



Nonprofit Notes

No Accountability = Potential For Big Liability

Proper accountability procedures are critical to protecting your organization's reputation and its programs. The Lawyers Alliance for New York, a nonprofit organization that provides legal services to nonprofits in New York City, shares these common "accountability traps" that get nonprofits into trouble:

- Organizing programs that are not within the authorized purposes of the organization.
- Making board decisions in a manner inconsistent with the organization's bylaws.
- Failing to comply with established fundraising standards.
- Not filing annual financial reports with the IRS or applicable state regulators.
- Covering expenses under one government contract with funds from another contract.
- Setting salaries and providing raises to senior employees without regard to salary information from similar nonprofits.
- Treating regular staff workers as consultants rather than employees.
- Awarding comp time but not overtime pay to non-management staff who work beyond regular hours.
- Not advising staff members and their supervisors about current

personnel practices.

Report Predicts Steep Drop In Federal Support

A report by the Nonprofit Sector Research Fund of the Aspen Institute predicts that federal grants to charities, which will total an estimated \$42.2 billion this year, will decline by more than 11 percent over the next five years. At the same time, other government spending cuts are likely to drive needy individuals to seek even more charitable assistance.

The report is based on the \$2.8 trillion budget proposal submitted to Congress in February and additional estimates of federal spending through the end of 2011. The budget proposals mark a new downward trend in federal support for charity programs after a period of increases.

Areas expected to be hit hardest over the upcoming five-year period include:

- Community development — 28 percent decline in federal funding
- Arts and culture — 27 percent decline in federal funding
- Education and research — 11 percent decline in federal funding
- International aid — 10 percent decline in federal funding

Copies of the report, "The Nonprofit Sector and the Federal Budget," can be downloaded from the Nonprofit Sector Research Fund's Web site at www.nonprofitresearch.org.