighbors are, my friends in the various clubs, that I can thank them or go after them, whatever. I also want to be able to call ten that I can be assured that for the annual meeting, they will show up. I want the room busting at the seams, because that is the thing I keep hearing time and time and time again -- the threat of "just wait until November."

No matter what great things we do now, I'll still be here. They have no control over me or my position. But if they showed up with ones, and we don't have good, solid people, who understand what all we're doing is the best and the brightest and the greatest for all the babies, it's all for naught. Always keep that in your mind. Okay, that's it.

>> BROBST: Do we have a copy of the membership list yet?

>> WALLAUER: It's not accurate, though.

>> BROBST: Why is it not accurate?

>> WALLAUER: I don't know.

>> BRAGG: I have to bill people.

>> RANKIN: Is that the bill that you sent us?

>> BRAGG: Do we send out bills every year to remind them?

>> WALLAUER: No, this was a list of who were members. And I just don't think it is accurate. Because the lifetime membership only had three people on it.

>> CAUFIELD: No way.

>> BRAGG: But the members, they have to pay each year, right, to be in good standing? Do we not have that?

>> WALLAUER: We do.

>> BRAGG: With their addresses and phone numbers?

>> WALLAUER: I don't know if the addresses --

>> RANKIN: I'm sure they're in there. She might not have printed them for us.

>> BROBST: We have the database.

[CROSS-TALK]

>> BRAGG: We all need copies of that.

>> WALLAUER: I'll e-mail that out.

>> BRAGG: And if we get the major bulk, the new members can be separated from that, so if we get it, say, May 1st, then say, June or July, they get the button, then we just get one page of the people who've joined.

>> WALLAUER: I didn't see you on there, either. That's why I thought it was so incorrect.

>> RANKIN: I didn't see my mother-in-law on there, and I know -- I don't know -- see, I don't know if there's a difference between giving money and joining.

>> BRAGG: Yes, there is.

>> RANKIN: So that would be my mother-in-law. She gave --

>> WALLAUER: To be a member, you have to pay a certain amount. The limit is \$35, and the max is, I think, \$500 for a lifetime. That's the list we're talking about. But when you're a member, you are allowed to vote at that annual meeting. Anybody just randomly donating money, that's not the same.

>> BROBST: They're considered a donor.

>> WALLAUER: Correct, that's two different things.

>> BROBST And all employees are automatically, too.

>> BRAGG: When was that pay set? Do we remember?

>> BROBST: They just restructured it.

>> BRAGG: But I mean, it was the same amount? Or do you know?

[CROSS-TALK]

>> RANKIN: I don't know which one.

>> WALLAUER: There was a 35, a 50 --

>> BROBST: I think it was the lowest one.

[CROSS-TALK]

>> BROBST: -- mailing one out, like, two months ago.

[CROSS-TALK]

>> WALLAUER: That's donation. That's different than the membership.

>> RANKIN: The membership one did go out.

[CROSS-TALK]

>> RANKIN: -- never joined. I didn't really know --

>> CAUFIELD: I did, because I sent donation.

>> RANKIN: I was like, well, I'll go in and send my little check in. So I sent a check in, got a little membership number. I didn't know that that's how it worked.

- The March 28, 2018 Board of Directors Meeting was the end result of the toxic and dysfunctional environment within the Board and also provides evidence of malfeasance among currently active Board members. In the events leading up to the March 28, 2018 Board of Directors Meeting, reference had been made to a list of issues with then-President Nicholas' conduct in email threads, however, no such list was ever provided or documented. When Carol Wallauer was asked for this list, she sidestepped

the request and refused to provide it as evidenced in the highlighted passages of the email thread in Figure 26 (email addresses and personal contact information redacted for privacy). Section 8.2 of the Bylaws specifically states; “The books, papers, records, and financial statements of the Corporation shall at all times, during reasonable business hours, be subject to the inspection of any member, officer or Director of the Corporation”.

Figure 26. Email thread requesting from Carol Wallauer the list of issues with former President Nicholas' conduct she had previously mentioned, and demonstrating her refusal to provide it. Emails are presented in order of most recent emails first.

From: Frank Espinal, BA, MBA <frank [REDACTED]>

Sent: Wednesday, April 4, 2018 10:51 AM

To: 'Carol Wallauer' <[REDACTED]>; 'Larry Bragg' <[REDACTED]>; 'Yvette Caufield' <[REDACTED]>; 'Terri Brobst' <[REDACTED]>; 'Lindsey Rankin' <[REDACTED]>

Subject: RE: Grand Strand Humane Society

I've attached several of the emails that provide the code. I believe the code changes if Indeed's website senses a different user logging on (IP Address or Phone Number). There should be a way to have them text you the code, if you're logging on. The codes were coming to my phone.

I also provided the login information to the Chair on 3/18 and 4/3.

I think that the 'list' of items needs to be documented. I for one was not aware of any issues regarding Elena's conduct? I know that Yvette made some unsubstantiated reference about Authority via email, which she indicated she was bringing up at the board meeting. But I haven't seen anything. If there was misconduct, then all the Board members need to know.

Thank you,
Frank

From: Carol Wallauer <[REDACTED]>

Sent: Wednesday, April 4, 2018 10:23 AM

To: Frank Espinal, BA, MBA <frank [REDACTED]>; 'Larry Bragg' <[REDACTED]>; 'Yvette Caufield' <[REDACTED]>; 'Terri Brobst' <[REDACTED]>; 'Lindsey Rankin' <[REDACTED]>

Subject: Re: Grand Strand Humane Society

If you could just send me the passcode and id for Indeed I would appreciate it and no she is still unable to gain access as it asks for a code also, do you have a code as well??

