

**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769**

**Paul D. Joyce, CPA
State Examiner**

SPECIAL INVESTIGATION REPORT

OF

MIAMI COUNTY HISTORICAL SOCIETY, INC.

MIAMI COUNTY, INDIANA

January 1, 2020 to September 18, 2023



FILED

02/12/2025

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TO: THE DIRECTORS OF THE MIAMI COUNTY HISTORICAL
SOCIETY, INC., MIAMI COUNTY, INDIANA

This is a special investigation report for the Miami County Historical Society, Inc. (Historical Society), a Nonprofit Corporation, for the period January 1, 2020 to September 18, 2023, and is in addition to any other report for the Historical Society as required under Indiana Code 5-11-1. All reports pertaining to the Historical Society may be found at www.in.gov/sboa/.

We performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts and were limited to records associated with disbursements, including vendor invoices, credit card statements, ledgers, board minutes, and bank statements. The Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Results and Comments, within this report, was not verified for accuracy.

Paul D. Joyce
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April 23, 2024

MIAMI COUNTY HISTORICAL SOCIETY, INC.
RESULTS AND COMMENTS

BACKGROUND

Mishandling of Credit Card Reported

In September 2023, Beverly Parker (Parker), Museum Archivist, observed the Historical Society's credit card statement on Annajo Pohlman's (Pohlman), Museum Director/Curator, desk. Parker observed charges on the statement that she knew to be unrelated to the Historical Society. Parker reported the activity she observed on the credit card statement to Jerilyn Monroe (Monroe), President of the Historical Society Board of Directors, who was appointed to the Historical Society Board of Directors by Pohlman. Monroe then reported the activity to Alan Hunt (Hunt), Miami County Commissioner, and to the Indiana State Police (ISP).

Based upon the written incident report provided to the Indiana State Board of Accounts (SBOA) by the ISP, the following was noted:

Parker was interviewed and presented credit card statements, documents, invoices, and photographs to the ISP. Parker reported a total loss of \$1,309.38 to the ISP. The ISP conducted an interview of Pohlman, including going over a spreadsheet line-by-line with Pohlman. The spreadsheet was prepared by the ISP based upon the invoices provided to the ISP by Parker. The invoices and spreadsheet presented included purchases of: medical services, self-help books, cigarettes, food, fuel, and pet products. Except for some of the purchases of books, food, and fuel, Pohlman admitted that the purchases on the invoices presented to her by the ISP were not items for the Historical Society.

Pohlman submitted a letter of resignation on September 17, 2023, stating, "As of Monday, September 18, 2023, I am resigning as the Executive Director and Curator . . ."

Jill Ash (Ash), Treasurer, also appointed by Pohlman to the Historical Society's Board of Directors, looked at additional credit card purchases made by Pohlman. Ash noted Pohlman frequently used the Historical Society's credit card to purchase groceries, floral arrangements, and other items that were not for Historical Society use.

On November 16, 2023, the SBOA was notified of the mishandling of the Historical Society's credit card and the results of the review conducted by Ash.

Criminal Prosecution and Sentencing

On or about January 12, 2024, under Miami County Cause No: 52D02-2401-F6-000010, Pohlman was charged with Level 6 Felony Theft regarding Historical Society funds. Pohlman was sentenced on August 1, 2024, pursuant to a Plea Agreement, wherein, conviction of the theft charge was entered as an A-Misdemeanor. Pohlman was ordered to pay restitution to the Historical Society in the amount of \$2,000. Court records indicate Pohlman made payment of the restitution, in full, on the day of her sentencing.

Historical Society Legal History and Authorized Purpose

The Historical Society was created as a domestic nonprofit corporation through the filing of its Articles of Association with the Indiana Secretary of State (SOS) on April 22, 1916.

MIAMI COUNTY HISTORICAL SOCIETY, INC.
RESULTS AND COMMENTS
(Continued)

The Articles of Association, filed on April 22, 1916, Article II state the following:

"The objects of the society shall be the discovery, collection, preservation and publication of the historical records and data of and relating to Miami County, in the State of Indiana, and matters and persons properly connected therewith; the collection of books, newspapers, pamphlets, maps, genealogies, portraits, paintings, relics, letters, manuscripts, journals, field-books, and any and all other materials which may establish or illustrate such history, or the growth and progress of population, wealth, physical conditions, education, agriculture, arts and sciences, manufactures, and commerce."

On March 26, 1990, "Articles of Amendment to the Articles of Incorporation" (Articles of Amendment) were filed with the SOS. The Articles of Amendment as its introduction stated, "BE IT RESOLVED THAT THE CONSTITUTION AND BYLAWS OF THE MIAMI COUNTY HISTORICAL SOCIETY, INC. SHALL BE AND HEREBY ARE AMENDED IN THE FOLLOWING RESPECTS, TO-WIT: . . ."

Article II now defined that the Historical Society "has been organized as a not-for-profit corporation. . . .

A. Said Corporation is organized exclusively for charitable, religious, educational and/or scientific purposes, including for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501 (c)(3) of the Internal Revenue Code, or corresponding sections of any future federal tax code.

B. No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to its members, trustees, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in the articles of this constitution. . . ."

Article IV. of the Articles of Amendment addresses the purpose and object of the Historical Society.

Article IV states:

"The purpose of and object of this organization shall be the discovery, collection, presentation and publication of the history, tradition, historical records and data of and relating to Miami County, Indiana, and matters and persons properly connected therewith; the collection of books, newspapers, pamphlets, maps, genealogies, portraits, paintings, relics, letters, manuscripts, journals, field-books, photographic, phonographic, electronic, audio and video taped records of every kind and description, and all other materials which establish or illustrate such history, or the growth and progress of population, wealth, physical conditions, education, agriculture, arts and sciences, manufacturers, and commerce; and for the support, conservation and management of the Miami County Museum to display and otherwise present the results of our efforts to the public."

The Historical Society was formed as a domestic nonprofit entity on April 22, 1916. Per review of subsequent filings with the SOS by the Historical Society, including Articles of Amendment filed in 1970, 1983, and 1990, the entity is subject to the provisions of Indiana's Nonprofit Act of 1935. As a consequence, the Historical Society is governed by Indiana's current Nonprofit Act, found at Indiana Code 23-17 *et. seq.* See Indiana Code 23-17-1-1(a).

