

## **Report by Panel on the Nonprofit Sector presented**

By Carol Wilkinson Troy. *The Journal Record* (Oklahoma City, OK)  
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It's August, and the heat is definitely on. That heat extends all the way to Washington, D.C.

The final report by The Panel on the Nonprofit Sector was presented to Sen. Charles Grassley, R-Iowa, Internal Revenue Service Commissioner Mark Everson and Sen. Max Baucus, D-Mont.

The panel's report is described by Independent Sector, organizer of the group, as "a comprehensive series of recommendations intended to strengthen the ability of the nation's 1.3 million charities and foundations to serve as responsible stewards of the public's generosity.

As we know, currently foundations are included in the list of 501c3 designations that we identify as charitable organizations. There is discussion about whether foundations should be lumped in with other nonprofit organizations. But we suspect that change will not occur rapidly.

So, some of the recommendations will only apply to foundations and others will be directed to the nonprofit organizations that most of us either work for or serve on as board members.

There was much conversation around strengthening the governance of nonprofit organizations. The panel recommended that:

- Charitable organizations adopt, implement and publicize audit procedures.
- Have written policies on travel expenses.
- Have written conflicts of interest policies.
- Have written whistleblower protection policies in place.

To make financial information more reliable, the panel recommends that Congress should require audits by charitable organizations with annual revenues of \$1 million or greater and

independent accountants should review organizations with annual revenues between \$250,000 and \$1 million.

There are several other recommendations made by the panel, but skepticism abounds regarding whether there will actually be substantive change.

Depending on whom you talk to in the nation's Capitol, Grassley was either waiting for the report before crafting legislation for greater oversight of the sector or already had the legislation written and was politely waiting for the report before introducing it.

Those who think nothing will come of this point to the upcoming battle for the U.S. Supreme Court and expect the Senate to grind to a halt and little or no action, unless they are revenue raisers.

With an eye focused on the budget deficit, some think both the Senate Finance Committee and the Ways and Means Committee may be looking for ways to decrease the deficit by forcing some of the 1.3 million registered nonprofits to increase their accountability and transparency in the marketplace or lose their tax-free status.

The message is becoming increasingly clear. Those who recognize the incredibly important role the nonprofit sector plays in our quality of life must also insist that the sector increase its skills sets to justify the public's trust.

Rick Cohen, executive director of the National Committee for Responsive Philanthropy, remarked recently that the "nonprofit sector faces several huge challenges, not the least of which is the inadequate leadership of national leadership organizations (Independent Sector) on issues of accountability. Trying to thwart congressional momentum and substitute substantive public accountability laws and regulations with nonprofit self-regulation, albeit dressed up in new rhetorical clothing, may staunch new regulatory oversight, but it won't lead to a stronger nonprofit sector."

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