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NONPROFIT SECTOR ALREADY REPORTING ON FINANCES

Johns Hopkins' Listening Post Survey Details Nonprofit Financial Reporting Practices

In a recent survey distributed to more than 600 nonprofit organizations across the United States, 95 percent reported regularly distributing financial statements to their boards of directors and 97 percent said they have undergone an audit within the past two years.

“What this shows is that the nonprofit sector is already adhering to many of the financial disclosure practices that have been the subject of recent Senate Finance Committee hearings,” said Lester Salamon, director of the Johns Hopkins Center for Civil Society Studies, which oversees the Listening Post Project.

“This survey provides the first solid empirical picture of the financial disclosure practices of nonprofit organizations and demonstrates why it is unwise to base legislation on a handful of anecdotes that fail to capture the true picture of nonprofit operations,” noted Peter Goldberg, CEO of the Alliance for Children and Families, and the chairman of the Advisory Committee to the Listening Post Project.

Salamon said that the nonprofit organizations surveyed by the Listening Post Project were considerably less likely than for-profit firms to delay their required filings with the Internal Revenue Service. At the same time, these organizations were opposed to a Senate Finance Committee staff suggestion to require performance data as part of these filings.

"In our survey, managers of nonprofits were not against performance reporting as a concept, but felt that a tax return is not the appropriate vehicle for it, given the complexity of performance measures and the multitude of different activities in which nonprofits are engaged," said Salamon.

(MORE)

In addition, the survey found that:

- 81 percent of the organizations responding had the information form they are required to file with the IRS (Form 990) signed by either their chief executive or the chair of their board, which is consistent with the recommendations embodied in the Sarbanes-Oxley law for financial reporting by private companies.
- Substantial numbers of these organizations reported taking meaningful action as a consequence of recent financial audits. For example, 53 percent reported adding or strengthening internal management controls as a result of outside audits.

For more information on this survey (including names and contact information of survey participants willing to talk to the press) or to interview Salamon or Goldberg, please contact Mimi Bilzor at the above phone number or e-mail address. Copies of Listening Post Project reports are available at www.jhu.edu/listeningpost/news.

The Listening Post Project is a collaborative undertaking of the Center for Civil Society Studies at the Johns Hopkins Institute for Policy Studies, the Alliance for Children and Families, the Alliance for Nonprofit Management, the American Association of Homes and Services for the Aging, the American Association of Museums, the National Council of Nonprofit Associations, the National Congress for Community Economic Development, and the Theatre Communications Group. Its goal is to monitor the health of the nation's nonprofit organizations and assess how nonprofits are responding to important economic and policy changes. Support for the project has been provided by the Carnegie Corporation of New York, the Ewing Marion Kauffman Foundation, the Rockefeller Brothers Fund, and the Surdna Foundation.

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