MIAMI COUNTY HISTORICAL SOCIETY, INC.
RESULTS AND COMMENTS
(Continued)

Bylaws, dated May 23, 2001, Missing Bylaws, and Other Undated Bylaws

Bylaws were located in boxes of records at the Miami County Museum Building, approved at a general membership meeting on May 23, 2001, which state, "Be it resolved that the Constitution and Bylaws of the Miami County Historical Society, Inc. dated October 27, 1993, as amended July 1996 and November 1999 shall be and hereby are amended in the following respect, . . ." The Constitution and Bylaws referred to in this statement were not located by any Miami County elected official, Historical Society Board of Directors or other Board members, or employees.

Bylaws were provided to the SBOA at the start of our investigation which were not dated or signed. Per an interview with Parker, these undated, unsigned bylaws are being used by the current Board. These undated and unsigned bylaws state in part: "Be it resolved that the Constitution and Bylaws of the Miami County Historical Society, Inc., dated October 27, 1993, as amended July 1996, November 1999, and October 2012 shall be and hereby are amended in the following respect, . . ."

The unsigned and undated Bylaws reference the Constitution and Bylaws of the Historical Society dated October 27, 1993, as amended July 1996, November 1999, and October 2012, but none of these Bylaws were located by any Miami County elected official, Historical Society Board of Director or other Board members that the SBOA and others talked to, or employees. Furthermore, the unsigned and undated Bylaws did not reference the Bylaws dated May 23, 2001, which were signed and dated. Of significance, the unsigned and undated Bylaws made changes which were inconsistent with the Articles of Amendment dated March 26, 1990. The following are the significant changes as related to the SBOA period of examination:

"Article VIII: Committees

A. Executive Committee - Committee membership consists of the Officers of the Board of Directors. The Executive Committee shall act for and on behalf of the Board of Directors when the Board is not in session but shall be accountable to the Board for its actions. . . . The Committee is authorized to commit expenditures up to and including \$1,000 without prior board approval upon a majority vote of the Executive Committee. . . .

B. Finance Committee - Committee membership recommends financial policies that protect the organization's assets, prepares the annual budget and recommends it first to the executive board and then to the full board for final approval. . . . The Committee shall appoint four persons authorized to make drafts against all organizational accounts. The Treasurer or one other of the individuals authorized to sign checks shall be required to sign any and all drafts from such accounts. The museum Curator is authorized to sign any and all purchase orders up to \$500 and authorized staff is allowed to order supplies, etc. for the purpose of museum needs by credit card up to \$300. . . ."

None of these Bylaws were filed with the SOS. There were 49 records filed with the SOS, which included:

- Articles of Incorporation or Articles of Association (Filed 04-22-1916)
- Articles of Amendment (Filed 07-07-1970, 09-13-1983, and 03-26-1990)
- Application for Reinstatement (Filed 08-21-1970)
- Change of Registered Office/Agent (Filed 03-23-1972, 02-15-1973, 04-25-1974, and 03-17-1976)

MIAMI COUNTY HISTORICAL SOCIETY, INC.
RESULTS AND COMMENTS
(Continued)

- Business Entity Reports (Filings beginning on 08-25-1970 through 04-27-2023)

Generally, a nonprofit entity's existence begins when Articles of Incorporation are filed with the SOS. (See Indiana Code 23-17-3-5). Amendments to those Articles of Incorporation are also required to be filed with the SOS. (See Indiana Code 23-17-17-7). Although a nonprofit entity "shall adopt bylaws" for the entity, those bylaws do not have the same filing requirement. (See Indiana Code 23-17-3-8(a)). However, per Indiana Code 23-17-3-8(b), "[t]he bylaws of a corporation may contain any provision for regulating and managing the affairs of a corporation that is not inconsistent with any law or the articles of incorporation." Indiana law does not permit a nonprofit entity to expand its stated business purpose through the adoption of internal bylaws. Per Indiana Code 23-17-4-1(a), a nonprofit entity "has the purpose of engaging in any lawful activity *unless a more limited purpose is set forth in the articles of incorporation.*" (emphasis added). During the period of this examination, no Articles of Amendment were filed with the SOS to expand the Historical Society's purpose.

Applicable Criteria

In regulating Indiana's domestic nonprofits, like the Historical Society, Indiana Code 23-17 *et seq.* provides the following:

Indiana Code 23-17-4-1(a) states: "A corporation incorporated under this article has the purpose of engaging in any lawful activity unless a more limited purpose is set forth in the articles of incorporation."

Indiana Code 23-17-13-1(a) states:

"A director shall, based on facts then known to the director, discharge duties as a director, including the director's duties as a member of a committee, as follows:

- (1) In good faith.
- (2) With the care an ordinarily prudent person in a like position would exercise under similar circumstances.
- (3) In a manner the director reasonably believes to be in the best interests of the corporation."

Indiana Code 23-17-2-10(a) states: "'Distribution' means a direct or an indirect transfer of money or other property or incurrence or transfer of indebtedness by a corporation to or for the benefit of a person."

Indiana Code 23-17-21-1 states: "Except as authorized under section 2 of this chapter, a corporation may not make distributions."

Indiana Code 23-17-13-4 states:

"(a) Subject to section 1(d) of this chapter, a director who votes for or assents to a distribution made in violation of this article or articles of incorporation is personally liable to the corporation for the amount of the distribution that exceeds the amount that could have been distributed without violating this article or articles of incorporation.

(b) A director who is held liable for an unlawful distribution under subsection (a) is entitled to contribution from the following:

- (1) Every other director who voted for or assented to the distribution, subject to section 1(d) of this chapter.

MIAMI COUNTY HISTORICAL SOCIETY, INC.
RESULTS AND COMMENTS
(Continued)

- (2) Each person who received an unlawful distribution for the amount of the distribution accepted whether or not the person receiving the distribution knew the distribution was made in violation of this article, articles of incorporation, or the bylaws."

Indiana Code 23-17-13-3(a) states:

"A corporation may not:

- (1) Lend money to; or
- (2) Guarantee the obligation of;

a director or an officer of the corporation.

