Ten resources to assist in making a submission

1. The two reviews commissioned by the Victorian Government: the Stronger Community Organisations project, led by Professor Allan Fels, AO, and the Review of Not-for-Profit Regulation, led by the State Services Authority. Both reports contain recommendations to improve the regulatory framework of the nonprofit sector and are the most recent government work available in this area. These were well resourced and considered reports which both map many of the issues and point to the directions of feasible reforms.


See also:


See also:

- The National Nonprofit Roundtable's National Reform Agenda gives a broad view of the regulatory issues facing the third sector.


This report examines the appropriateness of existing corporate legal frameworks as they apply to not-for-profit (NFP) companies. It challenged the application of laws designed for companies with profit making objectives to NFP organisations. The project considered the issues of reporting and accountability to NFP stakeholders and how these stakeholders (and their needs) differ from those of stakeholders in 'for-profit' companies.

See also:

- A discussion paper on financial reporting by unlisted public companies prepared by the Federal Treasury.


See also:


See also:


- The Institute of Chartered Accountants in Australia. (2007). *Enhancing not-for-profit annual and financial reporting*.

- Flack, T. *"The mandatory disclosure of cost of fundraising ratios: Does it achieve the regulators' purposes?"*, Working Paper No. CPNS 26. Brisbane: The Australian Centre for Philanthropy and Nonprofit Studies, QUT. This paper explores the question: "Does the mandatory disclosure of cost of fundraising ratios achieve the regulators' purposes?" and finds that there are serious practical and theoretical reasons why cost of fundraising ratios do not achieve the regulators' purposes. The paper goes on to suggest that regulators should be encouraging public fundraising charities to disclose a range of information about their achievements including financial and non-financial performance, so that the cost of fundraising can be put in context with other more useful information to donors and the public.

- "Public Trust and Confidence in Nonprofits," a *CPNS Podcast by Professor Adrian Sergeant*, from the Centre on Philanthropy at Indiana University, on charity costs and public trust and confidence in nonprofit organisations. For information on statistics mentioned in Adrian's podcast please see the *Charity Facts website*.


From 1999 to 2004, researchers at the Urban Institute's National Center for Charitable Statistics (NCCS) Center on Nonprofits and Philanthropy and the Center on Philanthropy at Indiana University explored issues of nonprofit fundraising and administrative cost reporting known as the "Nonprofit Overhead Cost Study." These fact sheets are worth considering and I hope the Australian Press reads and reports on them one day soon.

i. **What We Know About Overhead Costs in the Nonprofit Sector**

Brief #1 summarises findings from IRS Form 990 data and overhead cost survey data, concluding that a surprisingly high percentage of nonprofit organizations (37%) with private contributions of $50,000 or higher reported no fundraising costs. The brief also discusses the staffing patterns of nonprofit organisations' fundraising efforts and the fundraising.

ii. **Who Raises Contributions for America's Nonprofit Organisations?**

Brief #2 summarises findings from the overhead cost study survey, conducted in the fall of 2001. It describes the recent growth of use of staff members whose primary responsibility is fundraising. Even in organisations with such a staff member, involvement of other staff, volunteers, and board members in fundraising is common. Additionally, some organisations receive fundraising support from partner organisations, either other community organisations that share their funds or professional solicitation firms that conduct fundraising campaigns. The brief is a summary of a longer paper.

iii. **Getting What We Pay For: Low Overhead Limits Nonprofit Effectiveness**

Brief #3 is the first of two that summarise results from detailed case studies of the financial management of nine nonprofit organizations. It focuses on the relationship between spending on administration and fundraising and the effectiveness of nonprofit organisations in carrying out their missions. Smaller organisations tended to invest less in organisational infrastructure, resulting in conditions that compromised their effectiveness. Part of the reason why these organisations invested less in infrastructure involved their reliance on grants with limits on how much could be spent on overhead costs.

iv. **The Quality of Financial Reporting by Nonprofits: Findings and Implications**

Brief #4 is the second of two briefs that summarise results from detailed case studies of the financial management of nine nonprofit organisations. It focuses on public financial reporting and addresses issues such as weak methods for allocating staff salary costs to program, administrative, and fundraising expenses; the need for greater sophistication in accounting for capital gifts and in-kind donations; and the effects of unique IRS reporting rules on overhead and fundraising cost ratios. This brief concludes that simplistic efforts to assess and compare public charities based on their public financial reports may lead to flawed conclusions.

v. **The Pros and Cons of Financial Efficiency Standards**
Brief #5 discusses the use of financial efficiency ratios to evaluate and compare nonprofit organisations. Recent technological advances have made nonprofit financial reports and electronic databases widely available to analysts, further popularising financial comparisons. In this brief, we summarise both the advantages and dangers of such analyses. The chief advantage is that managers and donors can productively use financial comparisons for decision-making. The chief disadvantage is that analysts tend to over-rely on these measures when making judgments regarding the effectiveness or donation-worthiness of nonprofit organisations.


- **BBB Wise Giving Alliance: Standards for Charity Accountability**
- **GuideStar: Why Ratios Aren't the Last Word**
- **Charity Navigator: Evaluating Charities: Why the Numbers Count**
- **Put Barber: Comment on Charity Navigator, The "Hardest Place in Nation to Raise Money?"**
- **NCNA and NHSA: Rating the Raters: An Assessment of Organizations and Publications That Rate/Rank Charitable Nonprofit Organizations (A personal favourite!)**


In June 2005, the Panel released a comprehensive series of recommendations intended to strengthen the ability of the USA's 1.3 million charities and foundations to serve as responsible stewards of the public's generosity. It is a watershed report in the USA which deals with nearly all the contemporary regulatory and accountability issues of that nonprofit sector.

9. Two UK sites are worth considering:

- The **Office of the Third Sector** and particularly the **Review** which established the Office and its **Better Regulation Review for the Third Sector**.
- The **Charity Commission of England and Wales**.

See also:


10. **New Zealand**

New Zealand has recently established a **Charity Commission**. It is responsible for registering and monitoring charitable organisations in New Zealand, as well as providing support and education to the charitable sector on good governance and management.