

# minnesota child care nonprofit 990 analysis

## OPUS INVESTIGATION: Minnesota Child Care Nonprofit IRS 990 Analysis

**Investigation Date:** January 6, 2026 **Classification:** Financial Investigation **Investigator:** OPUS (Anthropic Claude Opus 4.5) **For:** Project Milk Carton / ARIA

### EXECUTIVE SUMMARY

This investigation analyzes IRS Form 990 filings and financial data for Minnesota child care nonprofits, with particular focus on organizations connected to the largest pandemic relief fraud scheme in U.S. history. The Feeding Our Future fraud case (\$250+ million) has triggered broader scrutiny of child care funding in Minnesota, with federal prosecutors estimating total fraud across all programs could exceed \$9 billion.

**Key Findings:** - 78 defendants indicted in Feeding Our Future case; 50+ guilty pleas, 7 trial convictions - Feeding Our Future's tax-exempt status was revoked by IRS in February 2020 - Shell companies created to launder federal child nutrition funds - Cross-pollination identified between Minnesota Head Start Association and PICA boards - PICA executive compensation controversy: CEO salary exceeded federal caps by \$69,000+ - HHS has frozen \$10 billion in child care funding to 5 states including Minnesota

### ORGANIZATION PROFILES

#### 1. FEEDING OUR FUTURE (REVOKED)

**Status:** Tax-exempt status REVOKED by IRS (February 2020) **Founder:** Aimee Bock (convicted March 2025) **EIN:** Tax-exempt status revoked; records indicate automatic revocation for failure to file Form 990

##### Criminal Case Summary

- **Total Fraud:** \$250 million+ in federal child nutrition funds
- **Scheme:** Created 299 "meal sites" claiming to serve 90 million meals; FBI surveillance showed sites claiming 6,000 meals/day averaged ~40 visitors
- **Shell Companies:** Dozens created to receive/launder funds
- **Administrative Fees:** Feeding Our Future received \$18 million+ in fraudulent admin fees
- **Fake Rosters:** Created using listofrandomnames.com; Excel formulas inserted random ages 7-17

##### Key Convicted Individuals

Name	Role	Status
Aimee Bock	Founder/Executive Director	Convicted 7 federal charges (March 2025)
Salim Said	Safari Restaurant Co-Owner	Convicted all counts

Abdiaziz Farah	Empire Cuisine & Market	Sentenced 28 years
Abdi Nur Salah	Stigma-Free International	Pled guilty to wire fraud

#### Connected Shell Organizations

- **Empire Cuisine and Market LLC** - Received \$28 million+ in fraudulent funds
- **Safari Restaurant & Event Center** - Part of \$45 million fraud scheme
- **S&S Catering** - Part of fraud network
- **Stigma-Free International** - Created by Minneapolis City Council member Jamal Osman; transferred to fraud conspirators in October 2020
- **Nur Consulting LLC** - Money laundering vehicle

## 2. PARTNERS IN QUALITY CARE / PARTNERS IN NUTRITION

**EIN:** 47-4302258 **Location:** St. Paul, MN **Status:** Active (requires further investigation)

**Note:** Limited 990 data available. Organization appears in federal nutrition program records. Distinct from the "Care Partners" organization (EIN 41-2011488) based in Eveleth, MN.

## 3. MINNESOTA HEAD START ASSOCIATION

**EIN:** 36-3579547 **Location:** PO Box 667, Sauk Rapids, MN 56379 **Tax-Exempt Status:** 501(c)(3) since May 1989

**Category:** Elementary/Secondary Education (B22Z)

#### Financial Summary (FY 2024 - Ending August 2024)

Metric	Amount
Total Revenue	\$437,524
Total Expenses	\$457,555
Net Income	-\$20,031
Total Assets	\$377,688
Total Liabilities	\$0

#### Revenue Sources

- Program Services: \$409,137 (93.5%)
- Contributions: \$28,137 (6.4%)
- Investment Income: \$250 (0.1%)

#### Executive Compensation Trend

Fiscal Year	Executive Compensation
2024	\$186,635

2023	\$158,633
2022	\$136,887
2021	\$51,907
2020	\$101,508

**FLAG:** Executive compensation increased 259% from 2021 to 2024.

#### Officers & Directors (2024)

Name	Position	Compensation
Mary Lockhart Findling	Chairman	\$0
Sandy Simar	1st Vice Chair	\$0
Michelle Wilkowski	2nd Vice Chair	\$0
Skip Ferris	Treasurer	\$0
Becky Shogren	Secretary	\$0
Kraig Gratke	Executive Director	See compensation above