State Board of Accounts Audit Responsibility and Authority

Indiana Code 5-11-1-9(a) states:

"The state examiner, personally or through the deputy examiners, field examiners, or private examiners, shall examine all accounts and all financial affairs of every audited entity. However, an examination of an entity under this subsection shall be limited to matters relevant to the use of the public money received by the entity."

Indiana Code 5-11-1-16(e), defines "entity" as:

". . . [A]ny provider of goods, services, or other benefits that is:

- (1) Maintained in whole or in part at public expense; or
- (2) Supported in whole or in part by appropriations or public funds or by taxation.

The term does not include the state or a municipality (as defined in this section)."

Pursuant to Indiana Code 5-11-1-9(c) states:

"An examination of an entity that is organized as a non-for-profit corporation deriving:

- (1) Less than fifty percent (50%); or
- (2) Subject to subsection (j), at least fifty percent (50%) but less than seven hundred fifty thousand dollars (\$750,000);

of its disbursements during the period subject to an examination from appropriations, public funds, taxes, and other sources of public expense shall be limited to matters relevant to the use of the public money received by the entity."

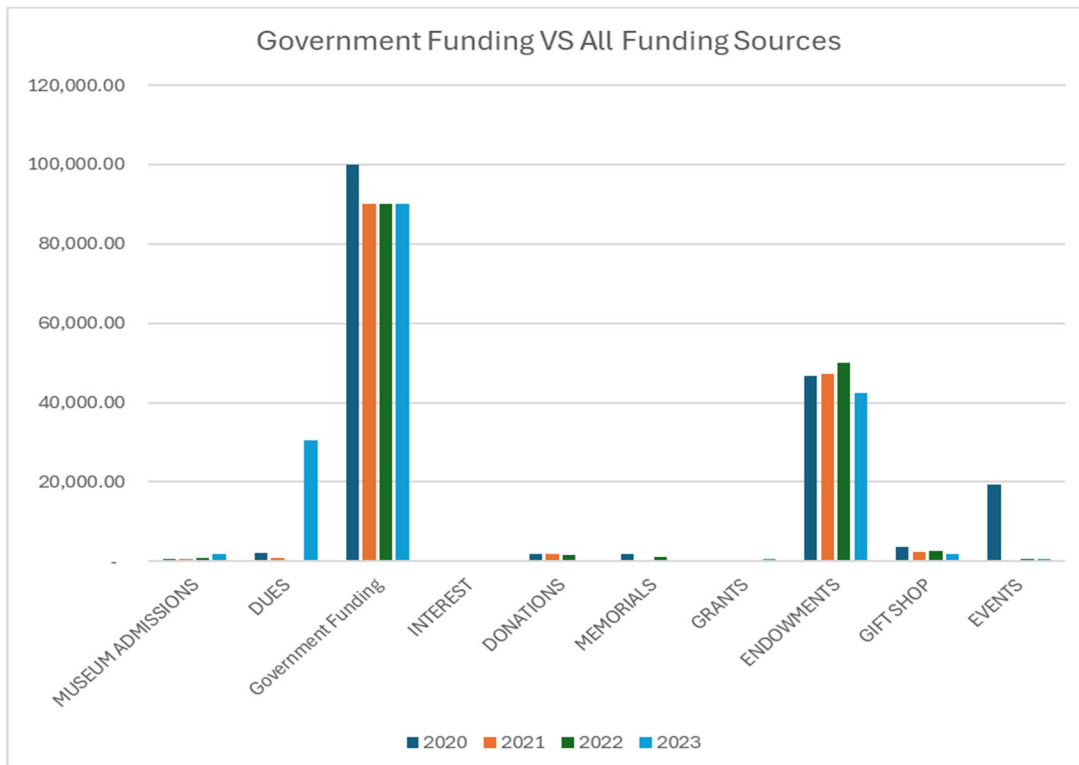
MIAMI COUNTY HISTORICAL SOCIETY, INC.
RESULTS AND COMMENTS
(Continued)

Maintained and Supported with Public Funds

Miami County (County) owned the Miami County Museum (Museum) building, managed the operations of the Museum, maintained the building, and compensated all Museum staff until 2014 when the Museum separated from the County. While the County still owns the building and maintains the building, the operations, including the employment of the Museum personnel, became the responsibility of the Historical Society; however, the County continued to provide financial support to the Museum via grants or contributions to the Historical Society. Those grants and contributions were not dependent on any measurable level of services the Historical Society was required to provide in order to receive monies from the County. The Historical Society did not submit any itemized invoicing to the County, nor was it required to do so in order to receive the public monies it did during the period of this examination. The County also provided maintenance on the building housing the Museum. During the period of this examination, the Historical Society received a total of \$370,000 in direct payments from Miami County.

Year	Miami County
2020	\$ 100,000
2021	90,000
2022	90,000
2023	90,000
Total	\$ 370,000

The following is a breakdown of the public funding received by the Historical Society in comparison to all funding:



MIAMI COUNTY HISTORICAL SOCIETY, INC.
RESULTS AND COMMENTS
(Continued)

During the period of this examination, January 1, 2020 through September 18, 2023, the Historical Society was maintained and supported at public expense through direct and indirect payments of public funds from the County.

Business Entity Reports Filed with SOS

Business Entity Reports filed with the SOS for the period of this examination, January 1, 2020 through September 18, 2023, included:

- Business Entity Report Filed for 2019-2020 with an effective date of 04-26-19, identified the Name of the Registered Agent as Anna Pohlman, and reported the Principal(s) as Anna Pohlman, Title: Director, and Lance Gallahan, Title: President
- Business Entity Report Filed for 2021-2022 with an effective date of 04-15-21, identified the Name of the Registered Agent as Anna Pohlman, and reported the Principal(s) as Anna Pohlman, Title: Director, and Lance Gallahan, Title: President
- Business Entity Report Filed for 2023-2024 with an effective date of 04-27-23, identified the Name of the Registered Agent as Anna Pohlman, and reported the Principal(s) as Anna Pohlman, Title: Director, and Lance Gallahan, Title: President

Annajo Pohlman's Position

Per the "Miami County Historical Society Special Board Meeting to Select Museum Director" dated August 10, 2016, seven of the eight board members present voted to hire Pohlman as the "Museum Director."