For the list of issues, are you referring to ones from the meeting on the 28th? the dismissal reasons??? if so, that list became a moot point when she got up and resigned and left.

Just forward over to all what you have typed.

Carol Wallauer

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

From: Frank Espinal, BA, MBA <frank [REDACTED]>

Sent: Wednesday, April 4, 2018 9:47 AM

To: 'Carol Wallauer'; 'Larry Bragg'; 'Yvette Caufield' [REDACTED]; 'Terri Brobst'; 'Lindsey Rankin' [REDACTED]

Subject: RE: Grand Strand Humane Society

Good Morning,

I provided Yvette with the sign-on information several times. Are you still not able to get on?

I got the minutes already typed up.

I have a place holder at the point you indicated that you had a list. Do you have a list of issues that was going to be presented to the Board?

Otherwise, I'm just doing some text formatting. Hope to have them out shortly.

I'll be in and out today, so you can text if you need to get in touch with me.

Thank you,
Frank

Conclusion of Evidence Provided

The conclusion of the evidence provided clearly shows that allowed to continue as is, the current Board of Directors have steered the organization on course for eventual collapse and failure of the entire organization. Such a failure would not benefit the City of Myrtle Beach, the animals or the local community.

RECOMMENDATIONS: THE FUTURE OF THE GRAND STRAND HUMANE SOCIETY

This section will provide two recommendations on the future of the GSHS to remedy the serious nature of the operational failures and malfeasance on the Board of Directors of the Grand Strand Humane Society.

First, to be clear, the City of Myrtle Beach technically does not have the official jurisdiction to order these recommendations be carried out. However, the City of Myrtle Beach is the biggest donor of the Grand Strand Humane Society. Additionally, the City of Myrtle Beach has recently paid for an outside business consultant, thus demonstrating the City's strong involvement in the workings of the organization. The City owns the property, which houses the Grand Strand Humane Society and the City provides the shelter with an avenue for regular donations through the R.A.I.N. program. Without the City's financial support and the shelter property provided by the City, the GSHS would be unable to survive in its current state, nor any state that would provide the level of care for the animals that would allow the shelter to continue to operate. For these reasons, the City of Myrtle Beach does have the power to essentially force compliance with the following recommendations.

First Recommendation - Assign a NEW Functional Board:

1. Request and ensure the complete dissolution of the current GSHS Board of Directors.
2. Appoint two NEW City Board Members. These new members appointed by the City of Myrtle Beach should be well-vetted and should not include any former member of the GSHS Board.
3. Assign an impartial "Independent Custodian" (IC) to build a NEW and appropriately-vetted Board of Directors who possess the experience, business and financial acumen and understanding of running a nonprofit.
4. Send a letter to all members of the Grand Strand Humane Society explaining the changes and requesting their participation in the election process. This will ensure the members have the opportunity to see their concerns addressed.

Once Assigned, the NEW Board of Directors Should:

1. Permanently revoke the GSHS memberships of all individuals involved or responsible for the events leading up to and which occurred during the March 28, 2018 meeting. These individuals should also be permanently prohibited from volunteering or working at the shelter.
2. Update the GSHS Bylaws as necessary, including but not limited to procedures and guidelines for recruiting and vetting new Board members and an orientation program for all new or future incoming Board members to complete before they can officially assume their positions.

3. Establish a Committee to Search for a NEW Qualified Executive Director.
Note: The currently listed Executive Director, does not have the necessary financial background for this position, nor the aptitude of management skill and experience necessary for this position.
4. Establish a Committee to properly investigate and obtain documentation to resolve the discrepancy involving the Cotton Fund/Endowment.

Second Recommendation - City Takes Over the Shelter Operations and Assumes Care of Homeless Animals in the City of Myrtle Beach:

The city can undertake the full operation of animal care and control. This would eliminate any question on the guise of who's responsible for the care and welfare of homeless animals in the jurisdiction of the City of Myrtle Beach.

UNANSWERED QUESTIONS

The following questions remain unanswered in a publicly transparent way:

1. It has been a year since the public meeting on March 28, 2018. Where are we now? What, if anything, has changed?
2. Has the GSHS facility's state of disrepair been addressed satisfactorily?
3. Did the Board find the origination paperwork and resolve the issues with The Cotton Fund/Endowment?
4. Has the GSHS Board followed through on having employee manuals and operating procedures documents created and provided to employees?
5. Are there procedures in place now for proper training of employees and volunteers? Have animal safety issues been addressed to avoid additional injuries and unnecessary deaths like Jack's in December 2018?
6. Did the Board put an inventory control system in place to account for all incoming and outgoing donations and products/purchases? For example, are controlled substances now being properly inventoried and monitored per the laws and requirements set forth by the DHEAC/DEA?
7. What were the findings or accomplishments of the Business Consultant hired by the City of Myrtle Beach?
8. Did the City of Myrtle Beach conduct a final audit as they committed to? How does their audit compare to the Smith Sapp audit that was done in 2017?
9. Are the personnel who are conducting euthanasia being trained and certified as required by law?
10. The GSHS operates as a nonprofit, however, they sell novelty items and other merchandise to the public. Are they paying the sales tax as legally required?

IN CLOSING

I would like to conclude by thanking the media, GSHS members, the City of Myrtle Beach and its officials and the local community for reading this discourse and strongly considering the issues raised.

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