#### Full Board Roster (Cross-Reference for Network Analysis)

**Directors:** Penny Paul (TCC), Sandy Simar (Families First), Michelle Wilkowski (Mahube Otwa), Mary Lockhart-Findling (United Community Action Partnership), Lee Turney (Leech Lake Band of Ojibwe), Monshari Chandler (PICA)

**Staff:** Edna Tudon (Tri Valley), Vicki Dunlop (CAPRW), Jillayne Schuder (Families First), **Judy Baker (PICA)**, Becky Shogren (United CAP), Deb Wege (Scott Carver Dakota CAP)

**Parents:** Nicolette Housey, Harlie Larson, Danielle Lemond, Acacia Ward, Cassie Adams

**Additional:** Dennis DeMers (Tri-Valley), **Rico Alexander (PICA)**, Skip Ferris (AEOA), Maureen Rosato (Kootasca)

## 4. MINNESOTA COMMUNITY ACTION PARTNERSHIP (MinnCAP)

**EIN:** 41-1407742 **Location:** 100 Empire Dr Suite 202, Saint Paul, MN 55103 **Tax-Exempt Status:** 501(c)(4) since October 1992 **Type:** Civic league/social welfare organization

#### Financial Summary (FY 2024)

Metric	Amount
Total Revenue	\$1,229,528
Total Expenses	\$1,094,348
Net Income	\$135,180

Total Assets	\$955,661
Total Liabilities	\$15,109

## Revenue Sources

- Program Services: \$805,296 (65.5%)
- Contributions: \$399,382 (32.5%)
- Investment Income: \$24,850 (2.0%)

## Key Employees & Compensation (2024)

Name	Title	Compensation	Other
Lori Schultz	Executive Director	\$147,605	\$20,114
Kraig Gratke	Ed MN Head Start Assoc	\$114,941	\$19,066

**FLAG:** Kraig Gratke receives compensation from BOTH Minnesota Head Start Association AND Minnesota Community Action Partnership. Total: \$186,635 + \$134,007 = \$320,642 across two organizations.

## Board of Directors (2024)

Name	Position	Organization
Amanda Mackie	Board Chair	Minnesota Valley Action Council
Deb Brandt	Vice Chair	United Community Action Partnership
Jennifer Hengel	Secretary	SEMCAC
Kendra Krolik	Treasurer	Community Action Partnership of Hennepin County
Lori Schwartz	Member	-
Teresa Carter	Member	-

**Additional Members:** Patrick McFarland, Mark Page, Barb Moran, Sonia Gass, Jeff Hansen, Catherine Johnson, Marta Carrigan, Denise Stewart, Liz Kuoppala, Sharon Millner, Debbie Larson, Darci Goedtke, Jenny Larson, Colleen Orne, Melody Hedden, Missy Becker-Cook, Carrie Tripp

## 5. PARENTS IN COMMUNITY ACTION (PICA)

**EIN:** 41-0956226 **Location:** 700 Humboldt Ave N, Minneapolis, MN 55411 **Tax-Exempt Status:** 501(c)(3) since May 1971  
**Category:** Human Services - Multipurpose

## Financial Summary (FY 2024)

Metric	Amount
	\$51,461,692

Total Revenue	
Total Expenses	\$39,431,279
Net Income	\$12,030,413
Total Assets	\$36,310,628
Total Liabilities	\$6,153,567
Net Assets	\$30,157,061

**FLAG:** Net income of \$12 million on \$51 million revenue (23.4% margin) is unusually high for a human services nonprofit.

#### Revenue Sources

- Contributions (Government Grants): \$49,777,681 (96.7%)
- Program Services: \$1,584,820 (3.1%)
- Investment Income: \$99,191 (0.2%)

#### Key Employees & Compensation (FY 2024)

Name	Title	Compensation	Other
Alyce M Dillon	Director of Strategic Management	\$315,391	\$27,538
Jay Alexander	Executive Director	\$266,939	\$34,035
Su Melton	Finance Director	\$242,301	\$32,935
Judith Baker	Director of Diversity	\$212,099	\$21,355
Gretchen Hengemuhle	CDA Advisor	\$208,103	\$21,101
Candee Lyn Melin	Deputy Director	\$193,886	\$38,845
Wanda Vorters	Director of Program Initiatives	\$148,870	\$17,544
Brody Burton	Facilities Director	\$143,006	\$17,192