Per the minutes dated August 18, 2016, the following was included:

"The Board discussed the duties of Secretary needs filled due to the hiring of Anna Pohlman as Director of the Miami County Museum. . . . The Board received the letter of resignation from Anna Pohlman. Her final Secretaries report was given to the Board but no action was taken to approve. . . ."

Per an SBOA interview on February 21, 2024, with Parker and four of the Historical Society Board members who were appointed by Pohlman, as well as inquiry of the CPA firm, Pohlman became the Curator in addition to being the "Museum Director" after Noah Goodling resigned. Noah Goodling was the "Curator/Archivist" until he resigned in November 2016 based upon payroll records and inquiries of the CPA firm who was performing payroll services for the Historical Society.

In the minutes of the Historical Society Board from December 18, 2019, Pohlman's title was noted as "Executive Director/Curator." In an email dated October 11, 2016, Pohlman used the title of "Executive Director" instead of Museum Director, but formal designation of Pohlman as Executive Director by the Historical Society Board of Directors was never made or approved.

Per an interview on March 5, 2024, Parker stated that Pohlman was responsible for opening and closing the Museum or Historical Society building during operational hours; purchasing supplies, including toiletries and coffee bar items; collection of donations, maintaining museum displays and exhibits; decorating; and providing financial activity documents, including credit card statements, vendor invoices, and deposit slips to the CPA monthly.

MIAMI COUNTY HISTORICAL SOCIETY, INC.
RESULTS AND COMMENTS
(Continued)

During the period of this investigation, Pohlman received wages from the Historical Society. The following are the wages Pohlman received as based upon the Wage and Tax Statements (Federal Forms W-2's):

<u>Annajo Pohlman's W-2 Wages from Miami County Historical Society, Inc.</u>	
<u>Year</u>	<u>Wages</u>
2020	\$ 44,982.69
2021	46,917.00
2022	50,669.84
2023	<u>39,249.44</u>
Total	<u>\$ 181,818.97</u>

QUESTIONED COSTS: NON-MUSEUM RELATED PURCHASES

Historical Society Background and Purpose

As stated above, the Historical Society has been in existence since April 22, 1916. Its "authorized purpose" is set forth in its Articles of Association (Articles of Incorporation) and Articles of Amendment, as described above.

This section discusses purchases and/or "distributions" of nonprofit funds initiated by Pohlman which were contrary to the purpose of the nonprofit.

Purchases

Pohlman was a signatory on the Historical Society's bank account and was also issued a Historical Society credit card. However, per the Articles of Amendment, only the Treasurer as a Corporate Officer of the Board of Directors was authorized to sign checks, and only the Treasurer had the authority to open or close any account of the Historical Society.

The credit card included two names: Pohlman and Miami County Historical. The SBOA reviewed the purchases made by Pohlman from January 1, 2020 to September 18, 2023. The SBOA determined purchases not related to the purpose of the Historical Society as addressed by Section IV of the Articles of Amendment were made. Pohlman lacked the express authority to open a credit card account. Furthermore, purchases made by Pohlman violated Section II Part B of the Articles of Amendment. The SBOA categorized the purchases as follows:

- Charity and Gift Related items
- Gift Cards
- Pet Products
- Groceries and Meals
- Alcohol

MIAMI COUNTY HISTORICAL SOCIETY, INC.
RESULTS AND COMMENTS
(Continued)

- Cigarettes
- Other Items
- Unsupported Expenditures

Credit Card Purchases

Charity and Gift Related Items

Pohlman made purchases including various gifts and donations, which did not meet the definition of a distribution to a charitable organization as addressed in Article II, Section A of the Articles of Amendment. The purchases Pohlman made included hotel accommodations for a homeless individual, floral arrangements for various individuals, multiple purchases of individual greeting cards (as opposed to bulk purchases of greeting cards sold at the museum), and items Pohlman marked as gifts such as candy gift boxes.

Between January 1, 2020 and September 18, 2023, Pohlman used the Museum's credit card to purchase \$2,474.23 for these various items.

Gift Cards

Credit card statements and invoices supporting the credit card charges revealed that gift cards were purchased. Purchases of gift cards during the holiday season were noted as employee Christmas bonuses. Traditionally, employees were either paid a small bonus check or given a gift card; however, purchases of gift cards were also made in the months of January through October. Purchases of gift cards for Christmas bonuses were marked as "Christmas Bonus X3 Gift Cards" and "Gift Card Bonuses" and were purchased in quantities of seven or eight gift cards at a time.

In 2021, employees were paid a small bonus check in November, but it was observed that gift cards were also purchased on multiple days in December including on December 30 and December 31.

Typically, a reason or to whom the card was given was not provided, exceptions included notes such as "Gift Card MCH Board" and "birthday Aiden and Garrett." The quantities and values of the gift cards purchased in the months of January through October and gift cards purchase in November and December of 2021 (bonus checks were distributed in 2021) were as follows:

MIAMI COUNTY HISTORICAL SOCIETY, INC.
RESULTS AND COMMENTS
(Continued)

<u>Date Purchased</u>	<u>Quantity of Cards Purchased</u>	<u>Gift Card Value</u>	<u>Gift Card Fees</u>	<u>Totals</u>
02-19-20	1	\$ 50.00	\$ 5.95	\$ 55.95
05-04-20	1	150.00	4.95	154.95
05-09-20	1	50.00	4.95	54.95
05-11-20	1	50.00	4.95	54.95
07-16-20	1	200.00	5.95	205.95
09-03-20	1	100.00	5.95	105.95
08-17-21	1	50.00	4.95	54.95
12-16-21	1	100.00	5.95	105.95
12-22-21	3	150.00	14.85	164.85
12-31-21	2	200.00	11.90	211.90
02-05-22	2	100.00	9.90	109.90
02-11-22	1	200.00	5.95	205.95
07-03-22	1	50.00	4.95	54.95
08-10-22	1	150.00	4.95	154.95
10-16-22	1	50.00	4.95	54.95
06-03-23	3	150.00	20.85	170.85
Totals	<u>22</u>	<u>\$ 1,800.00</u>	<u>\$ 121.90</u>	<u>\$ 1,921.90</u>

Pet Products

Pet Products were purchased during the years of 2020 through 2023, including cat and dog food, for a total of \$122.56. Any pet products purchased by Pohlman would be considered not related to the purpose of the Historical Society as there was not a pet housed at the Historical Society building.

