

Nonprofit accountability needed

Public should demand better regulation of nonprofits

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One can hope that recent news about U.S. Rep. Bob Ney and five nonprofit organizations allegedly linked to Jack Abramoff's illegal lobbying activities would scare others from committing the same mistakes.

But experience shows neither conscience nor self-regulation is enough to ensure that people in positions of authority will uphold principles like accountability and transparency in their dealings.

There are always people willing to take the risk when the prize is influence, money and power.

In a 2003 study, Marion Fremont-Smith and Andras Kosaras noted media reports of over 150 incidents involving criminal and civil misconduct by leaders of charitable organizations in 1995 to 2002.

And this does not even include disputes settled in and out of court or investigations that are not publicly disclosed. This weakens trust in and support of the charitable sector.

A recent CNN poll shows that 50 percent of Americans think Congress is corrupt.

The tentacles of political corruption regrettably have some nonprofit and charitable organizations in their grasp.

Ironically, we depend on these same elected officials to provide the IRS and other regulators with the resources needed to oversee tax-exempt organizations to the full extent of their mandates, irrespective of who controls Congress.

The good news is that we - the voting, tax-paying public - have the power to demand that our elected officials stop squandering the numerous opportunities to address weaknesses in our legislation.

Members of Congress should join Republican Sen. Charles E. Grassley of Iowa in his efforts to pass laws to eliminate exploitation of the nonprofit sector.

They can begin by mandating better disclosure for donor-advised funds and minimum payments for supporting organizations, and by cracking down on abuses by members of Congress, their families and associates.

The nonprofit and philanthropic communities will need to reinvigorate self-regulatory initiatives such as codes of standards similar to efforts by the Maryland Nonprofit Association and the Evangelical Council for Financial Accountability.

There are signs that public confidence in charities is improving, but with scandals marring the philanthropic sector - such as those involving United Way, the Nature Conservancy, the Katrina and 9/11 funds, and Abramoff -- it's still on shaky ground.

A drop in confidence that translates into a drop in donations will severely affect groups that depend on charitable dollars to provide assistance to disenfranchised populations.

Misuse and abuse of nonprofits and foundations violate the spirit of community, generosity and social responsibility that sustain philanthropy in the U.S.

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