**Total Executive Compensation:** \$837,200 (plus \$210,545 in other compensation)

#### Executive Compensation Controversy

**HISTORICAL FLAG - 2015 Star Tribune Investigation:** - Alyce Dillon earned \$250,451/year, exceeding federal cap of \$181,500 - Dillon augmented salary by cashing unused sick time and vacation - Base pay was \$183,500 - already above federal limit - Her salary was DOUBLE what Gov. Mark Dayton earned - Almost \$50,000 more than next-highest social service agency executive - Other Head Start director (Patrick McFarland, Anoka County) earned ~\$111,000

**Board Response (2015):** Board Treasurer Ed Sisola stated he was “not aware of the federal limits” and was “surprised it

never came up in audits."

#### Board of Directors (2024)

Name	Position
Fran Stark	Board Chair
Guy Bowling	Vice Chair
Vernon Wetternach	Secretary
Anise Mazone	Treasurer
Sharon Sayles Belton	Board Member
Dr. Wallace Franklin	Board Member
Bryan Nelson	Board Member
Kassius Benson	Board Member

**Additional Members:** Anissa Watkins, Sheyanga Beecher, Adriana Mozo, Dan Cain, Makeda Zulu, Shawnee Twiet, Tyanna Bryant (Policy Council Chair)

**NOTABLE:** Sharon Sayles Belton served as the first African American and first female Mayor of Minneapolis (1994-2001).

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## 6. MINNESOTA CHILD CARE RESOURCE & REFERRAL NETWORK (Child Care Aware of Minnesota)

**EIN:** 41-1730422 **Location:** 10 River Park Plaza, Suite 820, Saint Paul, MN 55107 **Tax-Exempt Status:** 501(c)(3) since February 1993 **Category:** Human Services - Multipurpose

#### Financial Summary (FY 2024 - Ending September 2024)

Metric	Amount
Total Revenue	\$9,578,543
Total Expenses	\$9,246,252
Net Income	\$332,291
Total Assets	\$8,449,489
Total Liabilities	\$6,383,748
Net Assets	\$2,065,741

**FLAG:** Liabilities-to-Assets ratio of 75.55% indicates potential solvency concerns.

#### Revenue Sources

- Contributions: \$9,167,897 (95.7%)
- Program Services: \$306,135 (3.2%)
- Investment Income: \$104,246 (1.1%)

#### Key Employees & Compensation

Name	Title	Compensation	Other
Ann McCully	Executive Director	\$126,354	\$19,841
Calahena Merrick	Associate Director	\$115,740	\$18,534
Nou Thao	Associate Director	\$105,000	\$9,898

**Total Executive Compensation:** \$395,368

#### Board of Directors

Name	Position
Marcia Schlattman	Board Chair
Liz Kuoppala	Board Vice Chair
Brittany Clausell	Board Secretary

#### Charity Navigator Rating

- **Overall Score:** 81/100 (3 Stars - "Good")
- **Program Expense Ratio:** 93.36% (Excellent)
- **Liabilities to Assets:** 75.55% (Poor - 0/15 points)
- **Independent Board Members:** 100%
- **Audit Oversight:** Yes

**CONCERN:** Form 990 not posted on organization's website (0/4 points for transparency)

## NETWORK ANALYSIS: BOARD CROSS-POLLINATION

#### Identified Overlapping Board Members/Staff

Individual	Organization 1	Organization 2
Kraig Gratke	MN Head Start Assoc (Exec Dir)	MN Community Action Partnership (Ed)
Judy Baker	PICA (Director of Diversity)	MN Head Start Assoc (Board Staff)
Rico Alexander	PICA (Exec Dir)	MN Head Start Assoc (Board Member)
Monshari Chandler	PICA	MN Head Start Assoc (Board Director)
Liz Kuoppala	MN Child Care Resource Network (Vice	MN Community Action Partnership

	Chair)	(Board)
Lori Schwartz	MN Community Action Partnership (Board)	MN Head Start Assoc (Previous involvement)

## Dual Compensation Flag

**Kraig Gratke** receives compensation from: - Minnesota Head Start Association: \$186,635 (2024) - Minnesota Community Action Partnership: \$134,007 (\$114,941 + \$19,066) - **Combined Total: \$320,642**

## Community Action Agency Network

Multiple board members represent local Community Action agencies that receive pass-through funding: - United Community Action Partnership (UCAP) - Minnesota Valley Action Council - Tri-Valley Opportunity Council - AEOA - Families First - CAPRW - Scott Carver Dakota CAP Agency - SEMCAC - Mahube Otwa