Grocery Items and Meals

As the Curator, Pohlman was responsible for purchasing supplies including office supplies, cleaning supplies, water and limited refreshments for patrons and staff, and supplies for displays and exhibits. Review of invoices showed various *individual* grocery items such as beef jerky, gravy, soda, candy, and tuna salad kits being purchased by Pohlman.

Per an interview with Parker, Pohlman would bring in meals for the employees, sometimes twice in one week; however, review of Historical Society documents indicated that the provision of meals was limited to donations and that the following form was used to promote various levels of gifting.

MIAMI COUNTY HISTORICAL SOCIETY, INC.
RESULTS AND COMMENTS
(Continued)



MIAMI COUNTY HISTORICAL SOCIETY INC.

51 North Broadway • Peru • Indiana • 46970
765-473-9183 • mchs@mcmuseum.org
www.mcmuseum.org

YES, I will help the Miami County Historical Society, Inc. and Museum provide exciting new programs and exhibitions! Here's my gift of:

_____ \$5000+ **Founders' Circle**
Benefits include: newsletter, invitations to special events, 20% off in the gift shop, unique reception tickets for four people, lunch with the director, tee shirt, private tour for you and your group, and "Sweet Party" dinner party for you and three guests.

_____ \$1000 - \$4999 **Patron**
Benefits include: newsletter, invitations to special events, 20% off in the gift shop, unique reception tickets for four people, lunch with the director, and a private tour for you and your friends.

_____ \$500 - \$999 **Benefactor**
Benefits include: newsletter, 10% off in the gift shop, invitations to special events, unique reception tickets for four people, and lunch with the director.

_____ \$100 - \$499 **Friend**
Benefits include: newsletter, invitations to special events, 10% off in the gift shop, and unique reception tickets for four people.

_____ \$25 - \$99 **General Membership**
Benefits include: newsletter, invitations to special events, 10% off in the gift shop

_____ I prefer to not take any benefits, making my gift tax-deductible to the full extent of the law.

Name _____	Home Phone _____
Address _____	Cell Phone _____
City _____	E-Mail _____
State _____ Zip _____	
Names of other adults in household: _____ _____	_____ _____

The Miami County Historical Society Inc. will collect, preserve, interpret and foster research of archival and inanimate objects that reflect the history of Miami County, the state of Indiana and the nation and world as it affects or is affected by Miami County, so as to promote the understanding of the history and diversity of Miami County.

No documentation was provided, nor was anything marked on the credit card statement or invoice indicating that the meal was due to a \$5000 or \$1000 donation, but included descriptions of "lunch with board," "celebration lunch," and "Board member baby shower."

Review of invoices indicated that meals were purchased at various times during the day including noon and evening hours. For example, on December 1, 2022, purchase of **a meal** was time stamped 11:13 PM at a cocktail lounge; earlier on that same date, **meals** were purchased at 6:43 PM and were noted as a Christmas party.

With the exception of meals noted as the yearly Christmas party, meals related to the donation of the circus exhibit (travel of museum staff and donor), and meals during other historical society events, the SBOA considered all meals the responsibility of Pohlman.

MIAMI COUNTY HISTORICAL SOCIETY, INC.
RESULTS AND COMMENTS
(Continued)

Singular grocery items and meals purchased by Pohlman were not considered related to a Historical Society purpose:

<u>Year</u>	<u>Groceries</u>	<u>Meals</u>	<u>Totals</u>
2020	\$ 137.55	\$ 669.38	\$ 806.93
2021	784.87	765.37	1,550.24
2022	850.03	1,332.38	2,182.41
2023	<u>333.64</u>	<u>1,487.15</u>	<u>1,820.79</u>
Totals	<u>\$ 2,106.09</u>	<u>\$ 4,254.28</u>	<u>\$ 6,360.37</u>

Alcohol

Review of credit card invoices showed that alcohol was purchased by Pohlman at grocery chain stores and liquor stores totaling \$81.78. There was not any indication of the purchases being related to a facility rental. Documents attached to the Bylaws allow for alcohol according to specific rules related to the rentals for events:

"Alcohol: Alcohol is permitted in the building and requires a permit. It is the Client's responsibility to secure all appropriate alcohol permits. *No alcoholic beverages should be served or consumed outside the building.*

Catering: A client wishing to hire a caterer for food and/or beverage service at an event shall provide a copy of their contract with the caterer to the Curator at the time application for facility use is made. Any Caterer requested to serve alcoholic beverages must give proof of their state license."

Cigarettes

Pohlman purchased cigarettes at gas stations and other local stores. Often, multiple cartons were purchased, and Pohlman would include the purchase of these cigarettes along with purchases of books, paper products, and office supplies. The total spent on cigarettes was \$267.21.

According to the facility use policy:

"Smoking: Smoking is not permitted on museum property, either indoors or outdoors."

Other Items

Pohlman purchased other items totaling \$3,303.51 that were not related to the purpose of the Historical Society. Pohlman's purchases included snow pants and boots; medical expenses; beads for necklace making; medicines; cosmetics; fairy garden books and fairy craft materials; earbuds; a camera and tripod; self-help books; relaxation and meditation oils; and shaving kits.

According to Parker, Pohlman did not make necklaces to sell at the museum and the museum did not sell self-help books or fairy garden items. She also had never seen a camera or tripod at the museum. The purchase of the Air Pods on July 18, 2020, was described by Pohlman on the credit card statement as "Zoom meetings," but review of the Historical Society Board minutes indicated that no Board meetings were conducted over Zoom in 2020.

MIAMI COUNTY HISTORICAL SOCIETY, INC.
RESULTS AND COMMENTS
(Continued)

Unsupported Expenditures

Unsupported credit card charges totaled \$13,448.12 and included various vendors. Either no vendor invoice was provided, or incomplete supporting documentation was provided, such as a partial invoice or lack of itemization on the invoice. Without a vendor invoice, the SBOA could not confirm that the purchase was related to an authorized purpose of the nonprofit.

