



Jason E. Mumpower, Comptroller of the Treasury

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Investigation Finds Questionable Disbursements at Knoxville Nonprofit

An investigation by the Tennessee Comptroller’s Office has found questionable financial activity involving Next Step Initiative, Tennessee (NSI), a nonprofit organization in Knoxville that provides services to individuals experiencing homelessness and substance use disorders. The investigation began after NSI officials reported questionable activity.

Investigators identified at least \$76,585.57 in questionable disbursements from NSI funds between July 2024 and March 2025. These disbursements included over-the-counter cash withdrawals, reimbursements without documentation, transfers to employees using digital payment services, paid time off payouts, payroll advances, education and license expenses, and other purchases lacking supporting records.

Investigators determined that a significant portion of these transactions were directed or processed by the former executive director, who had control over NSI’s financial processes. In several instances, funds were disbursed after the former executive director’s employment had been terminated in March 2025. Due to missing documentation, investigators could not determine whether many of the transactions were for legitimate organizational purposes.

The investigation also noted that NSI was required to return \$47,312.04 in grant funds to the Tennessee Opioid Abatement Council due to overages and unallowable expenses identified during fiscal monitoring.

The results of this investigation were communicated with the Office of the District Attorney General of the 6th Judicial District.

“Nonprofit organizations must ensure strong internal controls over financial activity,” said Comptroller Jason Mumpower. “When one individual has control over collecting, recording, and disbursing funds without oversight, and when records are not maintained, the risk of questionable or improper transactions increases significantly.”

To view the investigative report, go to tncot.cc/doireports. To view a map depicting Comptroller investigations, go to tncot.cc/mappinginvestigations

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