## FRAUD NETWORK MAPPING: FEEDING OUR FUTURE

### Shell Company Network

FEEDING OUR FUTURE (Aimee Bock)
└ Empire Cuisine & Market LLC (\$28M+)
└ Abdiiaziz Farah (28 years prison)
└ Safari Restaurant & Event Center (\$45M scheme)
└ Salim Said (Convicted)
└ S&S Catering
└ Stigma-Free International
└ Originally: Jamal Osman (City Council)
└ Transferred to: Abdi Nur Salah (Guilty)
└ Nur Consulting LLC (Money laundering)
└ [Dozens of additional shell companies]

### Political Connections

Individual	Political Role	Fraud Connection
Abdi Nur Salah	Former Senior Policy Aide to Mayor Jacob Frey	Registered Stigma-Free International; pled guilty to wire fraud
Jamal Osman	Minneapolis City Council Member	Founded Stigma-Free International (August 2019); transferred control October 2020

## CURRENT FEDERAL INVESTIGATION (January 2026)

## HHS Actions

- **\$10 billion frozen** in child care funding to 5 states (CA, CO, IL, MN, NY)
- **245+ fraud reports** received since tip line launched (December 30, 2025)
- Policy change: Rescinding Biden-era rules that allowed states to pay providers without verifying attendance

## Estimated Total Fraud

- U.S. Attorney Joseph Thompson: Total fraud could exceed **\$1 billion** when all investigations complete
- Federal prosecutors: Total fraud across all Minnesota programs could top **\$9 billion**

## Congressional Oversight

- House Oversight Committee (Chair: Rep. James Comer) opened investigation
- Hearings planned on Minnesota public assistance program fraud

## Political Fallout

- Governor Tim Walz announced he will not seek reelection
- Treasury Department investigating whether funds reached al-Shabaab (no evidence confirmed)

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# RED FLAGS & RECOMMENDATIONS

## Financial Red Flags

1. **PICA Net Income Anomaly:** \$12 million surplus on \$51 million revenue (23.4%) is unusual for human services nonprofit
2. **PICA Executive Compensation:** Multiple executives earning \$200K+ at federally-funded Head Start
3. **Dual Compensation:** Kraig Gratke receiving \$320K+ across two related organizations
4. **MN Child Care Network Solvency:** 75.55% liabilities-to-assets ratio
5. **MN Head Start Association:** Executive compensation increased 259% (2021-2024)

## Governance Red Flags

1. **Board Interlocking:** Multiple individuals serve on multiple related organization boards
2. **Federal Cap Violations:** Historical pattern of Head Start director compensation exceeding federal limits
3. **Audit Awareness:** Board members historically “not aware” of federal compensation limits

## Recommendations for Further Investigation

1. **Request Schedule B** (donor lists) for all organizations to identify common funders
2. **Request Schedule L** (loans to insiders) to check for self-dealing
3. **Request Schedule R** (related organizations) to map full network
4. **Audit PICA** financial statements given unusual surplus
5. **Track Feeding Our Future defendants** for connections to other nonprofits
6. **Review subcontractor relationships** between Community Action agencies

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## SOURCES

## Primary Sources - ProPublica Nonprofit Explorer

- [Minnesota Head Start Association](#)
- [Minnesota Community Action Partnership](#)
- [Parents In Community Action](#)
- [Minnesota Child Care Resource and Referral Network](#)

## Government & Legal Sources

- [DOJ: Federal Jury Convicts Feeding Our Future Mastermind](#)
- [IRS Criminal Investigation: Feeding Our Future Guilty Pleas](#)
- [FBI: Dozens Charged in \\$250 Million COVID Fraud](#)
- [HHS: Closing Biden-Era Loophole](#)

## News Sources

- [Star Tribune: Minneapolis Head Start Director's Salary Exceeds Federal Cap](#)
- [MPR News: Feeding Our Future Aimee Bock Convicted](#)
- [CBS News: Minnesota Fraud Schemes](#)
- [CNN: Minnesota Child Care Fraud Investigation](#)
- [Sahan Journal: Who's Been Charged](#)

## Charity Ratings

- [Charity Navigator: Minnesota Child Care Resource and Referral Network](#)

## Organization Websites

- [Minnesota Head Start Association Board](#)
- [Minnesota Community Action Partnership Leadership](#)
- [PICA Head Start](#)

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*Report compiled by OPUS for ARIA/Project Milk Carton Investigation Date: January 6, 2026*