The following table shows the years the vendor charges were made, the vendors, and the amounts for unsupported credit card charges:

Vendors	2020	2021	2022	2023	Totals
Aldi	\$ -	\$ 26.74	\$ -	\$ -	\$ 26.74
Amazon	478.03	590.09	704.29	1,070.63	2,843.04
American Association	-	-	-	675.00	675.00
Barnes & Noble	-	-	166.87	-	166.87
Bath & Body Works	-	-	240.15	-	240.15
Clemons Estate Sale	-	-	-	62.06	62.06
CVS/Pharmacy	20.00	361.44	137.28	154.89	673.61
Dollar General	-	52.90	231.42	233.06	517.38
Dollar Tree	-	-	-	182.02	182.02
Down on the Farm	-	148.04	138.58	-	286.62
Faire	-	-	-	371.22	371.22
Family Farmhouse	-	-	123.44	-	123.44
Goodwill	81.00	60.00	-	201.79	342.79
Green oak's antique	-	-	66.34	-	66.34
Handsome Rewards	-	-	533.40	-	533.40
Hobby Lobby	-	-	216.69	-	216.69
Home Depot	-	-	-	513.10	513.10
JP McClure Enterprises	-	-	-	71.69	71.69
Kroger	-	28.32	872.79	162.35	1,063.46
Legacy outfitters	-	91.11	-	-	91.11
Main Street Market	-	-	15.60	-	15.60
McClures	-	-	-	42.76	42.76
Michael's	-	-	-	101.05	101.05
Paper Moon	-	-	59.92	40.66	100.58
Paypal	-	-	46.00	108.34	154.34
Phil's Hobby	-	44.92	-	-	44.92
PP*KGPRODUCTION	-	210.00	-	-	210.00
Prime Video	-	8.99	-	-	8.99
Redbubble	-	-	-	776.13	776.13
TJ Max	-	-	-	197.90	197.90
Walmart	-	540.04	74.84	863.08	1,477.96
Webb's Hallmark	102.19	490.60	-	-	592.79
Wish	-	-	617.35	-	617.35
Ysy toys	-	41.02	-	-	41.02
Totals	<u>\$ 681.22</u>	<u>\$ 2,694.21</u>	<u>\$ 4,244.96</u>	<u>\$ 5,827.73</u>	<u>\$ 13,448.12</u>

MIAMI COUNTY HISTORICAL SOCIETY, INC.
RESULTS AND COMMENTS
(Continued)

The following is a summary of all credit card charges deemed not related to Historical Society related purposes, including those that were not documented:

Category	2020	2021	2022	2023	Totals
Charity and Gift Related Items	\$ 646.19	\$ 545.71	\$ 813.93	\$ 468.39	\$ 2,474.22
Gift Cards	632.70	160.90	957.45	170.85	1,921.90
Pet Products	2.14	12.32	61.27	46.83	122.56
Grocery Items and Meals	806.93	1,550.24	2,182.41	1,820.79	6,360.37
Alcohol	-	11.65	53.02	17.11	81.78
Cigarettes	-	-	137.91	129.30	267.21
Other Items	447.98	1,585.55	321.95	948.03	3,303.51
Unsupported Expenditures	<u>681.22</u>	<u>2,694.21</u>	<u>4,244.96</u>	<u>5,827.73</u>	<u>13,448.12</u>
Totals	<u>\$ 3,217.16</u>	<u>\$ 6,560.58</u>	<u>\$ 8,772.90</u>	<u>\$ 9,429.03</u>	<u>\$ 27,979.67</u>

Check Purchases

Checks totaling \$1,853 were written and signed by Pohlman that lacked supporting documentation or were indicated as charity related, but the checks were issued to an individual or entity instead of a not-for-profit as per Article II, Section A of the Articles of Amendment. Pohlman did not have the authority to write and sign checks per Article XII, Section D of the Articles of Amendment.

- Check No. 9594, dated February 18, 2022, payable to Classic Tours Inc. for \$400, endorsed for deposit only, Classic Tours, Inc.
 - Classic Tours, Inc manages custom trips for schools, and is listed as a domestic for-profit corporation on the SOS's website.
 - Per the Peru Jr. High completed parental authorization form, Sponsorship for Isaiah Pohlman, Jr. High School Washington D.C. trip.
- Check No. 9613 dated August 15, 2022, payable to, and endorsed by, Angela Hanaway (Hanaway) for \$800.
 - Check was cashed by Hanaway, not a 501(c)(3) charity.
 - No supporting documentation.
- Check No. 9629 dated June 8, 2023, payable to Miami County Museum for \$600 and endorsed by Pohlman.
 - No supporting documentation such as beginning and ending register balance.
 - No supporting documentation for any hours worked.
 - Note on check stated, "Til & Kathy."
 - Not found deposited to the Historical Society's bank account.

MIAMI COUNTY HISTORICAL SOCIETY, INC.
RESULTS AND COMMENTS
(Continued)

- Check No. 9631 dated August 11, 2023, for \$53 payable to Isaiah Pohlman for "train exhibit" and endorsed by Isaiah Polman.
 - No supporting documentation.
 - Subsequent check number 9632 was also payable to Isaiah Pohlman in the amount of \$63.21, but there was an invoice supporting the purchase of trains.

Reimbursements

On September 7, 2023, Pohlman reimbursed the Historical Society \$180.38 for a medical purchase that was made on July 20, 2023, by Pohlman using the Historical Society's credit card. Pohlman included a note with the deposit that stated she "went to Fort Wayne for my doctors appointment not realizing that my husband had our debit card, so I used the Museum's card."

The following schedule summarizes all of the non-Historical Society related expenditures by year and category for both credit card, checks, and reimbursement credits.

<u>Non-Museum Related Purchases</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Reimbursement Credits</u>	<u>Totals</u>
Charity and Gift Related Items	\$ 646.19	\$ 545.71	\$ 1,613.93	\$ 468.39	\$ -	\$ 3,274.22
Gift Cards	632.70	160.90	957.45	170.85	-	1,921.90
Pet Products	2.14	12.32	61.27	46.83	-	122.56
Groceries and Meals	806.93	1,550.24	2,182.41	1,820.79	-	6,360.37
Alcohol	-	11.65	53.02	17.11	-	81.78
Cigarettes	-	-	137.91	129.30	-	267.21
Other	447.98	1,585.55	721.95	948.03	(180.38)	3,523.13
Unsupported Expenditures	<u>681.22</u>	<u>2,694.21</u>	<u>4,244.96</u>	<u>6,480.73</u>	-	<u>14,101.12</u>
Totals	<u>\$ 3,217.16</u>	<u>\$ 6,560.58</u>	<u>\$ 9,972.90</u>	<u>\$ 10,082.03</u>	<u>\$ (180.38)</u>	<u>\$ 29,652.29</u>

Pohlman made purchases that were not related to the purpose of the Historical Society as addressed above per Article IV of the Articles of Amendment. Furthermore, Pohlman's purchases violated Article II, sections A and B of the Articles of Amendment, which are also addressed above under the subheading *Historical Society Background and Purpose*.

Article II of the Articles of Amendment states in part:

"This Corporation has been organized as a not-for-profit corporation. . . .

A. Said Corporation is organized exclusively for charitable, religious, educational and/or scientific purposes, including for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501 (c)(3) of the Internal Revenue Code, or corresponding sections of any future federal tax code.

B. No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to its members, trustees, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in the articles of this constitution. . . ."

MIAMI COUNTY HISTORICAL SOCIETY, INC.
RESULTS AND COMMENTS
(Continued)

Article IV of the Articles of Amendment states:

"The purpose of and object of this organization shall be the discovery, collection, presentation and publication of the history, tradition, historical records and data of and relating to Miami County, Indiana, and matters and persons properly connected therewith; the collection of books, newspapers, pamphlets, maps, genealogies, portraits, paintings, relics, letters, manuscripts, journals, field-books, photographic, phonographic, electronic, audio and video taped records of every kind and description, and all other materials which establish or illustrate such history, or the growth and progress of population, wealth, physical conditions, education, agriculture, arts and sciences, manufacturers, and commerce; and for the support, conservation and management of the Miami County Museum to display and otherwise present the results of our efforts to the public."

Article XI of the Articles of Amendment states in part:

"The Corporate Officers Duties shall be as follows: . . .

F. The Treasurer shall record the income to and disbursements from the assets of the Corporation, making periodic reports on the financial condition of the Corporation to the General Membership and the Board of Directors. . . . The Treasurer shall pay out of budgeted funds the various debts and obligations of this organization; unappropriated funds shall only be expended upon a majority vote of the board of directors. . . ."

Article XII of the Articles of Amendment states in part:

"D. The Treasurer's signature shall be the only signature necessary upon any check written upon this organization's checking account or to open or close any account created in the name of this organization as well as to add to or withdraw all or any portion of any funds deposited thereto . . ."

Entities receiving financial assistance from state or local governments are subject to the following general requirements:

Existence of contracts with grantor agencies for all assistance received.

Retention of financial records, supporting documents, statistical records and all other records pertinent to the agreements for a period of at least three years.

Maintaining a financial management system that provides:

- a. Accurate, current, and complete disclosure of the financial results of each government sponsored project or program.
- b. Records that adequately identify the source and application of funds for government sponsored activities. Records shall contain information pertaining to awards, authorizations, obligations, unobligated balances, assets, outlays, and income.
- c. Effective control over and accountability for all funds, property, and other assets.
- d. Procedures for determining the reasonableness, allowability, and allocability of costs in accordance with the provisions of the applicable cost principles and the terms of the grant or other agreement.

MIAMI COUNTY HISTORICAL SOCIETY, INC.
RESULTS AND COMMENTS
(Continued)

- e. Accounting records that are supported by source documentation.
- f. Compliance with annual reporting requirements of the Secretary of State and the Indiana State Board of Accounts.
- g. Compliance with rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies.
- h. Adequate fidelity bonding and insurance coverage if required by the funding agency. The above are not intended to represent the only applicable regulations since the entity may be regulated by certain state statutes, its own bylaws, and provisions within the agreements, all of which may require testing.

(Uniform Accounting Guidelines for Examination of Entities Receiving financial Assistance from Governmental Sources, Section H)

Pursuant to U.S.C.A. § 501(c)(3), no part of the net earnings of a nonprofit corporation may inure ". . . to the benefit of any private shareholder or individual."

26 C.F.R. § 1.501(c)(3)-1(c)(2) states: "An organization is not operated exclusively for one or more exempt purposes if its net earnings inure in whole or in part to the benefit of private shareholders or individuals."

The SBOA considers the forgoing purchases by Pohlman to be *Questioned Costs*, as a result of the following:

1. Many purchases were seemingly unrelated to the authorized purpose of the nonprofit.
2. Many purchases were made by Pohlman without authority, as set forth in the nonprofit's governing documents.
3. Many purchases lacked supporting documentation.

CRIME INSURANCE

The museum had the following crime insurance coverage.

Period	Amount
01-07-20 to 01-07-21	\$ 15,000
01-07-21 to 01-07-22	15,000
01-07-22 to 01-07-23	15,000
01-07-23 to 01-07-24	15,000

MIAMI COUNTY HISTORICAL SOCIETY, INC.
RESULTS AND COMMENTS
(Continued)

ARTICLES OF AMENDMENT, BYLAWS, AND MEETINGS

The Board of Directors is the governing body of the Historical Society, which includes the Museum for the period of this investigation. Per the Articles of Amendment, Article X, Section R, "the Board of Directors shall set the annual and monthly meetings regular meetings of both the general membership and the Board of Directors. . . ." The SBOA reviewed all available minutes found by the SBOA in boxes at the Museum covering the investigation period. In 2020, the Board of Directors only met five times. In 2021, there was only one meeting on January 27, 2021, and in 2022 there were no meetings.

An interview was conducted on February 21, 2024, with two members of the Pohlman appointed Board of Directors. Both stated that the Board of Directors just stopped meeting in 2020 or 2021, they weren't sure what happened. In 2023, Pohlman created "her own Board" with the first meeting taking place on April 19, 2023. Pohlman sent a text message to individuals, asking "Will you be on the board?" Pohlman also created a condensed version of Bylaws that she distributed to the board she formed. These appointments and creation of condensed versions of bylaws were contrary to the Article of Amendment of the Historical Society.

Article X of the Articles of Incorporation state:

"B. The members of the Board of Directors shall be known as "Directors". Each shall serve for a one year term and may be re-elected by the General Membership of this organization to additional one-year terms. . . ."

Indiana Code 23-17-2-9 states: "'Director' means an individual designated in articles of incorporation or bylaws, elected by the incorporators or otherwise elected or appointed, to act as a member of a board of directors."

Indiana Code 23-17-12-1 states:

"(a) A corporation must have a board of directors.

(b) Except as otherwise provided in this article:

- (1) corporate powers shall be exercised by or under the authority of; and
- (2) the business and affairs of the corporation managed under the direction of;

the corporation's board of directors.

(c) Articles of incorporation may authorize a person or a group of persons or the manner of designating a person or a group of persons to exercise some or all of the powers that would otherwise be exercised by a board of directors. To the extent authorized:

- (1) the person or group of persons has the duties and responsibilities of the directors;
- (2) the directors are relieved to that extent from the duties and responsibilities; and
- (3) the person or group of persons should be considered a director or directors for purposes of [IC 23-17-13](#) and [IC 23-17-16](#)."

MIAMI COUNTY HISTORICAL SOCIETY, INC.
RESULTS AND COMMENTS
(Continued)

Indiana Code 23-17-12-14 states:

"(a) Unless the articles of incorporation or bylaws provide otherwise and except as provided in subsections (b) and (c), if a vacancy occurs on a board of directors, including a vacancy resulting from an increase in the number of directors, one (1) of the following may occur:

- (1) The members entitled to vote for directors, if any, may fill the vacancy. If the vacant office was held by a director elected by a class, chapter, other organizational unit, or by region or other geographic grouping, only members of the class, chapter, unit, or grouping are entitled to vote to fill the vacancy if it is filled by the members.
- (2) The board of directors may fill the vacancy.
- (3) If the directors remaining in office constitute fewer than a quorum of the board of directors, the remaining directors may fill the vacancy by the affirmative vote of a majority of the directors remaining in office.

(b) Unless articles of incorporation or bylaws provide otherwise, if a vacant office was held by an appointed director, only the person who appointed the director may fill the vacancy.

(c) If a vacant office was held by a designated director, the vacancy must be filled as provided in articles of incorporation or bylaws. In the absence of an applicable article of incorporation or bylaw, the vacancy may not be filled by the board of directors.

(d) A vacancy that will occur at a specific later date because of a resignation effective at a later date under section 7(b) of this chapter or otherwise may be filled before the vacancy occurs. However, the new director may not take office until the vacancy occurs."

INTERNAL CONTROLS

There were no internal controls evident, such as segregation of duties, oversight, review, or approval processes, over collections, deposits, disbursements, and accountability of cash.

Deficiency in Internal Controls - Segregation of Duties

Through her position, Pohlman was solely responsible for:

- Counting and depositing collections including membership dues, facility rentals, and donations;
- Purchasing and stocking items to be sold by the Historical Society in the Museum gift shop; however, no documented inventories or listings were maintained of items available for sale or sold;
- Receiving vendor invoices and credit card statements, ensuring the vendor invoices were retained to support credit card and check transactions and providing the associated documentation, except for vendor invoices for credit card purchases, to the CPA firm;
- Providing information to the CPA firm as to which expense accounts the invoices should be posted;
- Setting the budgets for the Historical Society by expense account;

MIAMI COUNTY HISTORICAL SOCIETY, INC.
RESULTS AND COMMENTS
(Continued)

- Issuing checks to local vendors;
- Electronically remitting payments for credit card bills if Pohlman determined payment would otherwise be late.

Deficiency in Internal Controls - Oversight, Review, and Approvals

The hired CPA firm:

- Was authorized to use the Historical Society's log in to the Historical Society bank account to electronically pay invoices without documented prior review and approval by the Board of Directors of items to be paid;
- Paid the credit card bills based solely upon the credit card statements and without documented approval of a review by any Historical Society Director;
- Recorded the transactions in the ledger, prepared the bank reconciliements, and prepared the financial statements; however, there was no evidence of a review by the Treasurer or any other Historical Society Director;
- Preparing and maintaining budget and actual comparative activity, entering payroll information including salaries and hourly rates as provided to them by Pohlman without evidence of the Historical Society Board of Director's review and approval.

Oversight of Government Funds

The Historical Society received an annual grant from the County. The Historical Society did not separate the accounting of the receipts and disbursements of the grant. Neither the Historical Society Board of Directors nor the Board of County Commissioners and/or County Council require an accounting of the receipts and disbursements related solely to the grant.

Entities receiving financial assistance from state or local governments are subject to the following general requirements: . . .

Maintaining a financial management system that provides:

- a. Accurate, current, and complete disclosure of the financial results of each government-sponsored project or program.
- b. Records that adequately identify the source and application of funds for government-sponsored activities. Records shall contain information pertaining to awards, authorizations, obligation, unobligated balances, assets, outlays, and income.
- c. Effective control over and accountability for all funds, property and other assets.
- d. Procedures for determining the reasonableness, allowability, and allocability of costs in accordance with the provisions of the applicable cost principles and the terms of the grant or other agreement.
- e. Accounting records that are supported by source documentation. . . .

(Uniform Accounting Guidelines for Examination of Entities Receiving financial Assistance from Governmental Sources, Section H)

MIAMI COUNTY HISTORICAL SOCIETY, INC.
EXIT CONFERENCE

The contents of this report were discussed on December 31, 2024, with Beverly Parker, Director of the Miami County Museum (interim); Alan Hunt, Chair of the Board of County Commissioners; Fred Musselman, Vice Chair of the Board of County Commissioners; Brenda Weaver, County Commissioner; Mary Brown, County Auditor; and the following Historical Society Board of Directors:

- Kreig Adkins, President
- Pat Mooney, Vice President
- Regine Brindle, Secretary
- Laura Bretzman, Member
- Clyde Chilcutt, Member
- Paula Disbro, Member
- Ronald Rylands, Member
- Bryan Warder, Member